

Federal Compliance Audit

**Washington Central Unified Union
School District**

June 30, 2023



Proven Expertise & Integrity

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Washington Central Unified Union School District as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Washington Central Unified Union School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Washington Central Unified Union School District as of June 30, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB information on pages 5 through 12 and 71 through 76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Washington Central Unified Union School District's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other

records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2024 on our consideration of the Washington Central Unified Union School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Washington Central Unified Union School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Washington Central Unified Union School District's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
March 22, 2024

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

(UNAUDITED)

The following management's discussion and analysis of the Washington Central Unified Union School District's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the School District's financial statements.

Financial Statement Overview

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the School District's governmental and business-type activities. The School District's total net position for governmental activities increased by \$418,788 from \$29,083,762 to \$29,502,550. For business-type activities, the School District's total net position increased by \$312,799 from \$1,272,471 to \$1,585,270.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - ended the year for governmental activities with a balance of \$6,305,992. For business-type activities, the balance was \$679,892.

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

	Governmental Activities		Business-type Activities	
	2023	2022	2023	2022
Assets:				
Current Assets	\$ 8,830,427	\$ 9,309,964	\$ 707,942	\$ 357,794
Noncurrent Assets - Capital Assets	31,797,329	30,859,947	905,378	952,487
Total Assets	<u>40,627,756</u>	<u>40,169,911</u>	<u>1,613,320</u>	<u>1,310,281</u>
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	1,572,896	1,320,887	-	-
Total Deferred Outflows of Resources	<u>1,572,896</u>	<u>1,320,887</u>	<u>-</u>	<u>-</u>
Liabilities:				
Current Liabilities	1,609,589	1,117,217	22,575	17,579
Noncurrent Liabilities	10,764,609	10,054,289	-	-
Total Liabilities	<u>12,374,198</u>	<u>11,171,506</u>	<u>22,575</u>	<u>17,579</u>
Deferred Inflows of Resources:				
Deferred Revenues	323,904	551,837	5,475	20,231
Deferred Inflows Related to Pensions	-	683,693	-	-
Total Deferred Inflows of Resources	<u>323,904</u>	<u>1,235,530</u>	<u>5,475</u>	<u>20,231</u>
Net Position:				
Net Investment in Capital Assets	22,981,094	21,306,298	905,378	952,487
Restricted	215,464	223,772	-	-
Unrestricted	6,305,992	7,553,692	679,892	319,984
Total Net Position	<u>\$ 29,502,550</u>	<u>\$ 29,083,762</u>	<u>\$ 1,585,270</u>	<u>\$ 1,272,471</u>

Revenues and Expenses

Revenues for the School District's governmental activities increased by 3.71%, while total expenses increased by 4.49%. The increase in revenues was primarily due to increases in operating grants and contributions and grants and contributions not restricted to specific programs. The largest increases in expenses were in direct services and capital outlay.

Revenues for the School District's business-type activities increased by 17.96% while total expenses decreased by 4.29%.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 1,080,352	\$ 999,720	\$ 574,826	\$ 409,225
Operating grants and contributions	21,738,184	21,306,321	904,052	857,162
<i>General Revenues:</i>				
Grants and contributions not restricted to specific programs	34,397,404	32,609,678	-	-
Gain(loss) on capital assets	-	-	-	(5,634)
Miscellaneous	1,600,636	1,796,941	34,026	21,751
Total revenues	<u>58,816,576</u>	<u>56,712,660</u>	<u>1,512,904</u>	<u>1,282,504</u>
Expenses				
Direct services	20,071,548	18,267,451	-	-
Support services:				
Student and other support services	4,827,708	4,524,844	-	-
General administrative services	781,454	906,970	-	-
Area administrative services	2,552,313	2,514,354	-	-
Fiscal services	657,463	767,660	-	-
Operations and maintenance	3,064,116	2,957,133	-	-
Transportation	1,794,994	1,774,377	-	-
On-behalf payments	19,321,248	19,474,803	-	-
Program expenses	3,346,206	2,811,239	1,349,220	1,409,748
Interest on long-term debt	368,937	292,706	-	-
Unallocated depreciation	1,462,686	1,453,180	-	-
Total expenses	<u>58,248,673</u>	<u>55,744,717</u>	<u>1,349,220</u>	<u>1,409,748</u>
Excess (deficiency) of revenues over (under) expenses	<u>567,903</u>	<u>967,943</u>	<u>163,684</u>	<u>(127,244)</u>
Special and extraordinary items:				
Transfers	(149,115)	(189,232)	149,115	189,232
Total special and extraordinary items	<u>(149,115)</u>	<u>(189,232)</u>	<u>149,115</u>	<u>189,232</u>
Change in Net Position	418,788	778,711	312,799	61,988
Net Position - July 1	<u>29,083,762</u>	<u>28,305,051</u>	<u>1,272,471</u>	<u>1,210,483</u>
Net Position - June 30	<u>\$ 29,502,550</u>	<u>\$ 29,083,762</u>	<u>\$ 1,585,270</u>	<u>\$ 1,272,471</u>

Financial Analysis of the School District's Fund Statements

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

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

	<u>2023</u>	<u>2022</u>	<u>Increase/ (Decrease)</u>
Major Funds:			
General Fund:			
Nonspendable	\$ 95,055	\$ 21,523	\$ 73,532
Assigned	666,928	1,701,006	(1,034,078)
Unassigned	1,963,842	536,364	1,427,478
Total General Fund	<u>\$ 2,725,825</u>	<u>\$ 2,258,893</u>	<u>\$ 466,932</u>
Construction Fund:			
Committed	\$ 4,180,518	\$ 5,256,769	\$ (1,076,251)
Total Construction Fund	<u>\$ 4,180,518</u>	<u>\$ 5,256,769</u>	<u>\$ (1,076,251)</u>
Total Major Funds	<u>\$ 6,906,343</u>	<u>\$ 7,515,662</u>	<u>\$ (609,319)</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 209,563	\$ 217,871	\$ (8,308)
Permanent Funds:			
Restricted	5,901	5,901	-
Total Nonmajor Funds	<u>\$ 215,464</u>	<u>\$ 223,772</u>	<u>\$ (8,308)</u>

The changes in the general fund, construction fund and nonmajor funds occurred due to regular activity of operations.

Budgetary Highlights

The difference between the original and final budget for the general fund was the use of applied receipts.

The general fund actual revenues were receipted under budgeted revenues by \$245,359. This was the result of all categories being receipted under budget except for state revenues and charges for services.

The general fund actual expenditures were under budget by \$712,291. This was the result of all expenditure categories coming in under budget with the exception of support services - student and other support services, support services - general administrative services, transportation and debt service - interest exceeding appropriations.

Capital Asset and Long-Term Debt Activity

Capital Assets

As of June 30, 2023, the net book value of capital assets recorded by the School District increased by \$890,273 in the current year. This increase was due to net current year additions of \$2,435,095 less net disposals of \$24,621 and current year depreciation expense of \$1,520,201.

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

	2023	2022
Land	\$ 6,000	\$ 6,000
Construction in progress	478,156	97,257
Land improvements	2,859,468	2,463,549
Buildings and improvements	27,296,499	27,194,853
Infrastructure	453,792	468,027
Furniture, equipment and software	1,529,580	1,513,876
Vehicles	74,394	68,872
Right of use lease asset	4,818	-
Total	\$ 32,702,707	\$ 31,812,434

Debt

At June 30, 2023, the School District had \$8,816,235 in bonds, notes from direct borrowings payable and lease liabilities versus \$9,553,649 in the prior fiscal year. Refer to Note 7 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions or Conditions

The School District has noted a subsequent event as a currently known fact. Refer to Note 23 of Notes to Financial Statements for more detailed information.

Economic Factors and Next Year's Budgets and Rates

The 2023-2024 budget could be impacted by the change in special education funding driven by the State of Vermont's passing of Act 173. Special education services will no longer be reimbursed to the school district. Instead, the district will receive a block grant for special education services. The reimbursement formula for extraordinary cost services also changed and is projected to offset decreases in revenue caused by the change to block grant funding. The full impact of this change will be dependent on actual special education services provided to students in 2023-2024.

All ARP ESSER grant funds will be expended by the end of 2023-2024 which will impact the 2024-2025 budget development. All five towns in the District will be impacted by the rising increase in home values in relation to values on the statewide grant list causing the CLA to decrease and resulting in an increase in the tax rate.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School District at 1130 Gallison Hill Road, Montpelier, Vermont 05602.

STATEMENT A

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,315,625	\$ 196,185	\$ 6,511,810
Accounts receivable (net of allowance for uncollectibles)	65,832	743	66,575
Due from other governments	2,783,898	47,461	2,831,359
Inventory	-	33,570	33,570
Prepaid items	95,055	-	95,055
Internal balances	(429,983)	429,983	-
Total current assets	8,830,427	707,942	9,538,369
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	484,156	-	484,156
Land improvements, buildings, building improvements and other assets net of accumulated depreciation	31,308,355	905,378	32,213,733
Right of use lease assets, net of accumulated depreciation	4,818	-	4,818
Total noncurrent assets	31,797,329	905,378	32,702,707
TOTAL ASSETS	40,627,756	1,613,320	42,241,076
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,572,896	-	1,572,896
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,572,896	-	1,572,896
TOTAL ASSETS, DEFERRED OUTFLOWS OF RESOURCES AND NET POSITION	\$ 42,200,652	\$ 1,613,320	\$ 43,813,972

STATEMENT A (CONTINUED)
WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 80,155	\$ 22,575	\$ 102,730
Accrued expenses	701,082	-	701,082
Due to other governments	79,394	-	79,394
Current portion of long-term obligations	748,958	-	748,958
Total current liabilities	<u>1,609,589</u>	<u>22,575</u>	<u>1,632,164</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	7,970,431	-	7,970,431
Notes from direct borrowings payable	99,454	-	99,454
Lease liability	2,782	-	2,782
Accrued compensated absences	102,400	-	102,400
Net pension liability	2,589,542	-	2,589,542
Total noncurrent liabilities	<u>10,764,609</u>	<u>-</u>	<u>10,764,609</u>
TOTAL LIABILITIES	<u>12,374,198</u>	<u>22,575</u>	<u>12,396,773</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	323,904	5,475	329,379
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>323,904</u>	<u>5,475</u>	<u>329,379</u>
NET POSITION			
Net investment in capital assets	22,981,094	905,378	23,886,472
Restricted: Nonmajor special revenue fund	209,563	-	209,563
Nonmajor permanent fund	5,901	-	5,901
Unrestricted	6,305,992	679,892	6,985,884
TOTAL NET POSITION	<u>29,502,550</u>	<u>1,585,270</u>	<u>31,087,820</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 42,200,652</u>	<u>\$ 1,613,320</u>	<u>\$ 43,813,972</u>

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

STATEMENT B

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - type Activities	Total
Governmental activities:							
Direct services	\$ 20,071,548	\$ 1,080,352	\$ -	\$ -	\$ (18,991,196)	\$ -	\$ (18,991,196)
Support services:							
Student and other support services	4,827,708	-	-	-	(4,827,708)	-	(4,827,708)
General administrative services	781,454	-	-	-	(781,454)	-	(781,454)
Area administrative services	2,552,313	-	-	-	(2,552,313)	-	(2,552,313)
Fiscal services	657,463	-	-	-	(657,463)	-	(657,463)
Operations and maintenance	3,064,116	-	-	-	(3,064,116)	-	(3,064,116)
Transportation	1,794,994	-	-	-	(1,794,994)	-	(1,794,994)
Program expenses	3,346,206	-	2,416,936	-	(929,270)	-	(929,270)
On-behalf payments	19,321,248	-	19,321,248	-	-	-	-
Interest on long-term debt	368,937	-	-	-	(368,937)	-	(368,937)
Unallocated depreciation (Note 5)*	1,462,686	-	-	-	(1,462,686)	-	(1,462,686)
Total governmental activities	<u>58,248,673</u>	<u>1,080,352</u>	<u>21,738,184</u>	<u>-</u>	<u>(35,430,137)</u>	<u>-</u>	<u>(35,430,137)</u>
Business-type activities:							
Child care	285,160	479,789	5,725	-	-	200,354	200,354
Food service	1,064,060	95,037	898,327	-	-	(70,696)	(70,696)
Total business-type activities	<u>1,349,220</u>	<u>574,826</u>	<u>904,052</u>	<u>-</u>	<u>-</u>	<u>129,658</u>	<u>129,658</u>
Total government	<u>\$ 59,597,893</u>	<u>\$ 1,655,178</u>	<u>\$ 22,642,236</u>	<u>\$ -</u>	<u>(35,430,137)</u>	<u>129,658</u>	<u>(35,300,479)</u>

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

STATEMENT B (CONTINUED)
WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	(35,430,137)	129,658	(35,300,479)
General revenues:			
Grants and contributions not restricted to specific programs	34,397,404	-	34,397,404
Miscellaneous	1,600,636	34,026	1,634,662
Total general revenues	35,998,040	34,026	36,032,066
Transfers	(149,115)	149,115	-
Change in net position	418,788	312,799	731,587
NET POSITION - JULY 1	29,083,762	1,272,471	30,356,233
NET POSITION - JUNE 30	\$ 29,502,550	\$ 1,585,270	\$ 31,087,820

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

STATEMENT C

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Construction Fund	Medicaid Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,645,637	\$ 4,174,042	\$ -	\$ -	\$ 5,819,679
Accounts receivable (net of allowance for uncollectibles)	65,832	-	-	-	65,832
Due from other governments	1,191,059	-	-	1,592,839	2,783,898
Prepaid items	95,055	-	-	-	95,055
Due from other funds	1,645,071	6,476	243,228	269,860	2,164,635
TOTAL ASSETS	\$ 4,642,654	\$ 4,180,518	\$ 243,228	\$ 1,862,699	\$ 10,929,099
LIABILITIES					
Accounts payable	\$ 65,096	\$ -	\$ -	\$ 15,059	\$ 80,155
Accrued expenses	701,082	-	-	-	701,082
Due to other governments	79,394	-	-	-	79,394
Due to other funds	1,068,757	-	-	1,554,000	2,622,757
TOTAL LIABILITIES	1,914,329	-	-	1,569,059	3,483,388
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	2,500	-	243,228	78,176	323,904
TOTAL DEFERRED INFLOWS OF RESOURCES	2,500	-	243,228	78,176	323,904
FUND BALANCES					
Nonspendable	95,055	-	-	-	95,055
Restricted	-	-	-	215,464	215,464
Committed	-	4,180,518	-	-	4,180,518
Assigned	666,928	-	-	-	666,928
Unassigned	1,963,842	-	-	-	1,963,842
TOTAL FUND BALANCES	2,725,825	4,180,518	-	215,464	7,121,807
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,642,654	\$ 4,180,518	\$ 243,228	\$ 1,862,699	\$ 10,929,099

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

STATEMENT D

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

	Total Governmental Funds
Total Fund Balances	\$ 7,121,807
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	31,797,329
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	1,572,896
Long-term obligations shown below are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bonds payable	(8,703,804)
Notes from direct borrowings payable	(107,613)
Lease liability	(4,818)
Accrued compensated absences	(107,790)
Net pension liabilities	(2,589,542)
Internal service fund net position is added to governmental activities	524,085
Net position of governmental activities	\$ 29,502,550

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

STATEMENT E

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Construction Fund	Medicaid Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Intergovernmental revenues	\$ 37,514,304	\$ -	\$ 427,254	\$ 1,989,682	\$ 39,931,240
Charges for services	1,080,352	-	-	-	1,080,352
Interest income	164,129	20,044	-	-	184,173
Miscellaneous revenues	217,818	-	-	276,462	494,280
TOTAL REVENUES	38,976,603	20,044	427,254	2,266,144	41,690,045
EXPENDITURES					
Current:					
Direct services	19,701,287	-	-	-	19,701,287
Support services:					
Student and other support services	4,827,708	-	-	-	4,827,708
General administrative services	781,454	-	-	-	781,454
Area administrative services	2,554,549	-	-	-	2,554,549
Fiscal services	657,463	-	-	-	657,463
Operations and maintenance	3,064,116	-	-	-	3,064,116
Transportation	1,794,994	-	-	-	1,794,994
On-behalf payments	3,116,900	-	-	-	3,116,900
Program expenses	-	-	427,254	2,273,824	2,701,078
Debt service:					
Principal	733,374	-	-	-	733,374
Interest	368,937	-	-	-	368,937
Capital outlay	-	1,976,295	-	-	1,976,295
TOTAL EXPENDITURES	37,600,782	1,976,295	427,254	2,273,824	42,278,155
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,375,821	(1,956,251)	-	(7,680)	(588,110)
OTHER FINANCING SOURCES (USES)					
Transfers in	120,226	880,000	-	346,958	1,347,184
Transfers (out)	(1,029,115)	-	-	(347,586)	(1,376,701)
TOTAL OTHER FINANCING SOURCES (USES)	(908,889)	880,000	-	(628)	(29,517)
NET CHANGE IN FUND BALANCES	466,932	(1,076,251)	-	(8,308)	(617,627)
FUND BALANCES - JULY 1	2,258,893	5,256,769	-	223,772	7,739,434
FUND BALANCES - JUNE 30	\$ 2,725,825	\$ 4,180,518	\$ -	\$ 215,464	\$ 7,121,807

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

STATEMENT F

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (617,627)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	2,424,689
Capital asset disposals	(24,621)
Depreciation expense	<u>(1,462,686)</u>
	<u>937,382</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>252,009</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the in the Statement of Net Position	<u>(7,054)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>744,468</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>683,693</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	(20,973)
Retirement incentive	145,019
Net pension liability	<u>(1,430,009)</u>
	<u>(1,305,963)</u>
Internal service fund activity is classified as a governmental activity in the Statement of Activities	<u>(268,120)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 418,788</u>

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

STATEMENT G
WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2023

	Enterprise Funds			Internal Service Funds		
	Child Care	Food Service	Total	Dental Plan	HRA Plan	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 26,907	\$ 169,278	\$ 196,185	\$ -	\$ 495,946	\$ 495,946
Accounts receivable (net of allowance for uncollectibles)	-	743	743	-	-	-
Due from other governments	-	47,461	47,461	-	-	-
Inventory	-	33,570	33,570	-	-	-
Due from other funds	305,161	124,822	429,983	115,931	3,279	119,210
Total current assets	<u>332,068</u>	<u>375,874</u>	<u>707,942</u>	<u>115,931</u>	<u>499,225</u>	<u>615,156</u>
Noncurrent assets:						
Capital assets:						
Building improvements	-	1,236,283	1,236,283	-	-	-
Equipment	-	567,272	567,272	-	-	-
Vehicles	-	18,689	18,689	-	-	-
Less: accumulated depreciation	-	(916,866)	(916,866)	-	-	-
Total noncurrent assets	<u>-</u>	<u>905,378</u>	<u>905,378</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 332,068</u>	<u>\$ 1,281,252</u>	<u>\$ 1,613,320</u>	<u>\$ 115,931</u>	<u>\$ 499,225</u>	<u>\$ 615,156</u>
LIABILITIES						
Current liabilities:						
Accounts payable	\$ -	\$ 22,575	\$ 22,575	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	91,071	91,071
Total current liabilities	<u>-</u>	<u>22,575</u>	<u>22,575</u>	<u>-</u>	<u>91,071</u>	<u>91,071</u>
TOTAL LIABILITIES	<u>-</u>	<u>22,575</u>	<u>22,575</u>	<u>-</u>	<u>91,071</u>	<u>91,071</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	5,475	5,475	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>5,475</u>	<u>5,475</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION						
Net investment in capital assets	-	905,378	905,378	-	-	-
Unrestricted	332,068	347,824	679,892	115,931	408,154	524,085
TOTAL NET POSITION	<u>332,068</u>	<u>1,253,202</u>	<u>1,585,270</u>	<u>115,931</u>	<u>408,154</u>	<u>524,085</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 332,068</u>	<u>\$ 1,281,252</u>	<u>\$ 1,613,320</u>	<u>\$ 115,931</u>	<u>\$ 499,225</u>	<u>\$ 615,156</u>

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

STATEMENT H

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Enterprise Funds			Internal Service Funds		
	Child Care	Food Service	Total	Dental Plan	HRA Plan	Total
OPERATING REVENUES						
Intergovernmental	\$ 5,725	\$ 898,327	\$ 904,052	\$ -	\$ -	\$ -
Charges for services	479,789	95,037	574,826	-	-	-
Miscellaneous	-	34,026	34,026	268,460	651,687	920,147
TOTAL OPERATING REVENUES	<u>485,514</u>	<u>1,027,390</u>	<u>1,512,904</u>	<u>268,460</u>	<u>651,687</u>	<u>920,147</u>
OPERATING EXPENSES						
Salaries	219,884	420,892	640,776	-	-	-
Benefits	44,650	114,511	159,161	-	-	-
Professional services	7,769	(300)	7,469	231,929	836,869	1,068,798
Repairs	-	10,122	10,122	-	-	-
Supplies and food	3,749	471,726	475,475	-	-	-
Depreciation	-	57,515	57,515	-	-	-
Other	9,108	-	9,108	1,907	-	1,907
TOTAL OPERATING EXPENSES	<u>285,160</u>	<u>1,064,060</u>	<u>1,349,220</u>	<u>233,836</u>	<u>836,869</u>	<u>1,070,705</u>
OPERATING INCOME (LOSS)	<u>200,354</u>	<u>(36,670)</u>	<u>163,684</u>	<u>34,624</u>	<u>(185,182)</u>	<u>(150,558)</u>
NONOPERATING REVENUES (EXPENSES)						
Interest Income	-	-	-	-	2,036	2,036
Transfers in	-	149,115	149,115	-	-	-
Transfers (out)	-	-	-	(42,371)	(77,227)	(119,598)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>-</u>	<u>149,115</u>	<u>149,115</u>	<u>(42,371)</u>	<u>(75,191)</u>	<u>(117,562)</u>
CHANGES IN NET POSITION	200,354	112,445	312,799	(7,747)	(260,373)	(268,120)
NET POSITION - JULY 1	<u>131,714</u>	<u>1,140,757</u>	<u>1,272,471</u>	<u>123,678</u>	<u>668,527</u>	<u>792,205</u>
NET POSITION - JUNE 30	<u>\$ 332,068</u>	<u>\$ 1,253,202</u>	<u>\$ 1,585,270</u>	<u>\$ 115,931</u>	<u>\$ 408,154</u>	<u>\$ 524,085</u>

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

STATEMENT I

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Enterprise Funds			Internal Service Funds		
	Child Care	Food Service	Total	Dental Plan	HRA Plan	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 479,789	\$ 128,381	\$ 608,170	\$ 268,460	\$ 651,687	\$ 920,147
Intergovernmental receipts	5,725	983,491	989,216	-	-	-
Internal activity - receipts (payments) from/to other funds	(197,514)	(83,864)	(281,378)	7,747	72,894	80,641
Payments to employees	(264,534)	(535,403)	(799,937)	-	-	-
Payments to suppliers	(20,626)	(466,020)	(486,646)	(233,836)	(836,869)	(1,070,705)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2,840	26,585	29,425	42,371	(112,288)	(69,917)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest income	-	-	-	-	2,036	2,036
NET CASH PROVIDED BY INVESTING ACTIVITIES	-	-	-	-	2,036	2,036
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES						
Purchases of capital assets	-	(10,406)	(10,406)	-	-	-
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	-	(10,406)	(10,406)	-	-	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in (out)	-	149,115	149,115	(42,371)	(77,227)	(119,598)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	-	149,115	149,115	(42,371)	(77,227)	(119,598)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,840	165,294	168,134	-	(187,479)	(187,479)
CASH AND CASH EQUIVALENTS - JULY 1	24,067	3,984	28,051	-	683,425	683,425
CASH AND CASH EQUIVALENTS - JUNE 30	\$ 26,907	\$ 169,278	\$ 196,185	\$ -	\$ 495,946	\$ 495,946
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ 200,354	\$ (36,670)	\$ 163,684	\$ 34,624	\$ (185,182)	\$ (150,558)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	-	57,515	57,515	-	-	-
Changes in operating assets and liabilities:						
(Increase) decrease in accounts receivable	-	(682)	(682)	-	-	-
(Increase) decrease in due from other governments	-	99,920	99,920	-	-	-
(Increase) decrease in inventory	-	126	126	-	-	-
(Increase) decrease in due from other funds	(197,514)	(83,864)	(281,378)	7,747	(18,177)	(10,430)
(Decrease) increase in accounts payable	-	4,996	4,996	-	-	-
(Decrease) increase in due to other funds	-	-	-	-	91,071	91,071
(Decrease) increase in deferred revenue	-	(14,756)	(14,756)	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 2,840	\$ 26,585	\$ 29,425	\$ 42,371	\$ (112,288)	\$ (69,917)

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

STATEMENT J

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2023

	Private-Purpose Trust Funds
	Total
ASSETS	
Due from other governments	\$ 79,394
TOTAL ASSETS	\$ 79,394
 LIABILITIES	
Accounts payable	\$ -
TOTAL LIABILITIES	\$ -
 NET POSITION	
Restricted - held in trust	\$ 79,394
TOTAL NET POSITION	\$ 79,394

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

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

	Private-Purpose Trust Funds
	<u>Total</u>
ADDITIONS	
Revenues:	
Miscellaneous	\$ 4,000
Total contributions	<u>4,000</u>
Total additions	<u>4,000</u>
DEDUCTIONS	
Supplies	168
Miscellaneous	4,800
Total deductions	<u>4,968</u>
CHANGE IN NET POSITION	(968)
NET POSITION - JULY 1	<u>80,362</u>
NET POSITION - JUNE 30	<u>\$ 79,394</u>

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

Implementation of New Accounting Standards

During the year ended June 30, 2023, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus - Basic Financial Statements and Fund Financial Statements

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

1. Governmental Funds:

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

Major Funds:

- a. The General Fund is the general operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Construction Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment. The sources of revenues include bond proceeds and interfund transfers.
- c. The Medicaid Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Primary revenues sources are intergovernmental revenues.

Nonmajor Funds:

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e., interest income. The following is a description of the proprietary funds of the School District:

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

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

Basis of Accounting

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Accrual

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

2. Modified Accrual

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

Budget

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

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

Revenues per budgetary basis	\$ 35,979,929
Add: On-behalf payments	3,116,900
Total GAAP basis	<u>\$ 39,096,829</u>
Expenditures per budgetary basis	\$ 35,512,997
Add: On-behalf basis	3,116,900
Total GAAP basis	<u>\$ 38,629,897</u>

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deposits and Investments

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

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

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

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

Receivables

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2023. Accounts receivable netted with allowances for uncollectible accounts were \$2,897,934 for the year ended June 30, 2023.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories and Prepaid Items

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

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

Interfund Receivables and Payables

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

Transactions Between Funds

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

Capital Assets

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

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

A right to use lease asset is required to be reported at the present value of payments expected to be made during the lease term including and any/all other required financial lease obligations in accordance with the terms of the lease and excluding interest. A lease asset will be amortized in a straight-line basis over the lease term or the useful life of the underlying asset (whichever is shorter).

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated useful lives are as follows:

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

Long-term Obligations

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

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

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

Pensions

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OPEB

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

Net Position

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

Fund Balance

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

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

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred revenues qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Revenues

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

Operating/Nonoperating Proprietary Fund Revenues

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

Encumbrance Accounting

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

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits:

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

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2023, the School District's cash balance of \$6,511,810 was comprised of bank deposits of \$15,435,539. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the School District's cash balance. Due to the delay in posting the internal transfer from the general fund's repurchase agreement account of \$8,313,020 to cover the TAN payoff to the general fund checking account, which reflected the receipt of these funds on June 30, 2023 but did not reflect the withdrawal from the general fund's repurchase agreement account until July 3, 2023, this has resulted in a large variance between the bank balance and the School District's cash balance. Of these bank deposits, \$250,000 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk, \$15,115,991 was collateralized with securities held by the financial institution in the School District's name and \$69,548 was uninsured and uncollateralized.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 319,548
Repurchase agreement	15,115,991
	<u>\$ 15,435,539</u>

Investments:

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

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

At June 30, 2023, the School District had no investments.

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

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

	Receivables (Due from)	Payables (Due to)
General fund	\$ 1,645,071	\$ 1,068,757
Construction fund	6,476	-
Medicaid fund	243,228	-
Enterprise funds	429,983	-
Internal service fund	119,210	91,071
Nonmajor special revenue funds	263,959	1,554,000
Nonmajor permanent funds	5,901	-
	<u>\$ 2,713,828</u>	<u>\$ 2,713,828</u>

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

NOTE 4 - INTERFUND TRANSFERS

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

	Transfers From	Transfers To
General fund	\$ 1,029,115	\$ 120,226
Construction fund	-	880,000
Enterprise funds	-	149,115
Internal service funds	119,598	-
Nonmajor special revenue funds	347,586	346,958
	<u>\$ 1,496,299</u>	<u>\$ 1,496,299</u>

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 - CAPITAL ASSETS

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

	Balance, 7/1/22	Additions	Disposals	Balance 6/30/23
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 6,000	\$ -	\$ -	\$ 6,000
Construction in progress	97,257	475,642	(94,743)	478,156
	<u>103,257</u>	<u>475,642</u>	<u>(94,743)</u>	<u>484,156</u>
Depreciated assets:				
Land improvements	3,288,061	513,882	-	3,801,943
Buildings and improvements	49,452,679	1,109,700	-	50,562,379
Infrastructure	587,043	-	-	587,043
Furniture, equipment and software	3,478,932	388,253	(152,422)	3,714,763
Vehicles	253,144	24,901	-	278,045
Right of use lease asset	-	7,054	-	7,054
	<u>57,059,859</u>	<u>2,043,790</u>	<u>(152,422)</u>	<u>58,951,227</u>
Less: accumulated depreciation	<u>(26,303,169)</u>	<u>(1,462,686)</u>	<u>127,801</u>	<u>(27,638,054)</u>
	<u>30,756,690</u>	<u>581,104</u>	<u>(24,621)</u>	<u>31,313,173</u>
Net governmental capital assets	<u>\$ 30,859,947</u>	<u>\$ 1,056,746</u>	<u>\$ (119,364)</u>	<u>\$ 31,797,329</u>

	Balance 7/1/22	Additions	Disposals	Balance 6/30/23
<u>Business-type activities:</u>				
Depreciated assets:				
Buildings and improvements	\$ 1,236,283	\$ -	\$ -	\$ 1,236,283
Furniture, equipment and software	556,866	10,406	-	567,272
Vehicles	18,689	-	-	18,689
	<u>1,811,838</u>	<u>10,406</u>	<u>-</u>	<u>1,822,244</u>
Less: accumulated depreciation	<u>(859,351)</u>	<u>(57,515)</u>	<u>-</u>	<u>(916,866)</u>
Net business-type capital assets	<u>\$ 952,487</u>	<u>\$ (47,109)</u>	<u>\$ -</u>	<u>\$ 905,378</u>

Current year depreciation:

Unallocated	<u>\$ 1,462,686</u>
Total governmental activities depreciation	1,462,686
Business-type activities - food service	57,515
Total depreciation expense	<u>\$ 1,520,201</u>

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 - SHORT TERM DEBT

On July 1, 2022, Washington Central Unified Union School District issued a tax/revenue anticipation note to provide liquidity for the governmental operations financed by property taxes. The tax/revenue anticipation note allowed for principal draws of up to \$8,313,020 with a fixed interest rate of 1.45% per annum and will mature on June 30, 2023. The note was paid in full by June 30, 2023 and interest expense for the note was \$120,209.

	Balance, 7/1/22	Additions	Reductions	Balance, 6/30/23
Tax/revenue anticipation note	\$ -	\$ 8,313,020	\$ (8,313,020)	\$ -

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2023:

	Balance, 7/1/22	Additions	Deletions	Balance, 6/30/23	Current Year Portion
Bonds payable	\$ 9,437,178	\$ -	\$ (733,374)	\$ 8,703,804	\$ 733,373
Notes from direct borrowings payable	116,471	-	(8,858)	107,613	8,159
Lease liabilities	-	7,054	(2,236)	4,818	2,036
	<u>\$ 9,553,649</u>	<u>\$ 7,054</u>	<u>\$ (744,468)</u>	<u>\$ 8,816,235</u>	<u>\$ 743,568</u>

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

Bonds payable:

\$500,000 Community Bank, NA Qualified School Construction Bond due in one principal installment of \$500,000 in March of 2027 with a fixed interest rate at 1.00% per annum payable semi-annually through March of 2027. Deposits of \$26,000 remitted annually into a sinking fund through March of 2027. Interest at a fixed rate of 1.00% per annum, applied to the sinking fund balance, payable semi-annually into the sinking fund through March of 2027. The sinking fund balance is irrevocably pledged to secure the principal payment of the bond at maturity. The annual deposit amount of \$26,000 will be increased to \$31,000 as of March 2020. \$ 500,000

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 - LONG-TERM DEBT (CONTINUED)

\$2,997,476 Community Bank, NA bond payable, with principal payments due in annual installments of \$149,874. Fixed interest rate of 2.99% per annum paid semi-annually. The bond matures on December 31, 2036.	2,098,233
\$8,170,000 Community Bank, NA bond payable, with principal payments due in annual installments of \$408,500 and a principal pre-payment of \$79,429 in December of 2014 and a final principal payment of \$329,071 due in June of 2033. Interest at a fixed rate of 3.04% per annum paid semi-annually. The bond matures June of 2033.	4,005,571
\$3,500,000 Community Bank, NA bond payable, with principal payments due in annual installments of \$175,000. Interest at a fixed rate of 2.75% per annum paid semi-annually. The bond matures in December of 2034.	2,100,000
Total bonds payable	<u>\$ 8,703,804</u>

Notes from direct borrowings payable:

\$81,340 Vermont Municipal Bond Bank Vermont Environmental Protection Agency Drinking Water State Revolving Fund note payable, due in annual principal, interest and administrative fee installments of \$3,787 through April of 2037. Interest at a fixed rate of 1.00% and administrative fees of 2.00% payable annually through September of 2037. In fiscal year 2017, \$25,000 of the principal balance of the loan was forgiven. Proceeds were originally borrowed for a municipal water connection project.	\$ 42,778
\$57,612 Vermont Environmental Protection Agency note payable, due in annual principal, interest and administrative fee installments of \$3,872. Interest at a fixed rate of 1.00% and an administrative fee of 2.00% is charged per annum. In fiscal year 2014, an ARRA Subsidy for \$25,000 was received and applied towards the principal amount due. The note matures in January of 2033.	33,032
\$55,468 Vermont Environmental Protection Agency note payable, due in annual principal, interest and administrative fee installments of \$3,728. Interest at a fixed rate of 1.00% and an administrative fee of 2.00% is charged per annum. On March 3, 2014 the note payable was amended, reducing the principal amount by \$22,660 and \$73,527, to reflect loan forgiveness and an ARRA subsidy, respectively. The proceeds from the note were used to finance a water project. The note matures on January 1, 2033.	31,803
Total notes from direct borrowings payable	<u>\$ 107,613</u>
Total bonds and notes payable	<u>\$ 8,811,417</u>

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The following is a summary of the lease liabilities outstanding as of June 30, 2023:

Lease liabilities:

Washington Central UUSD leases a postage meter from Quadient Leasing, under a lease agreement dated November 5, 2020. The lease term is for 39 months ending in January of 2024. Monthly payments are \$40.	\$ 280
Washington Central UUSD leases a postage meter from Quadient Leasing, under a lease agreement dated November 12, 2020. The lease term is for 63 months ending in January of 2026. Monthly payments are \$146.	<u>4,538</u>
Total lease liabilities	<u><u>\$ 4,818</u></u>

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

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

Year Ending June 30,	<u>Bonds Payable</u>		<u>Notes from Direct Borrowings Payable</u>		<u>Lease Liabilities</u>	<u>Total Debt Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2024	\$ 733,373	\$ 245,335	\$ 8,159	\$ 2,592	\$ 2,036	\$ 991,495
2025	733,374	223,304	8,404	2,403	1,757	969,242
2026	733,374	201,433	8,656	2,208	1,025	946,696
2027	1,233,374	179,721	8,916	2,007	-	1,424,018
2028	733,374	153,298	9,183	1,801	-	897,656
2029-2033	3,587,440	439,633	50,218	5,615	-	4,082,906
2034-2038	949,495	54,463	14,077	1,071	-	1,019,106
	<u>\$ 8,703,804</u>	<u>\$ 1,497,187</u>	<u>\$ 107,613</u>	<u>\$ 17,697</u>	<u>\$ 4,818</u>	<u>\$ 10,331,119</u>

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2023 is as follows:

	Balance, 7/1/22	Additions	Deletions	Balance, 6/30/23	Current Year Portion
Accrued compensated absences	\$ 86,817	\$ 20,973	\$ -	\$ 107,790	\$ 5,390
Retirement incentive	145,019	-	(145,019)	-	-
Net pension liability	1,159,533	1,673,118	(243,109)	2,589,542	-
Total	<u>\$ 1,391,369</u>	<u>\$ 1,694,091</u>	<u>\$ (388,128)</u>	<u>\$ 2,697,332</u>	<u>\$ 5,390</u>

Please see Notes 9, 10 and 17 for detailed information on each of the other long-term obligations.

NOTE 9 - ACCRUED COMPENSATED ABSENCES

The School District's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2023, the School District's liability for compensated absences is \$107,790.

NOTE 10 - RETIREMENT INCENTIVE

The Board of the School District is offering an early retirement incentive to eligible support staff and teacher/professional staff who elect to resign effective June 30, 2023. This program is offered to individuals with at least 15 years of full or part-time service by July 1, 2020 and a combination of age plus years of service at the School District must equal 70 or more by July 1, 2020. The incentive is a cash payout of 50% of the final year base contract salary to be paid out in 3 equal annual installments. The retirement incentive includes 12 months of single health insurance coverage in the Gold CDHP Health Plan at the regular member's share of the premium or for teachers, receive 20% of the member's share of the single health insurance premium for the VSTRS health insurance program or for support staff, receive 20% of the member's share of the single health insurance premium in an alternative health insurance plan or Medicare. As of June 30, 2023, the School District's liability for the retirement incentive is \$0.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 - NET INVESTMENT IN CAPITAL ASSETS

At June 30, 2023, the School District had the following net investments in capital assets:

	Governmental Activities	Business-type Activities
Investment in capital assets	\$ 59,435,383	\$ 1,822,244
Accumulated depreciation	(27,638,054)	(916,866)
Outstanding capital related debt	(8,816,235)	-
	<u>\$ 22,981,094</u>	<u>\$ 905,378</u>

NOTE 12 - RESTRICTED NET POSITION AND RESTRICTED FUND BALANCE

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

Nonmajor special revenue fund:	
Student activities	\$ 209,563
Nonmajor permanent fund:	
Music - Bellemeur fund	5,901
	<u>\$ 215,464</u>

NOTE 13 - NONSPENDABLE FUND BALANCE

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

General fund:	
Prepaid items	\$ 95,055
	<u>\$ 95,055</u>

NOTE 14 - COMMITTED FUND BALANCE

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

Construction fund	<u>\$ 4,180,518</u>
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WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - ASSIGNED FUND BALANCE

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

General fund:		
Reserved for technology equipment	\$	357,928
Reserved for fiscal software and related costs		309,000
	\$	<u>666,928</u>

NOTE 16 - FINANCIAL INFORMATION

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

NOTE 17 - DEFINED BENEFIT PENSION PLANS

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

Plan Description

All of the teachers employed by the School District participate in the Vermont State Teachers' Retirement System ("VSTRS"), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, covering nearly all public day school and nonsectarian private Union teachers and administrators as well as Teachers in schools and teacher training institutions within and supported by the State of Vermont that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2021 (the most recent period available), the retirement system consisted of 23,887 participating members.

The plan was established effective July 1, 1947 and is governed by *Title 16, V.S.A. Chapter 55*. Subsequent Vermont state legislation, *Act 74*, which became effective on July 1, 2010 and updated to reflect Act 114 and Act 173, effective on July 1, 2022 and contained numerous changes to the plan benefits available to current and future members, as well as a change in access to health care coverage after retirement, resulting from a multi-party agreement to provide sustainability of quality pension and retiree health benefits for Vermont teachers.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service. The Vermont State Agency of Administration issues a publicly available Annual Comprehensive Financial Report that includes financial statements and required supplementary information for the VSTRS. That report may be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](#).

Benefits Provided

The VSTRS provides retirement and disability benefits, annual cost-of-living adjustments, health care and death benefits to plan members and beneficiaries. There are two levels of contributions and benefits in the System: Group A - for public school teachers employed within the State of Vermont prior to July 1, 1981 and elected to remain in Group A; and Group C - for public school teachers employed within the State of Vermont on or after July 1, 1990. Group C also includes those teachers hired prior to July 1, 1990 and were in Group B on July 1, 1990. When *Act 74* became effective on June 30, 2010, Group C was further bifurcated into Groups #1 and #2. Group #1 contains members who were at least 57 years of age or had at least 25 years of service and Group #2 contains members who were less than 57 years of age and had less than 25 years of service.

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

VSTRS	Group A	Group C – Group # 1	Group C – Group # 2
Normal service retirement eligibility (no reduction)	Age 60 or 30 years of service	Age 62 or with 30 years of service	Age 65 or when the sum of age and service equals 90
Average Final Compensation (AFC)	Highest 3 consecutive years, including unused annual leave, sick leave and bonus/incentives	Highest 3 consecutive years, excluding all payments for anything other than service actually performed	Highest 3 consecutive years, excluding all payments for anything other than service actually performed
Benefit formula - normal service retirement	1.67% x creditable service x AFC	1.25% x service prior to 7/1/90 x AFC + 1.67% x service after 7/1/90 x AFC	1.25% x service prior to 7/1/90 x AFC + 1.67% x service after 7/1/90 x AFC, 2.0% after attaining 20 years
Maximum Benefit Payable	100% of AFC	53.34% of AFC	60% of AFC
Post-Retirement COLA	Full CPI, up to a maximum of 5% after 12 months of retirement; minimum of 1%	50% CPI, up to a maximum of 5% after 12 months of retirement or with 30 years; minimum of 1%	50% CPI, up to a maximum of 5%, minimum of 1% after 12 months of normal retirement or age 65
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Early Retirement Reduction	Actuarial reduction	6% per year from age 62	Actuarial reduction

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

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Contributions

VSTRS is a cost-sharing public employee retirement system with one exception: all risks and costs are not shared by the School District but are the liability of the State of Vermont. VSTRS is funded through State and employee contributions and trust fund investment earnings; and the School District has no legal obligation for paying benefits. Required contributions to the System are made by the State of Vermont based upon a valuation report prepared by the System’s actuary, which varies by plan group. The Vermont State Teachers Retirement System estimates the contributions on behalf of the School District’s employees included in the teacher’s retirement plan which approximates \$3,116,900 or 20.99% of total payroll for employees covered under the plan.

Employee contribution rates by plan group follow:

VSTRS	Group A	Group C – Group # 1	Group C – Group # 2
Employee Contributions	5.5% of gross salary; contributions stop after 25 years of creditable service	5.0% of gross salary	Based on earnable compensation \$0-\$40K is 6.0%, \$40K-\$50K is 6.05%, \$50K-\$60K is 6.10%, \$60K-\$70K is 6.20%, \$70K-\$80K is 6.25% \$80K-\$90K is 6.35% \$90K-\$100K is 6.50% \$100K+ is 6.65%

Employee contributions totaled \$927,606 during the year and were paid by the School District to the State of Vermont. The School District has no other liability under the plan. The School District’s total payroll for all employees covered under this plan was \$14,849,453 for the year ended June 30, 2023. Beginning in 2016, school districts that pay for teachers with federal dollars are required to include costs of pensions in the federal grant, lowering the liability for the State. Federally funded pension costs reimbursed to the State by the Supervisory Union for the fiscal year ending June 30, 2023 were \$217,668. The Supervisory Union’s total payroll for all federally funded employees covered under this plan was \$1,037,010 for the year ended June 30, 2023.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost sharing, multi-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. The plan was established effective July 1, 1975 and is governed by Title 24, V.S.A. Chapter 125. It is designed for persons employed on a regular basis by a school district or by a supervisory union for no fewer than 1,040 hours in a year and for no fewer than 30 hours a week for the school year, as defined in 16 V.S.A. § 1071 or for no fewer than 1,040 hours in a year and for no fewer than 24 hours a week year-round; provided, however, that if a person who was employed on a regular basis by a school district as either a special education or transportation employee and who was transferred to and is working in a supervisory union in the same capacity pursuant to 16 V.S.A. § 261a(a)(6) or (8)(E) and if that person is also employed on a regular basis by a school district within the supervisory union, then the person is an "employee" if these criteria are met by the combined hours worked for the supervisory union and school district. The term shall also mean persons employed on a regular basis by a municipality other than a school district for no fewer than 1,040 hours in a year and for no fewer than 24 hours per week, including persons employed in a library at least one-half of whose operating expenses are met by municipal funding. For the year ended June 30, 2021 (the most recent data available), the retirement system consisted of 16,158 participating members.

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

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Annual Comprehensive Financial Report. That report may be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](#).

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Benefits Provided

The pension plan is divided into four membership groups:

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

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

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

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

Contributions

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund and to certify the rates of contributions payable by employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group as of July 1, 2022 are as follows:

VMERS	Group A	Group B	Group C	Group D
Employee Contributions	3.500% of gross salary	5.875% of gross salary	11.000% of gross salary	12.350% of gross salary
Employer Contributions	5.000% of gross salary	6.500% of gross salary	8.250% of gross salary	10.850% of gross salary

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Employee contributions are withheld pre-income tax by the School District and are remitted to the State of Vermont. Such withholdings for the year ended June 30, 2023 totaled \$218,721. The School District contributed \$243,109 for the year ended June 30, 2023. The School District's total payroll for the year ended June 30, 2023 for all employees covered under this plan was \$3,763,035.

Pension Liabilities

VSTRS Plan

The State is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of member employers. Therefore, these employers are considered to be in a special funding situation as defined in GASB No. 68 and the State is treated as a nonemployer to VSTRS. Since the School District does not contribute directly to VSTRS, no net pension liability was recorded at June 30, 2023. The State's portion of the collective net pension liability that was associated with the School District was as follows:

District's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the District		<u>35,014,297</u>
Total	\$	<u><u>35,014,297</u></u>

The State of Vermont's proportionate share of the net pension liability associated with the School District is equal to the collective net pension liability, actuarially measured as of June 30, 2022, multiplied by the School District's proportionate share percentage. The School District's proportionate share percentage was based on its reported salaries to the total reported salaries for all participating employers. At June 30, 2022, the School District's proportion was 1.815568% which was a decrease of 0.140549% from its proportion measured as of June 30, 2021.

VMERS Plan

At June 30, 2023, the School District reported a liability of \$2,589,542 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2022 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2021. The

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

School District's proportion of the net pension liabilities were based on a projection of the School District's long-term share of contributions to each pension plan relative to the projected contributions of all participating towns, actuarially determined.

At June 30, 2022, the School District's proportion was 0.85359% for VMERS, which was an increase of 0.06578% from its proportion measured as of June 30, 2021 for VMERS.

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

For the year ended June 30, 2023, the School District recognized total pension expense of \$10,832,564 and revenue of \$10,832,564 for support provided by the State of Vermont for the VSTRS plan. In the same period, the School District recognized pension expense of \$494,307 for the VMERS plan. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	VSTRS		VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ 194,476	\$ -
Changes of assumptions	-	-	132,389	-
Net difference between projected and actual earnings on pension plan investments	-	-	420,413	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	582,509	-
Contributions subsequent to the measurement date	-	-	243,109	-
Total	\$ -	\$ -	\$ 1,572,896	\$ -

\$243,109 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	VSTRS		VMERS
Plan year ended June 30:			
2023	\$	-	\$ 480,593
2024		-	431,204
2025		-	130,130
2026		-	287,870
2027		-	-
Thereafter		-	-

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using the actuarial assumptions outlined below.

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

Inflation: For both plans, 2.30%.

Salary Increases: For the VSTRS plan, increases ranging from 3.55% to 10.50%. For the VMERS plan, varying, service-based rates from 0-10 years of service, then a single rate of 4.50% (includes assumed inflation rate of 2.30%) for all subsequent years.

Deaths After Retirement:

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

- *Pre-Retirement:* PubT-2010 Teacher Employee Amount-Weighted Table with generational projection using scale MP-2019

- *Retiree Healthy Post-Retirement:* PubT-2010 Teacher Healthy Retiree Amount-Weighted Table with generational projection using scale MP- 2019

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Pre-Retirement:

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

Healthy Post-Retirement - Retirees:

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

Healthy Post-Retirement - Beneficiaries:

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

Disabled Post-Retirement:

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

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

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

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

Cost-of-Living Adjustments VSTRS:

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

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

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

For all other members:

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Cost-of-Living Adjustments VMERS:

Assumed to occur on January 1 following one year of retirement at the rate of 1.10% per annum for Group A members and 1.20% per annum for Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Group A, B and D who receive a disability retirement benefit and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2022 COLA is 2.00% for Group A members and 2.30% for Group B, C and D members. The January 1, 2023 COLA is 2.00% for Group A members and 3.00% for Group B, C and D members.

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

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

For the VSTRS plan, the *asset valuation method* used equals the preliminary asset value plus 20% of the difference between the market and preliminary asset values. The preliminary asset value is equal to the previous year's asset value (for valuation purposes) adjusted for contributions less benefit payments and expenses and expected investment income. If necessary, a further adjustment is made to ensure that the valuation assets are within 20% of the market value.

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

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Passive Global Equities	24.00%	4.30%
Active Global Equities	5.00%	4.30%
US Equity - Large Cap	4.00%	3.25%
US Equity - Small/Mid Cap	3.00%	3.75%
Non-US Developed Market Equities	7.00%	5.00%
Private Equity	10.00%	6.50%
Emerging Markets Debt	4.00%	3.50%
Private and Alternative Credit	10.00%	4.75%
Non-Core Real Estate	4.00%	6.00%
Core Fixed Income	19.00%	0.00%
Core Real Estate	3.00%	3.50%
US TIPS	3.00%	-0.50%
Infrastructure/Farmland	4.00%	4.25%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for the VSTRS plan and the VMERS plan. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

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

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.00% for both the VSTRS and VMERS plans, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>VSTRS:</u>			
Discount rate	6.00%	7.00%	8.00%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
<u>VMERS:</u>			
Discount rate	6.00%	7.00%	8.00%
District's proportionate share of the net pension liability	\$ 3,880,315	\$ 2,589,542	\$ 1,527,827

Pension Plan Fiduciary Net Position

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of the VSTRS and VMERS or their participating employers. VSTRS and VMERS do not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Annual Comprehensive Financial Report (CAFR). That report can be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](https://www.vermont.gov/finance/annual-comprehensive-financial-report).

NOTE 18 - DEFINED CONTRIBUTION PLAN

Plan Description

The School District offers its employees a defined contribution plan created in accordance with Internal Revenue Code Section 403(b). At June 30, 2023, there were 51 plan members. The plan is administered by TD Wealth Management.

Funding Policy

Plan provisions and contribution requirements are established and may be amended by the Board of Directors. Under the 403 Plan, the School District is required to contribute 6.25% of a participant's earnings for the plan year, with no required match from the participant, one time per year, after the end of the fiscal year and no later than September 30, of the next year. For the year ended June 30, 2023, the School District contribution to this plan was \$71,195.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 18 - DEFINED CONTRIBUTION PLAN (CONTINUED)

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in School District contributions and earnings on School District contributions after completion of 12 months of creditable service with the School District. Non-vested School District contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. There were no forfeitures of non-vested contributions for the year ended June 30, 2023.

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

Plan Description

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

The plan covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2021, the Plan consisted of 7,280 retired members or beneficiaries currently receiving benefits and 9,955 active members.

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

All assets of the Plan are held in a single trust and are available to pay OPEB benefits to all members. The Vermont State Agency of Administration issues a publicly available Annual Comprehensive Financial Report that includes financial statements and required supplementary information for the VSTRS. That report may be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](https://www.vermont.gov/finance/annual-comprehensive-financial-report).

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Benefits Provided

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

Contributions

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

	Retiree Subsidy		Spouse Subsidy*	
Retired before June 30, 2010	At least ten years of service - 80% of premium Less than ten years of service - 0% of premium		0% of premium	
Retired after June 30, 2010	10 years or more of service at June 30, 2010 - 80% of premium		Years of service at June 30, 2010 - 80% of premium if meet the following years of service at retirement requirement:	
	Less than 10 years of service at June 30, 2010:			
	Less than 15 years at retirement	0% of premium	Less than 10 years	25 years at retirement
	15-19.99 years at retirement	60% of premium	10-14.99 years	25 years at retirement
	20-24.99 years at retirement	70% of premium	15-24.99 years	10 additional years from June 30, 2010
	25 years or more at retirement	80% of premium	25-29.99 years	35 years at retirement
			30 or more years	5 additional years from June 30, 2010

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

Premium Reduction Option: Participants retiring on or after January 1, 2007 with a VSTRS premium subsidy have a one-time option to reduce the VSTRS subsidy percentage during the retiree's life so that a surviving spouse may continue to receive the

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

same VSTRS subsidy for the spouse’s lifetime. If the retiree elects the joint and survivor pension option but not the Premium Reduction Option, spouses are covered for the spouse’s lifetime but pay 100% of the plan premium after the retiree’s death.

Retirees pay full cost of dental benefits.

OPEB Liabilities

The State is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of member employers. Therefore, these employers are considered to be in a special funding situation as defined in GASB No. 75 and the State is treated as a nonemployer to VSTRS. Since the School District does not contribute directly to VSTRS, no net OPEB liability was recorded at June 30, 2023. The State’s portion of the collective net OPEB liability that was associated with the School District was as follows:

District's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the District	<u>12,959,320</u>
Total	<u><u>\$ 12,959,320</u></u>

The State of Vermont’s proportionate share of the net OPEB liability associated with the School District is equal to the collective net OPEB liability, actuarially measured as of June 30, 2022, multiplied by the School District’s proportionate share percentage. The School District’s proportionate share percentage was based on its reported salaries to the total reported salaries for all participating employers. At June 30, 2022, the School District’s proportion was 1.80529% which was a decrease of 0.10476% from its proportion measured as of June 30, 2021.

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

For the year ended June 30, 2023, the School District recognized total OPEB expense of \$5,371,784 and revenue of \$5,371,784 for support provided by the State of Vermont for the Plan. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

	<u>VSTRS OPEB Plan</u>
Plan year ended June 30:	
2023	\$ -
2024	-
2025	-
2026	-
2027	-
Thereafter	-

Discount Rate

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
VSTRS OPEB Plan:			
Discount rate	6.00%	7.00%	8.00%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -

Healthcare Trend Rate

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The trend rate assumptions were developed using Segal's internal guidelines, which are established each year using data sources such as the 2022 Segal Health Trend Survey, internal client results, trends from other published surveys prepared by the S&P Dow Jones Indices, consulting firms and brokers and CPI statistics published by the Bureau of Labor Statistics. The sensitivity of net OPEB liability to changes in healthcare trend rates are as follows:

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

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2022, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Amortization

The total OPEB liability of this Plan is amortized on a closed 30-year period. The amortization method is a level percent of payroll method. As of July 1, 2022, there is 26 years remaining on the amortization period.

Asset Valuation Method

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

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

The target allocation, long-term expected rates of return for each major asset class and expected inflation, as of June 30, 2022, are summarized below:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Passive Global Equities	24.00%	4.30%
Active Global Equities	5.00%	4.30%
US Equity - Large Cap	4.00%	3.25%
US Equity - Small/Mid Cap	3.00%	3.75%
Non-US Developed Market Equities	7.00%	5.00%
Emerging Markets Debt	4.00%	3.50%
Core Bonds	19.00%	0.00%
Private and Alternative Credit	10.00%	4.75%
US TIPS	3.00%	-0.50%
Core Real Estate	3.00%	3.50%
Non-Core Real Estate	4.00%	6.00%
Private Equity	10.00%	4.75%
Infrastructure/Farmland	4.00%	4.25%
	100.00%	

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Assumptions

The actuarial assumptions used to calculate the actuarially determined contribution rates can be found in the Report on the Actuarial Valuation of Post-Retirement Benefits of the Vermont State Teachers' Retirement System Prepared as of June 30, 2016 completed by Buck Consulting. As of June 30, 2022, they are as follows:

Discount Rate	7.00%
Salary Increase Rate	Varies by age
Non-Medicare	7.120% graded to 4.50% over 12 years
Medicare	6.500% graded to 4.50% over 12 years
Retiree Contributions	Equal to health trend
Pre-retirement Mortality	PubT-2010 Teacher Employee Headcount-Weighted Table with generational projection using scale MP-2019
Post-retirement Mortality	Retirees: PubT-2010 Teacher Healthy Retiree Headcount-Weighted Table Spouses: 109% of the Pub-2010 Contingent Survivor Headcount-Weighted Table, both Retirees and Spouses with generational projection using scale MP-2019

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2022 with the following exceptions:

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period remaining was twenty-six years as of July 1, 2022. For the fiscal year ended June 30, 2022, the discount rate was increased from 2.20% to 7.00%.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

OPEB Plan Fiduciary Net Position

The schedule of employer allocations and schedule of OPEB amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of VSTRS or their participating employers. VSTRS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Annual Comprehensive Financial Report. That report can be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](#).

NOTE 20 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees, students and guests; as well as natural disasters for which the School District either carries commercial insurance, participates in a public entity risk pool or is effectively self-insured. There have been no significant reductions in coverage from the prior year. Management believes such coverage is sufficient to preclude any significant uninsured losses to the School District.

The School District is a member of the Vermont School Boards Association. The Association has set up two insurance Trusts: Vermont School Boards Insurance Trust, Inc. (VSBIT) for worker compensation, multi-line intermunicipal school program and unemployment compensation program and the Vermont Education Health Initiative (VEHI) for medical benefits. VSBIT and VEHI are nonprofit corporations formed to provide insurance and risk management programs for Vermont School Districts and is owned by the participating School Districts. The Trusts are not licensed insurance carriers and members are not protected by the Vermont Insurance Guaranty Association.

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

Multi-Line Intermunicipal School Program provides coverage for property; inland marine and boiler and machinery; crime; commercial general liability; automobile/garagekeepers and educators legal liability. Annual contributions are based upon appropriate rates applicable to each member; such rates are set based on recommendations of a qualified actuary, plus a proportionate share of all operational and

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 20 - RISK MANAGEMENT (CONTINUED)

administrative cost including excess reinsurance premiums incurred by the trust. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and VSBIT is unable to meet its required obligations, the program will be terminated with each member assessed their proportionate share of the deficit.

NOTE 21 - CONTINGENCIES

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

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

NOTE 22 - COMPARATIVE DATA/RECLASSIFICATIONS

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

NOTE 23 - SUBSEQUENT EVENT

On July 3, 2023, Washington Central Unified Union School District issued a tax/revenue anticipation note to provide liquidity for the governmental operations financed by property taxes. The tax/revenue anticipation note allowed for principal draws of up to \$3,306,742 with interest at a fixed rate of 3.80% per annum and will mature on June 28, 2024.

Required Supplementary Information

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

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

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

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,258,893	\$ 2,258,893	\$ 2,258,893	\$ -
Resources (Inflows):				
Intergovernmental:				
State revenues	34,324,897	34,324,897	34,397,404	72,507
Charges for services	976,224	986,424	1,080,352	93,928
Interest income	229,238	229,238	164,129	(65,109)
Miscellaneous	193,842	239,663	217,818	(21,845)
Transfers from other funds	445,066	445,066	120,226	(324,840)
Amounts Available for Appropriation	<u>38,428,160</u>	<u>38,484,181</u>	<u>38,238,822</u>	<u>(245,359)</u>
Charges to Appropriations (Outflows):				
Direct services	20,307,225	20,294,950	19,701,287	593,663
Support services:				
Student and other support services	4,728,832	4,780,848	4,827,708	(46,860)
General administrative services	777,578	777,578	781,454	(3,876)
Area administrative services	2,612,051	2,611,696	2,554,549	57,147
Fiscal services	805,698	796,298	657,463	138,835
Operations and maintenance	3,136,314	3,162,349	3,064,116	98,233
Transportation	1,690,022	1,690,022	1,794,994	(104,972)
Debt service:				
Principal	772,369	772,369	733,374	38,995
Interest	270,063	270,063	368,937	(98,874)
Transfers to other funds	1,069,115	1,069,115	1,029,115	40,000
Total Charges to Appropriations	<u>36,169,267</u>	<u>36,225,288</u>	<u>35,512,997</u>	<u>712,291</u>
Budgetary Fund Balance, June 30	<u>\$ 2,258,893</u>	<u>\$ 2,258,893</u>	<u>\$ 2,725,825</u>	<u>\$ 466,932</u>

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>VSTRS:</u>									
Proportion of the net pension liability	1.82%	1.96%	1.81%	1.85%	2.52%	1.96%	1.78%	1.59%	1.05%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	35,014,297	33,165,771	35,379,511	28,873,426	26,891,231	27,250,562	22,608,616	18,837,133	17,213,598
Total	<u>\$ 35,014,297</u>	<u>\$ 33,165,771</u>	<u>\$ 35,379,511</u>	<u>\$ 28,873,426</u>	<u>\$ 26,891,231</u>	<u>\$ 27,250,562</u>	<u>\$ 22,608,616</u>	<u>\$ 18,837,133</u>	<u>\$ 17,213,598</u>
Covered payroll	\$ 13,742,939	\$ 14,167,688	\$ 13,225,466	\$ 12,712,780	\$ 12,033,737	\$ 12,133,702	\$ 11,579,824	\$ 8,854,073	\$ 10,040,259
Proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	54.81%	58.83%	50.00%	54.96%	54.81%	53.98%	55.31%	58.22%	64.02%
<u>VMERS:</u>									
Proportion of the net pension liability	0.85%	0.79%	0.67%	0.39%	0.36%	0.37%	0.37%	0.33%	0.28%
Proportionate share of the net pension liability	\$ 2,589,542	\$ 1,159,533	\$ 1,682,933	\$ 677,286	\$ 510,283	\$ 444,252	\$ 472,604	\$ 253,954	\$ 25,564
Covered payroll	\$ 3,440,065	\$ 2,952,439	\$ 2,436,173	\$ 1,419,292	\$ 1,253,308	\$ 1,176,437	\$ 1,101,000	\$ 931,000	\$ 717,914
Proportionate share of the net pension liability as a percentage of its covered payroll	75.28%	39.27%	69.08%	47.72%	40.71%	37.76%	42.92%	27.28%	3.56%
Plan fiduciary net position as a percentage of the total pension liability	73.60%	89.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

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

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - PENSIONS
LAST 10 FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>VSTRS:</u>									
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 14,849,453	\$ 13,742,939	\$ 14,167,688	\$ 13,225,466	\$ 12,712,780	\$ 12,033,737	\$ 12,133,702	\$ 11,579,824	\$ 8,854,073
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<u>VMERS:</u>									
Contractually required contribution	\$ 243,109	\$ 213,566	\$ 175,157	\$ 137,878	\$ 74,468	\$ 72,450	\$ 59,882	\$ 55,813	\$ 46,046
Contributions in relation to the contractually required contribution	(243,109)	(213,566)	(175,157)	(137,878)	(74,468)	(72,450)	(59,882)	(55,813)	(46,046)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,763,035	\$ 3,440,065	\$ 2,952,439	\$ 2,436,173	\$ 1,419,292	\$ 1,253,308	\$ 1,176,437	\$ 1,101,000	\$ 931,000
Contributions as a percentage of covered payroll	6.46%	6.21%	5.93%	5.66%	5.25%	5.78%	5.09%	5.07%	4.95%

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

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

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

	2023	2022	2021	2020	2019	2018	2017
<u>VSTRS OPEB Plan:</u>							
Proportion of the net OPEB liability School District's proportionate share of the net OPEB liability	1.81%	1.91%	1.83%	1.92%	1.84%	1.87%	0.78%
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the School District Total	12,959,320	24,364,326	23,011,027	19,958,444	17,519,695	17,350,212	-
	<u>\$ 12,959,320</u>	<u>\$ 24,364,326</u>	<u>\$ 23,011,027</u>	<u>\$ 19,958,444</u>	<u>\$ 17,519,695</u>	<u>\$ 17,350,212</u>	<u>\$ -</u>
Covered payroll	\$ 13,742,939	\$ 14,167,688	\$ 13,225,466	\$ 12,712,780	\$ 12,033,737	\$ 12,133,702	\$ 11,579,824
Proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	5.34%	1.13%	0.69%	0.03%	-2.85%	-2.94%	0.00%

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

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017
<u>VSTRS OPEB Plan:</u>							
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 14,849,453	\$ 13,742,939	\$ 14,167,688	\$ 13,225,466	\$ 12,712,780	\$ 12,033,737	\$ 12,133,702
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

Changes of Assumptions

VSTRS Pension Plan:

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

VMERS Pension Plan:

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

VSTRS OPEB Plan:

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

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

The assumed health trend rates were modified.

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

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

Other Supplementary Information

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

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

SCHEDULE A

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

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

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Intergovernmental revenues:				
State revenue:				
Education spending grant	\$ 28,517,486	\$ 28,517,486	\$ 28,510,050	\$ (7,436)
Tech center grant	303,531	303,531	310,967	7,436
Small schools grant	171,302	171,302	171,302	-
Special education mainstream block grant	3,163,875	3,163,875	3,326,702	162,827
Special education reimbursement	-	-	74,345	74,345
Extraordinary reimbursement	1,216,321	1,216,321	1,020,092	(196,229)
State placed reimbursements	167,940	167,940	167,979	39
Early essential education	112,471	112,471	112,471	-
Transportation reimbursement	655,971	655,971	685,560	29,589
Other	16,000	16,000	17,936	1,936
Charges for services:				
Tuition	976,224	986,424	1,080,352	93,928
Interest income	229,238	229,238	164,129	(65,109)
Miscellaneous:				
Special education	50,000	50,000	31,416	(18,584)
Other receipts	143,842	189,663	186,402	(3,261)
Transfers from other funds	445,066	445,066	120,226	(324,840)
Amounts Available for Appropriation	<u>\$ 36,169,267</u>	<u>\$ 36,225,288</u>	<u>\$ 35,979,929</u>	<u>\$ (245,359)</u>

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

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

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Direct services:				
Instructional services	\$ 13,116,636	\$ 13,104,361	\$ 12,862,354	\$ 242,007
Special education	6,444,480	6,444,480	6,075,833	368,647
Co-curricular	746,109	746,109	763,100	(16,991)
Total direct services	<u>20,307,225</u>	<u>20,294,950</u>	<u>19,701,287</u>	<u>593,663</u>
Support services:				
Support services students	2,154,219	2,158,867	2,181,239	(22,372)
Other support services	2,574,613	2,621,981	2,646,469	(24,488)
Total support services	<u>4,728,832</u>	<u>4,780,848</u>	<u>4,827,708</u>	<u>(46,860)</u>
General administration:				
Board of education	236,178	236,178	214,068	22,110
Office of the superintendent	541,400	541,400	567,386	(25,986)
Total general administration	<u>777,578</u>	<u>777,578</u>	<u>781,454</u>	<u>(3,876)</u>
Area administration:				
Office of the principal	2,188,272	2,187,917	2,137,525	50,392
Special area administrative services	423,779	423,779	417,024	6,755
Fiscal services	805,698	796,298	657,463	138,835
Total area administration	<u>3,417,749</u>	<u>3,407,994</u>	<u>3,212,012</u>	<u>195,982</u>
Operations and maintenance	<u>3,136,314</u>	<u>3,162,349</u>	<u>3,064,116</u>	<u>98,233</u>
Transportation	<u>1,690,022</u>	<u>1,690,022</u>	<u>1,794,994</u>	<u>(104,972)</u>
Debt service:				
Principal	772,369	772,369	733,374	38,995
Interest	270,063	270,063	368,937	(98,874)
Total debt service	<u>1,042,432</u>	<u>1,042,432</u>	<u>1,102,311</u>	<u>(59,879)</u>
Transfer to other funds	<u>1,069,115</u>	<u>1,069,115</u>	<u>1,029,115</u>	<u>40,000</u>
TOTAL DEPARTMENTAL OPERATIONS	<u><u>\$ 36,169,267</u></u>	<u><u>\$ 36,225,288</u></u>	<u><u>\$ 35,512,997</u></u>	<u><u>\$ 712,291</u></u>

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Due from other governments	\$ 1,592,839	\$ -	\$ 1,592,839
Due from other funds	263,959	5,901	269,860
TOTAL ASSETS	<u>\$ 1,856,798</u>	<u>\$ 5,901</u>	<u>\$ 1,862,699</u>
LIABILITIES			
Accounts payable	\$ 15,059	\$ -	\$ 15,059
Due to other funds	1,554,000	-	1,554,000
TOTAL LIABILITIES	<u>1,569,059</u>	<u>-</u>	<u>1,569,059</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	78,176	-	78,176
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>78,176</u>	<u>-</u>	<u>78,176</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	209,563	5,901	215,464
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>209,563</u>	<u>5,901</u>	<u>215,464</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,856,798</u>	<u>\$ 5,901</u>	<u>\$ 1,862,699</u>

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

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

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 1,989,682	\$ -	\$ 1,989,682
Other	276,462	-	276,462
TOTAL REVENUES	<u>2,266,144</u>	<u>-</u>	<u>2,266,144</u>
EXPENDITURES			
Other	2,273,824	-	2,273,824
TOTAL EXPENDITURES	<u>2,273,824</u>	<u>-</u>	<u>2,273,824</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,680)</u>	<u>-</u>	<u>(7,680)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	346,958	-	346,958
Transfers (out)	(347,586)	-	(347,586)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(628)</u>	<u>-</u>	<u>(628)</u>
NET CHANGE IN FUND BALANCES	(8,308)	-	(8,308)
FUND BALANCES - JULY 1	<u>217,871</u>	<u>5,901</u>	<u>223,772</u>
FUND BALANCES - JUNE 30	<u>\$ 209,563</u>	<u>\$ 5,901</u>	<u>\$ 215,464</u>

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

Special Revenue Funds

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

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

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

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

	Schoolwide Program and Admin	ARP ESSER	Title I - SI	COVID Homeless	Best
ASSETS					
Due from other governments	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	-
TOTAL ASSETS	\$ -	\$ -	\$ -	\$ -	\$ -
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	-	-	-	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

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

	Fresh Fruit and Vegetables	Student Activities	ARP IDEA Basic	Pandemic EBT	EPSDT Revenues
ASSETS					
Due from other governments	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	214,028	-	-	49,422
TOTAL ASSETS	\$ -	\$ 214,028	\$ -	\$ -	\$ 49,422
LIABILITIES					
Accounts payable	\$ -	\$ 4,465	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	-	4,465	-	-	-
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	-	-	-	-	49,422
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	49,422
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	209,563	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	-	209,563	-	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ -	\$ 214,028	\$ -	\$ -	\$ 49,422

SCHEDULE E (CONTINUED)

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

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

	Title IIA	COVID Vaccination	SAP Block Grant	Misc Grants	Total
ASSETS					
Due from other governments	\$ -	\$ -	\$ -	\$ 1,592,839	\$ 1,592,839
Due from other funds	-	509	-	-	263,959
TOTAL ASSETS	\$ -	\$ 509	\$ -	\$ 1,592,839	\$ 1,856,798
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 10,594	\$ 15,059
Due to other funds	-	-	-	1,554,000	1,554,000
TOTAL LIABILITIES	-	-	-	1,564,594	1,569,059
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	-	509	-	28,245	78,176
TOTAL DEFERRED INFLOWS OF RESOURCES	-	509	-	28,245	78,176
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	209,563
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	-	-	-	-	209,563
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ -	\$ 509	\$ -	\$ 1,592,839	\$ 1,856,798

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

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

	<u>Title IV</u>	<u>IDEA-B Formula Grant</u>	<u>IDEA-B Preschool</u>	<u>Title I</u>
REVENUES				
Intergovernmental	\$ 82,783	\$ 417,926	\$ 5,484	\$ 312,463
Other	-	-	-	-
TOTAL REVENUES	<u>82,783</u>	<u>417,926</u>	<u>5,484</u>	<u>312,463</u>
EXPENDITURES				
Other	82,783	417,926	5,484	1,969
TOTAL EXPENDITURES	<u>82,783</u>	<u>417,926</u>	<u>5,484</u>	<u>1,969</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>310,494</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	(310,494)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(310,494)</u>
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCES - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHEDULE F (CONTINUED)

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

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

	Schoolwide Program and Admin	ARP ESSER	Title I - SI	COVID Homeless	BEST
REVENUES					
Intergovernmental	\$ -	\$ 539,952	\$ 41,664	\$ 12,694	\$ 570
Other	-	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>539,952</u>	<u>41,664</u>	<u>12,694</u>	<u>570</u>
EXPENDITURES					
Other	<u>346,958</u>	<u>539,952</u>	<u>41,664</u>	<u>12,694</u>	<u>570</u>
TOTAL EXPENDITURES	<u>346,958</u>	<u>539,952</u>	<u>41,664</u>	<u>12,694</u>	<u>570</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(346,958)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	346,958	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>346,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	-
FUND BALANCES - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

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

	Fresh Fruit and Vegetables	Student Activities	ARP IDEA Basic	Pandemic EBT	EPSDT Revenues
REVENUES					
Intergovernmental	\$ 10,049	\$ -	\$ 99,964	\$ 628	\$ 5,861
Other	-	276,462	-	-	-
TOTAL REVENUES	<u>10,049</u>	<u>276,462</u>	<u>99,964</u>	<u>628</u>	<u>5,861</u>
EXPENDITURES					
Other	10,049	284,770	99,964	-	5,861
TOTAL EXPENDITURES	<u>10,049</u>	<u>284,770</u>	<u>99,964</u>	<u>-</u>	<u>5,861</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(8,308)</u>	<u>-</u>	<u>628</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	(628)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(628)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	(8,308)	-	-	-
FUND BALANCES - JULY 1	<u>-</u>	<u>217,871</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ 209,563</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHEDULE F (CONTINUED)

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

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

	Title IIA	COVID Vaccination	SAP Block Grant	Misc Grants	Total
REVENUES					
Intergovernmental	\$ 169,329	\$ -	\$ 41,275	\$ 249,040	\$ 1,989,682
Other	-	-	-	-	276,462
TOTAL REVENUES	<u>169,329</u>	<u>-</u>	<u>41,275</u>	<u>249,040</u>	<u>2,266,144</u>
EXPENDITURES					
Other	132,865	-	41,275	249,040	2,273,824
TOTAL EXPENDITURES	<u>132,865</u>	<u>-</u>	<u>41,275</u>	<u>249,040</u>	<u>2,273,824</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>36,464</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,680)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	346,958
Transfers (out)	(36,464)	-	-	-	(347,586)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(36,464)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(628)</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	(8,308)
FUND BALANCES - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>217,871</u>
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209,563</u>

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

Permanent Funds

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2023

	Music- Bellemeur Fund	Total
	<u> </u>	<u> </u>
ASSETS		
Due from other funds	\$ 5,901	\$ 5,901
TOTAL ASSETS	<u>\$ 5,901</u>	<u>\$ 5,901</u>
LIABILITIES		
Accounts payable	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	5,901	5,901
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>5,901</u>	<u>5,901</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,901</u>	<u>\$ 5,901</u>

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

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

	Music- Bellemeur Fund	Total
REVENUES		
Interest income	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>
EXPENDITURES		
Other	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-
FUND BALANCES - JULY 1	<u>5,901</u>	<u>5,901</u>
FUND BALANCES - JUNE 30	<u>\$ 5,901</u>	<u>\$ 5,901</u>

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

General Capital Assets

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

SCHEDULE I

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2023

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment, Software and Vehicles	Infrastructure	Total
Direct Services	\$ -	\$ -	\$ 411,341	\$ -	\$ 411,341
S.S. - Students	-	-	7,654	-	7,654
S.S. - Staff	-	-	2,143,697	-	2,143,697
S.S. - General Admin	-	-	48,750	-	48,750
S.S. - Area Admin	-	-	57,572	-	57,572
Operations and Maintenance	484,156	54,364,322	1,330,849	587,043	56,766,370
Food Service	-	1,236,283	585,960	-	1,822,243
Total General Capital Assets	484,156	55,600,605	4,585,823	587,043	61,257,627
Less: Accumulated Depreciation	-	(25,444,639)	(2,977,031)	(133,250)	(28,554,920)
Net General Capital Assets	\$ 484,156	\$ 30,155,966	\$ 1,608,792	\$ 453,793	\$ 32,702,707

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2023

	General Capital Assets 7/1/22	Additions	Deletions	General Capital Assets 6/30/23
Direct Services	\$ 362,739	\$ 48,602	\$ -	\$ 411,341
S.S. - Students	7,654	-	-	7,654
S.S. - Staff	2,000,685	230,741	(87,728)	2,143,698
S.S. - General Admin	41,696	7,054	-	48,750
S.S. - Area Admin	57,572	-	-	57,572
Operations and Maintenance	54,692,770	2,233,035	(159,437)	56,766,368
Food Service	1,811,838	10,406	-	1,822,244
	<u>58,974,954</u>	<u>2,529,838</u>	<u>(247,165)</u>	<u>61,257,627</u>
Total General Capital Assets	58,974,954	2,529,838	(247,165)	61,257,627
Less: Accumulated Depreciation	<u>(27,162,520)</u>	<u>(1,520,201)</u>	<u>127,801</u>	<u>(28,554,920)</u>
Net General Capital Assets	<u>\$ 31,812,434</u>	<u>\$ 1,009,637</u>	<u>\$ (119,364)</u>	<u>\$ 32,702,707</u>

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

Federal Compliance Description

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

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-through Grantor Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through State of Vermont - Agency of Education and Cultural Services:			
Child Nutrition Cluster:			
Fresh Fruits and Vegetables	10.582	4449U0922100	\$ 10,049
Subtotal Child Nutrition Cluster			<u>10,049</u>
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	05100-4601U0922301	<u>628</u>
Total U.S. Department of Agriculture			<u>10,677</u>
U.S. Department of Education			
Passed through State of Vermont - Agency of Education and Cultural Services:			
Title I - Grants to Local Education Agencies	84.010A	05100-4250U0922201	312,463
Title I - Grants to Local Education Agencies	84.010A	05100-4261U0922301	41,664
			<u>354,127</u>
Special Education Cluster (IDEA):			
IDEA-B Flow Through	84.027A	05100-4266U0922201	417,926
IDEA-B Flow Through ARP	84.027X	05100-4605U0922201	99,964
IDEA-B Part B Section 619	84.173A	05100-4228U0922201	5,484
Subtotal Special Education Cluster (IDEA)			<u>523,374</u>
Title IIA - Supporting Effective Instruction	84.367A	05100-4651U0922201	<u>169,329</u>
Student Support and Academic Enrichment	84.424	05100-4570U0922201	<u>82,783</u>
Education Stabilization Fund Under the Coronavirus Aid, Relief and Economy Security Act ARP	84.425U	05100-4599U0922101	539,952
Education Stabilization Fund Under the Coronavirus Aid, Relief and Economy Security Act ARP	84.425U	05100-4604U0922202	12,694
			<u>552,646</u>
Total U.S. Department of Education			<u>1,682,259</u>
U.S. Department of Health and Human Services			
Passed through State of Vermont - Agency of Education and Cultural Services:			
CCDF Cluster:			
Child Care and Development Block Grant	93.575	05100-4651U0922201	249,041
Subtotal CCDF Cluster			<u>249,041</u>
Block Grants for Prevention and Treatment of Substance Abuse	93.959	03420-09395	<u>41,275</u>
Total U.S. Department of Health and Human Services			<u>290,316</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 1,983,252</u>

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Washington Central Unified Union School District under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Washington Central Unified Union School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the Washington Central Unified Union School District.

2. Summary of Significant Accounting Policies

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



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

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

We have audited, in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Washington Central Unified Union School District as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise Washington Central Unified Union School District's basic financial statements and have issued our report thereon dated March 22, 2024.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington Central Unified Union School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to the management of the Washington Central Unified Union School District in a separate letter dated August 11, 2023.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
March 22, 2024



Proven Expertise & Integrity

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Washington Central Unified Union School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Washington Central Unified Union School District's major federal programs for the year ended June 30, 2023. Washington Central Unified Union School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
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Management's Responsibility

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

Auditor's Responsibility

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
March 22, 2024

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<u>ALN Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425D/84.425U	Elementary and Secondary School Emergency Relief (ESSER) Fund

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

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

None

Section III - Findings and Questioned Costs for Federal Awards

None