

**NORWICH SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

**NORWICH SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
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# PLODZIK & SANDERSON

*Professional Association/Certified Public Accountants*

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX- 603-224-1380

## ***INDEPENDENT AUDITOR'S REPORT***

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Norwich School District, as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparison for the major general and grants funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter – Change in Accounting Principle***

As discussed in Note 2-C to the financial statements, in the year ending June 30, 2023, the School District adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

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

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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 generally accepted auditing standards, we:

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

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

**Required Supplementary Information**

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

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

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

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Norwich School District's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

July 25, 2024  
Concord, New Hampshire

*Plodzik & Sanderson  
Professional Association*

**NORWICH SCHOOL DISTRICT**  
**Norwich, Vermont**

**Management's Discussion and Analysis (MD&A) of the  
Annual Financial Report for The Year Ended June 30, 2023**

The Superintendent of Schools and Business Administrator of School Administrative Unit (SAU) #70, as management of the Norwich School District, Norwich, Vermont (the District), offer readers of the District's annual financial statements this narrative discussion and analysis of the financial activities of the District for the fiscal year which ended June 30, 2023. This discussion and analysis is prepared in accordance with the provisions of the Governmental Accounting Standards Board Statement 34 (GASB 34). We encourage readers to consider the information presented here in conjunction with additional information found within the body of the annual audit.

**FINANCIAL HIGHLIGHTS**

The District's total net position for the year ending June 30, 2023, was \$1,898,731. The District's net position decreased by \$688,233, or 26.6% between July 1, 2022 and June 30, 2023. The District's total net position included \$1,720,898 in capital assets net of debt. The District's long-term obligations of \$483,770 consisted of \$203,238 in post-employment benefits, \$19,428 in compensated absences and \$261,104 in net pension liability. These liabilities are reflected as an decrease in net position.

During the year, the District's consolidated expenses of \$17,095,480 were \$688,233 more than revenues of \$16,407,247. Revenues consist of: charges for services; operating grants and contributions; and general revenues (which consist of local and state property tax assessments, state and federal grants, earned interest and contributions not restricted as to purpose).

**OVERVIEW OF FINANCIAL STATEMENTS**

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

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

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

***Government-Wide Financial Statements***

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

**Norwich School District, Norwich Vermont**  
**Management Discussion and Analysis for Fiscal Year 2023**

***Fund Financial Statements***

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

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

***Notes To The Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. Summaries of the capital assets, depreciation and long-term debt obligations can be found in the Notes to Financial Statements. Depreciation is included by accounting convention, thus the depreciated value of a District asset, as reflected in these reports, does not reflect an asset's useful, market, or replacement value. Comparative Net Position for the periods ending June 30, 2022 and June 30, 2023 are shown below. A portion of the net position is invested in capital assets. Unrestricted net position represents those assets that are available without constraint to finance day-to-day operations.

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

	2023	2022	Change 2022-2023	% Change 2022-2023
<b>Assets</b>				
Current Assets	\$ 925,119	\$ 1,426,921	\$ (501,802)	-35.17%
Capital Assets	1,720,898	1,869,374	(148,476)	-7.94%
<b>Total Assets</b>	<b>2,646,017</b>	<b>3,296,295</b>	<b>(650,278)</b>	<b>-19.73%</b>
Deferred Outflows of Resources	125,791	91,460	34,331	37.54%
<b>Liabilities</b>				
Other Liabilities	298,990	237,023	61,967	26.14%
Long Term Liabilities	483,770	381,224	102,546	26.90%
<b>Total Liabilities</b>	<b>782,760</b>	<b>618,247</b>	<b>164,513</b>	<b>26.61%</b>
Deferred Inflows of Resources	90,317	182,544	(92,227)	-50.52%
Net Investment in Capital Assets	1,720,898	1,824,374	(103,476)	-5.67%
Restricted Net Position	106,277	114,751	(8,474)	-7.38%
Unrestricted Net Position	71,556	647,839	(576,283)	-88.95%
<b>Total Net Position</b>	<b>\$ 1,898,731</b>	<b>\$ 2,586,964</b>	<b>\$ (688,233)</b>	<b>-26.60%</b>

**Norwich School District, Norwich Vermont**  
**Management Discussion and Analysis for Fiscal Year 2023**

***Comparative Statement of Activities***

The Comparative Statement of Changes in Activities provides an important record of overall expenditures and revenues for the fiscal year. The government-wide financial statements provide a summary of governmental activities. The amounts discussed below are all displayed in the 2-year comparative table below. During 2022-23 the District's total revenues were \$16,407,247; total expenses were \$17,095,480 resulting in a decrease of net position of \$688,233.

The largest part of the District's revenues, \$13,176,615 [80.3%] came from the local property tax levy. Here, since it is nominally a state tax "returned" to the District, it is termed "Unrestricted Grants and Contributions". Other revenue sources include federal and various state categorical grant programs. This revenue statement includes all revenues from local, state, and federal sources. Program expenses increased by \$2,006,464 or 13.30% from FY22 to FY23 due in large part to the direct learning instruction increases. Norwich's assessment to Dresden is based on a per-pupil cost pro-ration.

The District's expenditures were largely for instruction \$6,068,962 and support services \$2,229,930, or 48.54%. An intergovernmental transfer of \$8,420,516 [49.26%] recognizes the cost of educating the District's 7<sup>th</sup> through 12<sup>th</sup> graders at the Dresden School District's Hanover High and Richmond Middle schools. Depreciation accounts for \$154,232 of total expenses with interest on long term debt and non-instructional services totaling the balance of \$221,840.

**Norwich School District - Governmental Activities**  
**Statement of Activities - Two Year Comparison**

	<u>June 30,</u> <u>2023</u>	<u>June 30,</u> <u>2022</u>	<u>Change</u>	<u>Change in</u> <u>%</u>
<b>Revenues</b>				
<b>Program Revenue</b>				
Charges for Services	\$ 28,487	\$ 55,876	\$ (27,389)	-49.02%
Operating Grants & Contributions	3,129,613	2,262,691	866,922	38.31%
<b>General Revenue</b>				
Unrestricted Grants and Contributions	13,176,615	12,283,362	893,253	7.27%
Unrestricted Investment Income	55,849	6,164	49,685	806.05%
Miscellaneous	16,683	132,058	(115,375)	-87.37%
<b>Total Revenues</b>	<b><u>16,407,247</u></b>	<b><u>14,740,151</u></b>	<b><u>1,667,096</u></b>	<b><u>11.31%</u></b>
<b>Program Expenses</b>				
Instruction	6,068,962	5,568,419	500,543	8.99%
Support Services:				
Student	212,069	223,447	(11,378)	-5.09%
Instructional Staff	174,812	137,141	37,671	27.47%
General Administration	59,893	44,901	14,992	33.39%
Executive Administration	306,695	295,405	11,290	3.82%
School Administration	537,947	505,970	31,977	6.32%
Operation and Maintenance of Plant	657,573	536,457	121,116	22.58%
Student Transportation	280,941	260,575	20,366	7.82%
Noninstructional Services	221,616	63,843	157,773	247.13%
Interest on Long-Term Debt	224	1,232	(1,008)	-81.82%
Intergovernmental Transfers	8,420,516	7,312,533	1,107,983	15.15%
Depreciation - unallocated	154,232	139,093	15,139	10.88%
<b>Total Expenses</b>	<b><u>17,095,480</u></b>	<b><u>15,089,016</u></b>	<b><u>2,006,464</u></b>	<b><u>13.30%</u></b>
Change in Net Position	(688,233)	(348,865)	(339,368)	-97.28%
Net Position, beginning	2,586,964	2,935,829	(348,865)	-11.88%
<b>Net Position, ending</b>	<b><u>\$ 1,898,731</u></b>	<b><u>\$ 2,586,964</u></b>	<b><u>\$ (688,233)</u></b>	<b><u>-26.60%</u></b>

**Norwich School District, Norwich Vermont  
Management Discussion and Analysis for Fiscal Year 2023**

**FUND FINANCIAL STATEMENTS**

***General Fund***

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

Schedules 1, 2, and 3 detail general fund activity for FY2023. Budgeted revenues totaled \$14,923,286 including the use of \$298,500 from fund balance; actual revenues equaled \$14,623,717. Revenue variances arose from the following sources: Transportation reimbursement \$8,682 less than budgeted; Extraordinary Aid Reimbursement: \$83,346 less than budgeted; Tuition: \$28,236 more than budgeted; Investment Earnings, Miscellaneous and other State Aid are \$49,882, \$8,010 and \$4,827 more than budgeted. At \$13,171,788, property taxes (here termed: "Educational Spending Fund") comprise 90.07% of general fund revenues. Revenues ended with a negative variance of \$1,073.

Exclusive of the assessment to the Dresden School District of \$8,420,516 (a separate legal entity which is responsible for education of Norwich students in grades 7-12), the cost of Marion Cross Schools K-6 instruction makes up 65.3% of all general fund expenditures in the amount of \$4,250,970; while Support Services comprise 31.3% of local expenditures in the amount of \$2,039,968. The remaining 3.4% includes debt service, facilities upgrades and other outlays in the amount of \$226,031. Expenditures and other financing sources ended with a positive variance of \$16,799.

***Other Funds***

Activity for the “Food Service” and “Special Gifts” are shown on Schedules 4 and 5. Ending fund balances for each of these funds were \$0 and \$87,862.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

On June 30, 2023, the District reported capital assets of \$1,720,898 (net of accumulated depreciation), on a range of capital assets, including land and improvements, buildings and improvements, and machinery and equipment. The District annually invests in new furnishings, computers and peripherals, printed media, and musical/athletic equipment.

**Norwich School District Governmental Activities**

**Capital Assets - Two Year Comparison**

	Governmental Activities		Increase (Decrease)	% Increase (Decrease)
	2023	2022		
Land	\$ 2,500	\$ 2,500	\$ -	0.00%
Construction In Progress	-	274,017	(274,017)	-100.00%
Land Improvements	168,513	120,439	48,074	39.92%
Building & Building Improvements	5,012,237	4,786,294	225,943	4.72%
Equipment & Vehicles	96,832	75,652	21,180	28.00%
<b>Total Historical Costs</b>	<b>5,280,082</b>	<b>5,258,902</b>	<b>21,180</b>	<b>0.40%</b>
Total Accumulated Depreciation	(3,559,184)	(3,389,528)	(169,656)	5.01%
<b>Net Capital Assets</b>	<b>\$ 1,720,898</b>	<b>\$ 1,869,374</b>	<b>\$ (148,476)</b>	<b>-7.94%</b>



**Norwich School District, Norwich Vermont  
Management Discussion and Analysis for Fiscal Year 2023**

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***Long-Term Debt***

The District has paid off the long-term debt outstanding. The District’s liability for “Other Post-Employment Benefits” (OPEB) at June 30, 2023 is reported at \$203,238. The district has an additional \$19,428 in compensated absences payable, and \$261,104 in a pension related liability. The following table illustrates the changes and balances for all long-term liabilities.

**Norwich School District Governmental Activities  
Long Term Debt - Two Year Comparison**

	<u>Governmental Activities</u>		<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
	<u>2023</u>	<u>2022</u>		
Note payable	\$ -	\$ 45,000	\$ (45,000)	-100.00%
Compensated Absences	19,428	18,951	477	2.52%
Net Pension Liability	261,104	138,347	122,757	88.73%
Other Postemployment Benefits	203,238	178,926	24,312	13.59%
<b>Total Long Term Debt</b>	<b>\$ 483,770</b>	<b>\$ 381,224</b>	<b>\$ 102,546</b>	<b>26.90%</b>

**FUTURE BUDGETARY IMPLICATIONS**

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

**Contacting School District’s Financial Management**

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

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

***BASIC FINANCIAL STATEMENTS***

**EXHIBIT A**  
**NORWICH SCHOOL DISTRICT**  
*Statement of Net Position*  
*June 30, 2023*

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 349,935
Other receivables	69
Intergovernmental receivable	571,752
Prepaid items	3,363
Capital assets, not being depreciated	2,500
Capital assets, net of accumulated depreciation	1,718,398
Total assets	2,646,017
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Amounts related to pensions	110,990
Amounts related to other postemployment benefits	14,801
Total deferred outflows of resources	125,791
<b>LIABILITIES</b>	
Accounts payable	61,151
Accrued salaries and benefits payable	237,839
Noncurrent obligations:	
Due in more than one year	483,770
Total liabilities	782,760
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - student balances	197
Amounts related to pensions	59,163
Amounts related to other postemployment benefits	30,957
Total deferred inflows of resources	90,317
<b>NET POSITION</b>	
Net investment in capital assets	1,720,898
Restricted	106,277
Unrestricted	71,556
Total net position	\$ 1,898,731

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

**EXHIBIT B**  
**NORWICH SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2023**

	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instruction	\$ 6,068,962	\$ 28,236	\$ 2,793,372	\$ (3,247,354)
Support services:				
Student	212,069	-	-	(212,069)
Instructional staff	174,812	-	9,101	(165,711)
General administration	59,893	-	-	(59,893)
Executive administration	306,695	-	-	(306,695)
School administration	537,947	-	-	(537,947)
Operation and maintenance of plant	657,573	-	-	(657,573)
Student transportation	280,941	-	112,816	(168,125)
Noninstructional services	221,616	251	214,324	(7,041)
Interest on long-term debt	224	-	-	(224)
Intergovernmental transfers	8,420,516	-	-	(8,420,516)
Depreciation unallocated	154,232	-	-	(154,232)
Total governmental activities	<u>\$ 17,095,480</u>	<u>\$ 28,487</u>	<u>\$ 3,129,613</u>	<u>(13,937,380)</u>
General revenues:				
Grants and contributions not restricted to specific programs				13,176,615
Interest				55,849
Miscellaneous				16,683
Total general revenues				<u>13,249,147</u>
Change in net position				(688,233)
Net position, beginning				2,586,964
Net position, ending				<u>\$ 1,898,731</u>

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

**EXHIBIT C-1**  
**NORWICH SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2023**

	General	Grants	Cable Drop Capital Project	Medicaid	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 153,007	\$ -	\$ -	\$ 100,550	\$ 96,378	\$ 349,935
Accounts receivable	69	-	-	-	-	69
Intergovernmental receivable	447,356	105,115	-	5,727	13,554	571,752
Interfund receivables	237,859	-	140,000	-	-	377,859
Prepaid items	3,363	-	-	-	-	3,363
<b>Total assets</b>	<b>\$ 841,654</b>	<b>\$ 105,115</b>	<b>\$ 140,000</b>	<b>\$ 106,277</b>	<b>\$ 109,932</b>	<b>\$ 1,302,978</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 32,022	\$ 20,523	\$ 90	\$ -	\$ 8,516	\$ 61,151
Accrued salaries and benefits payable	237,839	-	-	-	-	237,839
Interfund payable	140,000	84,592	139,910	-	13,357	377,859
<b>Total liabilities</b>	<b>409,861</b>	<b>105,115</b>	<b>140,000</b>	<b>-</b>	<b>21,873</b>	<b>676,849</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - student balances	-	-	-	-	197	197
<b>FUND BALANCES</b>						
Nonspendable	3,363	-	-	-	-	3,363
Restricted	-	-	-	106,277	-	106,277
Committed	193,338	-	-	-	87,862	281,200
Assigned	19,859	-	-	-	-	19,859
Unassigned	215,233	-	-	-	-	215,233
<b>Total fund balances</b>	<b>431,793</b>	<b>-</b>	<b>-</b>	<b>106,277</b>	<b>87,862</b>	<b>625,932</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 841,654</b>	<b>\$ 105,115</b>	<b>\$ 140,000</b>	<b>\$ 106,277</b>	<b>\$ 109,932</b>	<b>\$ 1,302,978</b>

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

**EXHIBIT C-2**  
**NORWICH SCHOOL DISTRICT**  
**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position**  
**June 30, 2023**

Total fund balances of governmental funds (Exhibit C-1)		\$ 625,932
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 5,280,082	
Less accumulated depreciation	<u>(3,559,184)</u>	
		1,720,898
Pension and other postemployment benefits (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 110,990	
Deferred inflows of resources related to pensions	(59,163)	
Deferred outflows of resources related to OPEB	14,801	
Deferred inflows of resources related to OPEB	<u>(30,957)</u>	
		35,671
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (377,859)	
Payables	<u>377,859</u>	
		-
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Compensated absences	\$ 19,428	
Net pension liability	261,104	
Other postemployment benefits	<u>203,238</u>	
		<u>(483,770)</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 1,898,731</u></u>

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

**EXHIBIT C-3**  
**NORWICH SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2023**

	General	Grants	Cable Drop Capital Project	Medicaid	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Other local	\$ 100,768	\$ -	\$ -	\$ -	\$ 80,923	\$ 181,691
State	14,292,619	5,296	-	-	41,517	14,339,432
Federal	-	417,668	-	33,580	172,807	624,055
Total revenues	<u>14,393,387</u>	<u>422,964</u>	<u>-</u>	<u>33,580</u>	<u>295,247</u>	<u>15,145,178</u>
<b>EXPENDITURES</b>						
Current:						
Instruction	4,250,970	413,863	-	42,054	84,947	4,791,834
Support services:						
Student	212,069	-	-	-	-	212,069
Instructional staff	165,711	9,101	-	-	-	174,812
General administration	59,893	-	-	-	-	59,893
Executive administration	306,695	-	-	-	-	306,695
School administration	542,122	-	-	-	-	542,122
Operation and maintenance of plant	472,537	-	-	-	-	472,537
Student transportation	280,941	-	-	-	-	280,941
Noninstructional services	-	-	-	-	221,616	221,616
Debt service:						
Principal	45,000	-	-	-	-	45,000
Interest	657	-	-	-	-	657
Facilities acquisition and construction	173,333	-	7,104	-	-	180,437
Total expenditures	<u>6,509,928</u>	<u>422,964</u>	<u>7,104</u>	<u>42,054</u>	<u>306,563</u>	<u>7,288,613</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,883,459</u>	<u>-</u>	<u>(7,104)</u>	<u>(8,474)</u>	<u>(11,316)</u>	<u>7,856,565</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	140,000	-	7,041	147,041
Transfers out	(147,041)	-	-	-	-	(147,041)
Intergovernmental transfers out	(8,420,516)	-	-	-	-	(8,420,516)
Total other financing sources (uses)	<u>(8,567,557)</u>	<u>-</u>	<u>140,000</u>	<u>-</u>	<u>7,041</u>	<u>(8,420,516)</u>
Net change in fund balances	(684,098)	-	132,896	(8,474)	(4,275)	(563,951)
Fund balances, beginning (deficit)	1,115,891	-	(132,896)	114,751	92,137	1,189,883
Fund balances, ending	<u>\$ 431,793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,277</u>	<u>\$ 87,862</u>	<u>\$ 625,932</u>

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

**EXHIBIT C-4**  
**NORWICH SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2023**

Net change in fund balances of total governmental funds (Exhibit C-3)		\$(563,951)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:		
Capitalized capital outlay	\$ 21,180	
Depreciation expense	<u>(169,656)</u>	(148,476)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$(147,041)	
Transfers out	<u>147,041</u>	-
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Principal repayment of note		45,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 433	
Increase in compensated absences payable	(477)	
Net change in net pension liability and deferred outflows and inflows of resources related to pensions	283	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>(21,045)</u>	<u>(20,806)</u>
Change in net position of governmental activities (Exhibit B)		<u><u>\$(688,233)</u></u>

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



**EXHIBIT D-1**  
**NORWICH SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2023**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Other local	\$ 14,514	\$ 100,642	\$ 86,128
State	14,379,820	14,292,619	(87,201)
Total revenues	<u>14,394,334</u>	<u>14,393,261</u>	<u>(1,073)</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	4,401,121	4,234,639	166,482
Support services:			
Student	207,215	212,069	(4,854)
Instructional staff	194,183	165,711	28,472
General administration	32,352	58,391	(26,039)
Executive administration	306,695	306,695	-
School administration	531,635	557,601	(25,966)
Operation and maintenance of plant	468,855	469,226	(371)
Student transportation	297,400	280,604	16,796
Debt service:			
Principal	45,000	45,000	-
Interest	724	657	67
Facilities acquisition and construction	123,000	148,337	(25,337)
Total expenditures	<u>6,608,180</u>	<u>6,478,930</u>	<u>129,250</u>
Excess of revenues over expenditures	<u>7,786,154</u>	<u>7,914,331</u>	<u>128,177</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	230,452	230,452	-
Transfers out	(13,000)	(7,041)	5,959
Intergovernmental transfers out	(8,302,106)	(8,420,516)	(118,410)
Total other financing sources (uses)	<u>(8,084,654)</u>	<u>(8,197,105)</u>	<u>(112,451)</u>
Net change in fund balance	<u>\$ (298,500)</u>	(282,774)	<u>\$ 15,726</u>
Decrease in nonspendable fund balance		1,987	
Unassigned fund balance, beginning		496,020	
Unassigned fund balance, ending		<u>\$ 215,233</u>	

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

**EXHIBIT D-2**  
**NORWICH SCHOOL DISTRICT**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance*  
*Budget and Actual (GAAP Basis)*  
**Grants Fund**  
**For the Fiscal Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
State	\$ -	\$ 5,296	\$ 5,296	\$ -
Federal	-	417,668	417,668	-
Total revenues	-	422,964	422,964	-
<b>EXPENDITURES</b>				
Current:				
Instruction	-	413,863	413,863	-
Support services:				
Instructional staff	-	9,101	9,101	-
Total expenditures	-	422,964	422,964	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance, beginning			-	
Fund balance, ending			\$ -	

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

**NORWICH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

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**NORWICH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

***1-A Reporting Entity***

The Norwich School District is a municipal corporation governed by an elected 5-member School Board. In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by GASB Statement No. 14 (as amended). The School District has no component units to include in its reporting entity.

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

***1-B Government-wide and Fund Financial Statements***

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

The *Statement of Net Position* presents the financial position of the School District at year-end. This Statement includes all of the School District's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities.

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

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

In the governmental fund financial statements, expenditures are reported by function: instruction, support services, noninstructional, debt services or facilities acquisition and construction. Current expenditures are subclassified by object and are for items such as salaries, grants, supplies, and services. Debt service includes both interest and principal outlays related to a note paid off in fiscal year 2023. Capital outlay includes expenditures for equipment, and real property, or infrastructure.

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

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

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

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

**NORWICH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

intergovernmental revenue, and other local sources associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

The School District reports the following major governmental funds:

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

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

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

**Medicaid Fund** – accounts for the resources received from Medicaid reimbursements and the reinvestments of those funds into Medicaid related programs and services.

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

***1-D Cash and Cash Equivalents***

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

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

***1-E Receivables***

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

***1-F Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and expensed as the items are used.

**NORWICH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

***1-G Capital Assets***

Capital assets are reported in the government-wide financial statements but are not reported in the fund financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

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

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

***1-H Interfund Activities***

Interfund activities are reported as follows:

***Interfund Receivables and Payables*** – Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “due to/from other funds.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

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

***1-I Accounts Payable***

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of June 30, 2023.

***1-J Deferred Outflows/Inflows of Resources***

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

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

**NORWICH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

***1-K Long-term Obligations***

In the government-wide financial statements, other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

***1-L Compensated Absences***

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

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

***1-M Defined Benefit Pension Plan***

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

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

***1-N Postemployment Benefits Other Than Pensions (OPEB)***

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

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

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

***1-O Net Position/Fund Balances***

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

**Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation.

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**Restricted Net Position** – Results when constraints placed on net position use are either externally imposed by a third party (statutory, bond covenant, or granting agency) or are imposed by law through constitutional provisions or enabling legislation. The School District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future period.

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

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

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

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

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

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

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

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

***1-P Use of Estimates***

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

***1-Q Material Change in Classification***

The accompanying financial statements reflect a change in classification from the prior year. Specifically, the Medicaid fund which did qualify as a major fund for the current fiscal year. As such it was reclassified from the nonmajor governmental funds.



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**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**2-A Budgetary Information**

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

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

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

State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2023, \$298,500 of the beginning general fund unassigned fund balance was applied for this purpose.

**2-B Budgetary Reconciliation to GAAP Basis**

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

Revenues and other financing sources:	
Per Exhibit D-1 (budgetary basis)	\$ 14,623,713
Adjustments:	
Basis difference:	
GASB Statement No. 54:	
Revenue related to the blended expendable trust funds	126
To remove transfer from blended expendable trust fund to the general fund	<u>(230,452)</u>
Per Exhibit C-3 (GAAP Basis)	<u>\$ 14,393,387</u>
Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	\$ 14,906,487
Adjustments:	
Basis difference:	
Encumbrances, beginning	50,857
Encumbrances, ending	<u>(19,859)</u>
Per Exhibit C-3 (GAAP basis)	<u>\$ 15,077,485</u>

**2-C Accounting Change**

Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, was implemented during fiscal year 2023. The objective of this Statement is to better meet information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirement for subscription-based information technology arrangements (SBITAs); (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription assets (an intangible asset), and

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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 of SBITA are based on the standards established in Statement No. 87, *Leases*, as amended. The School District has assessed all potential agreements that may be applicable for reporting under GASB Statement No. 96 and have determined that none of the agreements have met the requirements of the pronouncement.

**DETAILED NOTES ON ALL FUNDS**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

The School District's deposits are entirely covered by Federal Depository Insurance Corporation (FDIC) or by collateral held by the School District's agent in the School District's name. The FDIC currently insures the first \$250,000 of the School District's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by collateral. As of year-end, the carrying amount of the School District's deposits was \$349,935 and the bank balances totaled \$993,710. Petty cash totaled \$400.

**NOTE 4 – RECEIVABLES**

Receivables at June 30, 2023, consisted of accounts and intergovernmental amounts arising from tuition, Medicaid, grants, and school lunch program. Receivables are recorded on the School District's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023 consisted of the following:

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, ending</u>
At cost:				
Not being depreciated:				
Land	\$ 2,500	\$ -	\$ -	\$ 2,500
Construction in progress	274,017	-	(274,017)	-
Total capital assets not being depreciated	<u>276,517</u>	<u>-</u>	<u>(274,017)</u>	<u>2,500</u>
Being depreciated:				
Land improvements	120,439	48,074	-	168,513
Buildings and building improvements	4,786,294	225,943	-	5,012,237
Equipment and vehicles	75,652	21,180	-	96,832
Total capital assets being depreciated	<u>4,982,385</u>	<u>295,197</u>	<u>-</u>	<u>5,277,582</u>
Total capital assets	<u>5,258,902</u>	<u>295,197</u>	<u>(274,017)</u>	<u>5,280,082</u>
Less accumulated depreciation:				
Land improvements	(98,503)	(3,016)	-	(101,519)
Buildings and building improvements	(3,238,758)	(153,837)	-	(3,392,595)
Equipment and vehicles	(52,267)	(12,803)	-	(65,070)
Total accumulated depreciation	<u>(3,389,528)</u>	<u>(169,656)</u>	<u>-</u>	<u>(3,559,184)</u>
Net book value, capital assets being depreciated	<u>1,592,857</u>	<u>125,541</u>	<u>-</u>	<u>1,718,398</u>
Net book value, all capital assets	<u>\$ 1,869,374</u>	<u>\$ 125,541</u>	<u>\$ (274,017)</u>	<u>\$ 1,720,898</u>

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

Instruction	\$	15,424
Unallocated		154,232
Total depreciation expense		<u>\$ 169,656</u>

**NOTE 6 – INTERFUND BALANCES AND TRANSFERS**

Interfund receivable and payable balances consisting of overdrafts in pooled cash and budgetary transfers at June 30, 2023 are as follows:

Receivable Fund	Payable Fund	Amount
General	Grants	\$ 84,592
	Cable Drop Capital Project	139,910
	Nonmajor	13,357
Cable Drop Capital Project	General	140,000
		<u>\$ 377,859</u>

Interfund transfers during the year ended June 30, 2023 are as follows:

	Cable Drop Capital Project Fund	Nonmajor Fund	Total
Transfers out:			
General fund	\$ 140,000	\$ 7,041	\$ 147,041

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

**NOTE 7 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Deferred outflows of resources at June 30, 2023 consist of the following:

	Governmental Activities
Amounts related to pensions, see Note 9	\$ 110,990
Amounts related to OPEB, see Note 11	14,801
Total deferred outflows of resources	<u>\$ 125,791</u>

Deferred inflows of resources at June 30, 2023 consist of the following:

	Governmental Activities	Nonmajor Governmental Funds
Student lunch fees collected in advance	\$ 197	\$ 197
Amounts related to pensions, see Note 9	59,163	-
Amounts related to OPEB, see Note 11	30,957	-
Total deferred inflows of resources	<u>\$ 90,317</u>	<u>\$ 197</u>

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**NOTE 8 – LONG-TERM LIABILITIES**

Changes in the School District’s long-term liabilities consisted of the following for the year ended June 30, 2023:

	Balance			Balance June 30, 2023	Due Within One Year	Due In More Than One Year
	July 1, 2022	Additions	Reductions			
Note payable - direct borrowing	\$ 45,000	\$ -	\$ (45,000)	\$ -	\$ -	\$ -
Compensated absences	18,951	477	-	19,428	-	19,428
Pension related liability	138,347	122,757	-	261,104	-	261,104
Net other postemployment benefits	178,926	24,312	-	203,238	-	203,238
Total long-term liabilities	<u>\$ 381,224</u>	<u>\$147,546</u>	<u>\$ (45,000)</u>	<u>\$ 483,770</u>	<u>\$ -</u>	<u>\$ 483,770</u>

**Bonds/Notes Authorized and Unissued** – Bonds and notes authorized and unissued as of June 30, 2023 were as follows:

Per District Meeting Vote of	Purpose	Unissued Amount
March 2, 2021	Technology Infrastructure	\$ 216,224
March 7, 2023	Infrastructure Upgrades	768,414
		<u>\$ 984,638</u>

**NOTE 9 – DEFINED BENEFIT PENSION PLAN**

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

**Plan Description** – The Vermont Municipal Employees’ Retirement System (VMERS) is a cost-sharing, multi-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for school districts and other municipal employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution’s operating expenses are met by municipal funds. An employee of an employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125. The general administration and responsibility for formulating administrative policy and procedures of VMERS for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives—one elected by the governing bodies of participating employers of the system, and one elected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Board Association. The System issues a publicly available financial report that may be obtained by writing the Vermont State Treasurer’s Office, 133 State Street, Montpelier, VT 05633.

**Benefits Provided** – The Pension Plan is divided into four membership groups:

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

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

VMERS	Group A	Group B	Group C	Group D
Normal Retirement (no reduction)	Age 65 with 5 years of service, or age 55 with 35 years of service	Age 62 with 5 years of service, or age 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Average Final Compensation (AFC)	Highest 5 consecutive years	Highest 3 consecutive years	Highest 3 consecutive years	Highest 2 consecutive years

(Continued)

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Group benefits provided continued:

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

**Contributions** – Contribution requirements for the Vermont Municipal Employees’ Retirement System – Group A were 3.25% of gross salaries for employees and 4.75% from the School District (no state contribution). Employer contributions for the plan were \$32,811 for the fiscal year ended June 30, 2023.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** – At June 30, 2023, the School District reported a liability of \$261,104 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The School District’s proportion of the net pension liability was based on a projection of the School District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2022, the School District’s proportion was 0.0861% which was a decrease of 0.0079% in its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized pension expense of \$32,528. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ 2,831	\$ 59,163
Net difference between projected and actual investment earnings on pension plan investments	42,390	-
Changes in assumptions	13,349	-
Differences between expected and actual experience	19,609	-
Contributions subsequent to the measurement date	32,811	-
Total	<u>\$ 110,990</u>	<u>\$ 59,163</u>

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The \$32,811 reported as deferred outflows of resources related to pensions results from the School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 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:

Fiscal Year Ending June 30,	
2024	\$ 5,541
2025	(2,269)
2026	(7,945)
2027	23,689
2028	-
Thereafter	-
Totals	<u>\$ 19,016</u>

**Actuarial Assumptions** – The total pension liability for the June 30, 2022, measurement date was determined by an actuarial valuation as of June 30, 2021 with update procedures used to roll forward the total pension liability to June 30, 2022.

**Long-term Rates of Return** – The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Asset Class	Target Asset Allocation	Long-term expected real rate of return
Passive Global equities	24.00%	4.30%
Active Global equities	5.00%	4.30%
Large cap US equities	4.00%	3.25%
Small/Mid Cap US equities	3.00%	3.75%
Non-US developed market equities	7.00%	5.00%
Private equity	10.00%	6.50%
Emerging market 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%
Total	<u>100.00%</u>	

**Discount Rate** – The discount rate used to measure the total pension liability was 7.00% for the Vermont Municipal Employees' Retirement System. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB Statement No. 68.

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**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following table presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.00% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

Actuarial Valuation Date	1% Decrease 6.00%	Current Single Rate Assumption 7.00%	1% Increase 8.00%
June 30, 2022	\$ 391,253	\$ 261,104	\$ 154,051

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

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

**Plan Description** – The Vermont State Teachers' Retirement System (VSTRS) is a cost-sharing, multi-employer defined benefit plan with a special funding situation. It covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State Board of Education. Membership in the system for those covered in classes is a condition of employment. During the year ended June 30, 2022, the plan consisted of 134 participating employers.

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

The Pension Plan is divided into the following membership groups:

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

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

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

*(Continued)*

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*Plan description continued:*

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

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

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

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

**Contributions** - Title 16, V.S.A. Chapter 55 of Vermont Statutes grants the authority to the Board of Trustees of the VSTRS to annually review the amount of State Contributions recommended by the actuary of the VSTRS in order to achieve and preserve the financial integrity of the fund and submit this recommendation to the Governor and both houses of the Legislature. Nonemployer contribution rates for each group varies based on actuarial recommendations. Contribution requirements for the Vermont Teachers' Retirement System were 5.0% of gross salary from employees only (no employer contribution; state contributes 100% of employer portion based on actuarial recommendation) with the State contributing \$1,247,910 for the fiscal year ended June 30, 2023.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions** - The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. For the year ended June 30, 2023, the School District recorded pension expense of \$975,632, which has also been recognized as both a pension expense and intergovernmental revenue on the Statement of Activities. At June 30, 2022, the School District's proportion was 0.3966% which was an increase of 0.0005% in its proportion measured as of June 30, 2021.

At June 30, 2023, the School District disclosed a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the School District. The State's portion of the collective net pension liability that was associated with the District was \$7,648,382.



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At June 30, 2023, the School District disclosed deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ 323,308
Net difference between projected and actual investment earnings on pension plan investments	478,566
Changes in assumptions	308,313
Differences between expected and actual experience	438,414
Total	\$ 1,548,601

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

Fiscal Year Ending June 30,	
2024	\$ 604,824
2025	233,746
2026	187,443
2027	486,485
2028	36,103
Thereafter	-
Totals	\$ 1,548,601

**Actuarial Assumptions:** The total pension liability for the June 30, 2020, measurement date was determined by rolling forward the total pension liability as of June 30, 2021, to June 30, 2022. The total pension liability was calculated using the following actuarial assumptions:

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

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

Asset Class	Target Asset Allocation	Long-term expected real rate of return
Passive Global equities	24.00%	4.30%
Active Global equities	5.00%	4.30%
Large cap US equities	4.00%	3.25%
Small/Mid Cap US equities	3.00%	3.75%
Non-US developed market equities	7.00%	5.00%
Private equity	10.00%	6.50%
Emerging market 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%
Total	<u>100.00%</u>	

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

**Sensitivity of the School District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following table presents the School District’s proportionate share of the net pension liability calculated using the discount rate of 7.00% as well as what the School District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate.

Actuarial Valuation Date	1% Decrease 6.00%	Current Single Rate Assumption 7.00%	1% Increase 8.00%
June 30, 2022	<u>\$ 9,737,104</u>	<u>\$ 7,648,382</u>	<u>\$ 5,913,033</u>

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

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

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**NOTE 10 – SUPPLEMENTAL RETIREMENT PLAN**

All employees employed by the School District may participate in a defined contribution pension plan administered by Omni Group, Inc. Participation begins immediately upon employment. The School District has no requirement or obligation under State Statutes to contribute to this plan, however the School District has adopted the Supplemental Retirement Plan 403(b) etc. for its employees. The School Board has the authority to establish and amend the benefit provisions and contribution requirements of the plan. The School District contributes 2-4% of each employee's salary and all amounts contributed are vested immediately. Also, employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2023 were \$234,551 which consisted of \$56,531 from the School District and \$178,020 from employees.

**NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**11-A Vermont State Teachers' Retirement System (VSTRS)**

**Plan Description** - The Vermont State Teachers' Retirement System (VSTRS or the 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, 2022, the plan consisted of 134 participating employers. Vermont Statute Title 16 Chapter 55 assigns the authority to VSTRS to establish and amend the benefits provisions of the Plan and to establish maximum obligations of the Plan members to contribute to the Plan. Management of the Plan is vested in the Vermont State Teachers' Retirement System Board of Trustees, which consists of the Secretary of Education (es-officio); the State Treasurer (ex-officio); the Commissioner of Financial Regulation (ex-officio); two trustees and one alternate who are members of the system (each elected by the system under rules adopted by the Board) and one trustee and one alternate who are retired members of the system receiving retirement benefits (who are elected by the Association of Retired Teachers of Vermont).

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

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

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

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

**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB** – At June 30, 2023, the School District disclosed a liability of \$2,535,766 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022. For the year ended June 30, 2023, the School District recorded OPEB expense of \$268,437, which has been recognized as both an OPEB expense and intergovernmental revenue on the Statement of Activities.

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At June 30, 2023, the School District disclosed deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ 469,100	\$ 20,332
Net difference between projected and actual investment earnings on OPEB plan investments	6,930	-
Changes in assumptions	211,731	1,799,662
Differences between expected and actual experience	172,401	-
Total	\$ 860,162	\$ 1,819,994

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

Fiscal Year Ending June 30,	
2024	\$ (40,758)
2025	(171,878)
2026	(201,299)
2027	(201,837)
2028	(254,538)
Thereafter	(89,522)
Totals	\$ (959,832)

**Actuarial Assumptions** The net OPEB liability was measured as of June 30, 2022. The total OPEB liability was determined from an actuarial valuation using data as of June 30, 2021, using the following actuarial assumptions:

Discount Rate                      7.00%, net of investment expenses, including inflation.

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

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

Inflation                                2.30%

Healthcare Cost Trend Rates      Non-Medicare – 7.12% graded to 4.50% over 12 years

Medicare – 6.00% graded to 4.50% over 12 years

Pre-retirement Mortality        PubT-2010 Teacher Employee Headcount-Weighted Table with generational projections using scale MP-2019

Post-retirement Mortality        Retirees: PubT-2010 Teacher Healthy Retiree Headcount-Weighted Table with generational projection using scale MP-2019

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Spouses: 109% of the Pub-2010 Contingent Survivor Headcount-Weighted Table with generational projection using scale MP-2019.

Disabled Mortality PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table with generational projection using scale MP-2019

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

Asset Class	Target Asset Allocation	Long-term expected real rate of return
Passive Global equities	24.00%	4.30%
Active Global equities	5.00%	4.30%
Large cap US equities	4.00%	3.25%
Small/Mid Cap US equities	3.00%	3.75%
Non-US developed market equities	7.00%	5.00%
Private equity	10.00%	6.50%
Emerging market 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%
Total	100.00%	

**Discount Rate** – The sufficiency of projected assets to make projected benefit payments results in a blended discount rate of 7.00%. In accordance with paragraph 38 of GASB 75, professional judgment was applied to determine that the System’s projected Fiduciary Net Position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectation that the employer will continue to contribute an amount at least equal to the actuarially determined contribution, which is comprised of an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2048, in accordance with Vermont Statute. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine total OPEB liability.

**Sensitivity of the School District’s OPEB Liability to Changes in the Discount Rate** – The June 30, 2021, actuarial valuation was prepared using a discount rate of 7.00%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$2,240,718 or by 11.6%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$2,890,519 or by 14.0%.

Actuarial Valuation Date	1% Decrease 6.00%	Current Single Rate Assumption 7.00%	1% Increase 8.00%
June 30, 2022	\$ 2,890,519	\$ 2,535,766	\$ 2,240,718

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**Sensitivity of the School District's OPEB Liability to Changes in the Healthcare Cost Trend Rates** – The June 30, 2021, actuarial valuation was prepared using an initial trend rate of 7.12%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$2,945,963 or by 16.2%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$2,205,181 or by 13.0%.

Actuarial Valuation	1% Decrease	Health Cost Trend Rate	1% Increase
Date			
June 30, 2022	<u>\$ 2,205,181</u>	<u>\$ 2,535,766</u>	<u>\$ 2,945,963</u>

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

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

**11-B Retiree Health Benefit Program**

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

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

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

**Benefits Provided** – The School District provides postemployment healthcare benefits for certain eligible retirees. The School District provides medical benefits to its eligible retirees.

**Employees Covered by Benefit Terms** – At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	18
Active employees	<u>327</u>
Total participants covered by OPEB plan (SAU No. 70 wide)	<u>345</u>

**Total OPEB Liability** – The School District's total OPEB liability of \$203,238 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022. The School District contracts with an outside actuary to complete the actuarial valuation and schedule of changes in the total OPEB liability. Detailed information can be found in the separately issued report through request of the School District business office.

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**Actuarial Assumptions and Other Inputs** – The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of June 30, 2022.

Mortality rates were based on the RP-2000 Combined Health Participant Table Projected 10 years using Projection Scale AA.

**Changes in the Total OPEB Liability**

	June 30,	
	2022	2023
Total OPEB liability beginning of year	\$ 180,104	\$ 178,926
Changes for the year:		
Service cost	11,428	9,256
Interest	4,370	8,186
Changes in benefit terms	-	(3,095)
Assumption changes and difference between actual and expected experience	(11,201)	15,898
Benefit payments	(5,775)	(5,933)
Total OPEB liability end of year	<u>\$ 178,926</u>	<u>\$ 203,238</u>

**Sensitivity of the School District's OPEB Liability to Changes in the Discount Rate** – The July 1, 2022 actuarial valuation was prepared using a discount rate of 4.09%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$190,098 or by 6.47%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$217,154 or by 6.85%.

	Discount Rate		
	1% Decrease	Baseline 4.09%	1% Increase
Total OPEB Liability	<u>\$ 217,154</u>	<u>\$ 203,238</u>	<u>\$ 190,098</u>

**Sensitivity of the School District's OPEB Liability to Changes in the Healthcare Cost Trend Rates** – The July 1, 2022 actuarial valuation was prepared using an initial trend rate of 7.50%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$221,087 or by 8.78%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$187,396 or by 7.79%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 7.50%	1% Increase
Total OPEB Liability	<u>\$ 187,396</u>	<u>\$ 203,238</u>	<u>\$ 221,087</u>

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**OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB** – For the year ended June 30, 2023, the School District recognized OPEB expense of \$20,144. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 13,385	\$ 18,609
Differences between expected and actual experience	1,416	12,348
Total	\$ 14,801	\$ 30,957

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

	Fiscal Year Ending June 30,	
2024	\$ (3,900)	
2025	(3,900)	
2026	(1,345)	
2027	(1,943)	
2028	(2,220)	
Thereafter	(2,847)	
Totals	\$ (16,155)	

**NOTE 12 - ENCUMBRANCES**

Encumbrances outstanding in the general fund at June 30, 2023 are as follows:

Current:	
Support services:	
General administration	\$ 138
School administration	15,827
Student transportation	3,894
Total encumbrances	\$ 19,859

**NOTE 13 – GOVERNMENTAL ACTIVITIES NET POSITION**

Net position reported on the government-wide Statement of Net Position at June 30, 2023 include the following:

Net investment in capital assets:	
Net book value of all capital assets	\$1,720,898
Restricted for Medicaid	106,277
Unrestricted	71,556
Total net position	\$1,898,731

**NOTE 14 – GOVERNMENTAL FUND BALANCES**

Governmental fund balances at June 30, 2023 consist of the following:

	General Fund	Medicaid Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>				
Prepays	\$ 3,363	\$ -	\$ -	\$ 3,363
<b>Restricted:</b>				
Medicaid	-	106,277	-	106,277
				(Continued)



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*Governmental fund balances continued:*

	General Fund	Medicaid Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Committed:</b>				
Expendable trust	193,338	-	-	193,338
Special gifts	-	-	87,862	87,862
Total committed fund balance	<u>193,338</u>	<u>-</u>	<u>87,862</u>	<u>281,200</u>
<b>Assigned:</b>				
Encumbrances	19,859	-	-	19,859
<b>Unassigned</b>	<u>215,233</u>	<u>-</u>	<u>-</u>	<u>215,233</u>
Total governmental fund balances	<u>\$ 431,793</u>	<u>\$ 106,277</u>	<u>\$ 87,862</u>	<u>\$ 625,932</u>

**NOTE 15 – CAFETERIA BENEFIT PLAN**

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

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

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

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

**NOTE 16 – CONTINGENT LIABILITIES**

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

**NOTE 17 – SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through July 25, 2024, the date the June 30, 2023 financial statements were available to be issued, and noted no events occurred that require recognition or disclosure.

***SUPPLEMENTARY INFORMATION***

**EXHIBIT E**  
**NORWICH SCHOOL DISTRICT**  
*Schedule of the School District's Proportionate Share of Net Pension Liability*  
*Vermont Municipal Employees' Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended June 30, 2023*  
*Unaudited*

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
School District's: Proportion of the net pension liability	0.1481%	0.1481%	0.1242%	0.1181%	0.1310%	0.1372%	0.1515%	0.1271%	0.0940%	0.0861%
Proportionate share of the net pension liability	\$ 53,933	\$ 13,514	\$ 95,766	\$ 151,943	\$ 157,645	\$ 193,040	\$ 262,919	\$ 321,647	\$ 138,347	\$ 261,104
Covered payroll (as of the measurement date)	\$ 444,545	\$ 477,514	\$ 434,100	\$ 448,600	\$ 531,225	\$ 600,900	\$ 727,925	\$ 658,800	\$ 453,342	\$ 415,146
Proportionate share of the net pension liability as a percentage of its covered payroll	12.13%	2.83%	22.06%	33.87%	29.68%	32.13%	36.12%	48.82%	30.52%	62.89%
Plan fiduciary net position as a percentage of the total pension liability	92.71%	98.32%	87.42%	80.95%	83.64%	82.60%	80.35%	74.52%	86.29%	73.60%

**EXHIBIT F**  
**NORWICH SCHOOL DISTRICT**  
*Schedule of School District Contributions - Pensions*  
**Vermont Municipal Employees' Retirement System Cost Sharing Multiple Employer Defined Benefit Plan**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Contractually required contribution	\$ 17,782	\$ 19,101	\$ 17,364	\$ 17,944	\$ 21,249	\$ 24,036	\$ 29,117	\$ 26,352	\$ 21,534	\$ 32,811
Contributions in relation to the contractually required contributions	<u>(17,782)</u>	<u>(19,101)</u>	<u>(17,364)</u>	<u>(17,944)</u>	<u>(21,249)</u>	<u>(24,036)</u>	<u>(29,117)</u>	<u>(26,352)</u>	<u>(21,534)</u>	<u>(32,811)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll (as of the fiscal year)	<u>\$ 444,545</u>	<u>\$ 477,514</u>	<u>\$ 434,100</u>	<u>\$ 448,600</u>	<u>\$ 531,225</u>	<u>\$ 600,900</u>	<u>\$ 727,925</u>	<u>\$ 658,800</u>	<u>\$ 453,342</u>	<u>\$ 415,146</u>
Contributions as a percentage of covered payroll	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.75%	-7.90%

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

**EXHIBIT G**  
**NORWICH SCHOOL DISTRICT**  
*Schedule of the School District's Proportionate Share of Net Pension Liability*  
*Vermont State Teachers' Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended June 30, 2023*  
**Unaudited**

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
School District's:										
Proportion of the net pension liability	0.3743%	0.3527%	0.3966%	0.3726%	0.3739%	0.3787%	0.3649%	0.3677%	0.3961%	0.3966%
State of Vermont's proportionate share of the net pension liability	\$ 3,784,217	\$ 3,380,090	\$ 4,705,506	\$ 4,878,768	\$ 5,542,108	\$ 5,721,033	\$ 5,694,220	\$ 7,174,506	\$ 6,716,517	\$ 7,648,382
Covered payroll (as of the measurement date)	\$ 2,109,652	\$ 1,999,116	\$ 2,211,790	\$ 2,413,439	\$ 2,470,483	\$ 2,560,140	\$ 2,507,130	\$ 2,624,665	\$ 2,873,204	\$ 2,993,682
State of Vermont's proportionate share of the net pension liability as a percentage of School District covered payroll	179.38%	169.08%	212.75%	202.15%	224.33%	223.47%	227.12%	273.35%	233.76%	255.48%
Plan fiduciary net position as a percentage of the total pension liability	60.59%	64.02%	58.22%	55.31%	53.98%	54.81%	54.96%	50.00%	58.83%	54.81%

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.  
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**EXHIBIT H**  
**NORWICH SCHOOL DISTRICT**  
*Schedule of School District Contributions - Pensions*  
*Vermont State Teachers' Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended June 30, 2023*  
**Unaudited**

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Contractually required contribution	\$ 178,477	\$ 181,410	\$ 289,146	\$ 272,808	\$ 294,092	\$ 417,908	\$ 415,032	\$ 442,150	\$ 498,782	\$ 1,247,910
Contributions in relation to the contractually required contributions	(178,477)	(181,410)	(289,146)	(272,808)	(294,092)	(417,908)	(415,032)	(442,150)	(498,782)	(1,247,910)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 2,109,652	\$ 1,999,116	\$ 2,211,790	\$ 2,413,439	\$ 2,470,483	\$ 2,560,140	\$ 2,507,130	\$ 2,624,665	\$ 2,873,204	\$ 2,993,682
Contributions as a percentage of covered payroll	-8.46%	-9.07%	-13.07%	-11.30%	-11.90%	-16.32%	-16.55%	-16.85%	-17.36%	-41.68%

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

**NORWICH SCHOOL DISTRICT**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**PENSION LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

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

**Vermont Municipal Employee's Retirement System - VMERS**

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

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

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

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits E and F represent the actuarial determined costs associated with the School District's pension plan at June 30, 2023. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**Vermont State Teacher's Retirement System - VSTRS**

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

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

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

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits G and H represent the actuarial determined costs associated with the School District's pension plan at June 30, 2023. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**EXHIBIT I**  
**NORWICH SCHOOL DISTRICT**  
*Schedule of the School District's Proportionate Share of the Net Other Postemployment Benefits Liability*  
*Vermont State Teachers' Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended June 30, 2023*  
**Unaudited**

	June 30,					
	2018	2019	2020	2021	2022	2023
School District's proportion of the net OPEB liability	0.31141%	0.31489%	0.30094%	0.29654%	0.32579%	0.35324%
State of Vermont's proportionate share of the net OPEB liability (asset)	\$2,903,200	\$3,004,951	\$3,132,073	\$ 3,734,590	\$ 4,155,723	\$ 2,535,766
School District's covered payroll	\$1,826,080	\$1,912,499	\$1,844,458	\$ 1,853,103	\$ 2,104,287	\$ 2,993,682
State of Vermont's proportionate share of the net OPEB liability (asset) as a percentage of the School District covered payroll	158.99%	157.12%	169.81%	201.53%	197.49%	84.70%
Plan fiduciary net position as a percentage of the total OPEB liability	(2.94)%	(2.85)%	0.03%	0.69%	1.13%	5.34%



**EXHIBIT J**  
**NORWICH SCHOOL DISTRICT**  
*Schedule of School District Contributions - Other Postemployment Benefits*  
*Vermont State Teachers' Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended June 30, 2023*  
**Unaudited**

	June 30,					
	2018	2019	2020	2021	2022	2023
Contractually required contribution	\$ - *	\$ - *	\$ - *	\$ - *	\$ - *	\$ - *
Contributions in relation to the contractually required contribution	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	<u>\$1,826,080</u>	<u>\$1,912,499</u>	<u>\$1,844,458</u>	<u>\$1,853,103</u>	<u>\$2,104,287</u>	<u>\$2,993,682</u>
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

**EXHIBIT K**  
**NORWICH SCHOOL DISTRICT**  
*Schedule of Changes in the School District's Total Other Postemployment Benefits Liability and Related Ratios*  
*For the Fiscal Year Ended June 30, 2023*  
**Unaudited**

	June 30,					
	2018	2019	2020	2021	2022	2023
OPEB liability, beginning of year	\$ 128,217	\$ 121,979	\$ 137,337	\$ 154,846	\$ 180,104	\$ 178,926
Changes for the year:						
Service cost	7,231	7,733	8,332	10,117	11,428	9,256
Interest	4,768	5,685	5,340	4,593	4,370	8,186
Changes to benefit terms	-	-	(2,136)	-	-	(3,095)
Assumption changes and difference between actual and expected experience	(13,684)	5,352	10,539	13,791	(11,201)	15,898
Benefit payments	(4,553)	(3,412)	(4,566)	(3,243)	(5,775)	(5,933)
OPEB liability, end of year	<u>\$ 121,979</u>	<u>\$ 137,337</u>	<u>\$ 154,846</u>	<u>\$ 180,104</u>	<u>\$ 178,926</u>	<u>\$ 203,238</u>
Covered payroll	<u>\$ 410,422</u>	<u>\$ 489,338</u>	<u>\$ 529,873</u>	<u>\$ 576,681</u>	<u>\$ 597,073</u>	<u>\$ 664,625</u>
Total OPEB liability as a percentage of covered payroll	29.72%	28.07%	29.22%	31.23%	29.97%	30.58%

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

**NORWICH SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**OTHER POSTEMPLOYMENT BENEFITS LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

***Schedule of the School District's Proportionate Share of Net Other Postemployment Benefits Liability  
And Schedule of School District Contributions – Other Postemployment Benefits***

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

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

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

As required by GASB Statement No. 75, Exhibits I and J represent the actuarial determined costs associated with the School District's other postemployment benefits at June 30, 2023. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

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

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

As required by GASB Statement No. 75, Exhibit K represents the actuarial determined costs associated with the School District's other postemployment benefits at June 30, 2023. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

***COMBINING AND INDIVIDUAL FUND SCHEDULES***

**SCHEDULE 1**  
**NORWICH SCHOOL DISTRICT**  
**Major General Fund**  
*Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)*  
**For the Fiscal Year Ended June 30, 2023**

	Estimated	Actual	Variance Positive (Negative)
Local sources:			
Tuition	\$ -	\$ 28,236	\$ 28,236
Investment earnings	6,000	55,882	49,882
Miscellaneous	8,514	16,524	8,010
Total from other local sources	<u>14,514</u>	<u>100,642</u>	<u>86,128</u>
State sources:			
Educational spending fund	13,171,593	13,171,788	195
Transportation	121,498	112,816	(8,682)
Block grant	851,688	851,688	-
Vocational aid	38,161	37,966	(195)
Essential early education	52,713	52,713	-
Extraordinary reimbursement	144,167	60,821	(83,346)
Other state aid	-	4,827	4,827
Total from state sources	<u>14,379,820</u>	<u>14,292,619</u>	<u>(87,201)</u>
Other financing sources:			
Transfers in	230,452	230,452	-
Total revenues and other financing sources	14,624,786	<u>\$ 14,623,713</u>	<u>\$ (1,073)</u>
Use of fund balance to reduce school district assessment	298,500		
Total revenues, other financing sources, and use of fund balance	<u>\$ 14,923,286</u>		

See Independent Auditor's Report.

**SCHEDULE 2**  
**NORWICH SCHOOL DISTRICT**  
**Major General Fund**  
*Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)*  
**For the Fiscal Year Ended June 30, 2023**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ 15,831	\$ 3,184,969	\$ 3,339,697	\$ -	\$(138,897)
Special programs	500	1,216,152	911,273	-	305,379
Total instruction	<u>16,331</u>	<u>4,401,121</u>	<u>4,250,970</u>	<u>-</u>	<u>166,482</u>
Support services:					
Student	-	207,215	212,069	-	(4,854)
Instructional staff	-	194,183	165,711	-	28,472
General administration	1,640	32,352	59,893	138	(26,039)
Executive administration	-	306,695	306,695	-	-
School administration	348	531,635	542,122	15,827	(25,966)
Operation and maintenance of plant	3,311	468,855	472,537	-	(371)
Student transportation	4,231	297,400	280,941	3,894	16,796
Total support services	<u>9,530</u>	<u>2,038,335</u>	<u>2,039,968</u>	<u>19,859</u>	<u>(11,962)</u>
Debt service:					
Principal on long-term debt	-	45,000	45,000	-	-
Interest on long-term debt	-	724	657	-	67
Total debt service	<u>-</u>	<u>45,724</u>	<u>45,657</u>	<u>-</u>	<u>67</u>
Facilities acquisition and construction	<u>24,996</u>	<u>123,000</u>	<u>173,333</u>	<u>-</u>	<u>(25,337)</u>
Other financing uses:					
Transfers out	-	13,000	7,041	-	5,959
Intergovernmental transfers out	-	8,302,106	8,420,516	-	(118,410)
Total other financing uses	<u>-</u>	<u>8,315,106</u>	<u>8,427,557</u>	<u>-</u>	<u>(112,451)</u>
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 50,857</u>	<u>\$ 14,923,286</u>	<u>\$ 14,937,485</u>	<u>\$ 19,859</u>	<u>\$ 16,799</u>

See Independent Auditor's Report.

**SCHEDULE 3**  
**NORWICH SCHOOL DISTRICT**  
**Major General Fund**  
*Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2023*

Unassigned fund balance, beginning		\$ 496,020
Changes:		
Unassigned fund balance used to reduce school district assessment		(298,500)
2022-2023 Budget summary:		
Revenue shortfall (Schedule 1)	\$ (1,073)	
Unexpended balance of appropriations (Schedule 2)	<u>16,799</u>	
2022-2023 Budget surplus		15,726
Decrease in nonspendable fund balance		<u>1,987</u>
Unassigned fund balance, ending		<u><u>\$ 215,233</u></u>

See Independent Auditor's Report.

**SCHEDULE 4**  
**NORWICH SCHOOL DISTRICT**  
*Nonmajor Governmental Funds*  
**Combining Balance Sheet**  
**June 30, 2023**

	Special Revenue Funds		Total
	Food Service	Special Gifts	
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 96,378	\$ 96,378
Intergovernmental receivable	13,554	-	13,554
Total assets	<u>\$ 13,554</u>	<u>\$ 96,378</u>	<u>\$ 109,932</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 8,516	\$ 8,516
Interfund payable	13,357	-	13,357
Total liabilities	<u>13,357</u>	<u>8,516</u>	<u>21,873</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - student balances	197	-	197
<b>FUND BALANCES</b>			
Committed	-	87,862	87,862
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,554</u>	<u>\$ 96,378</u>	<u>\$ 109,932</u>

See Independent Auditor's Report.



**SCHEDULE 5**  
**NORWICH SCHOOL DISTRICT**  
**Nonmajor Governmental Funds**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2023**

	<u>Special Revenue Funds</u>		
	<u>Food Service</u>	<u>Special Gifts</u>	<u>Total</u>
<b>REVENUES</b>			
Other local	\$ 251	\$ 80,672	\$ 80,923
State	41,517	-	41,517
Federal	172,807	-	172,807
Total revenues	<u>214,575</u>	<u>80,672</u>	<u>295,247</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	-	84,947	84,947
Noninstructional services	221,616	-	221,616
Total expenditures	<u>221,616</u>	<u>84,947</u>	<u>306,563</u>
Deficiency of revenues under expenditures	<u>(7,041)</u>	<u>(4,275)</u>	<u>(11,316)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>7,041</u>	<u>-</u>	<u>7,041</u>
Net change in fund balances	-	(4,275)	(4,275)
Fund balances, beginning	-	92,137	92,137
Fund balances, ending	<u>\$ -</u>	<u>\$ 87,862</u>	<u>\$ 87,862</u>

See Independent Auditor's Report.