

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT
FINANCIAL STATEMENTS
Year ended June 30, 2023

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT
 AUDIT REPORT AND FINANCIAL STATEMENTS
 JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Waits River Valley Union #36 School District
East Corinth, Vermont

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Waits River Valley Union School District #36 (the "School District"), as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2023, and the respective changes in financial position and the respective budget comparison for the General Fund and Various Grant 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government 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 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 School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 8, budgetary information comparison in Exhibit G and H on pages 16 through 24, and Schedule I on page 47 be presented to supplement the basic financial statements. 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2024, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District's internal control over financial reporting and compliance.

Wisehart, Wimetle + Assoc., P.C.

Registration number VT092.0000684

February 8, 2024

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

Our discussion and analysis of Waits River Valley Union #36 School District's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the School District's financial statements which begin on Exhibit A.

Financial Highlights

Government-Wide Financial Statements:

- J The School District's net position decreased by \$293,270, as a result of this year's operations.
- J The cost of all of the School District's programs was \$7,918,967 this year.

Fund Financial Statements:

- J The General Fund reported total decrease of \$246,242. At June 30, 2023 the fund balance was a deficit of (\$313,412).
- J The Capital Projects Fund reported an increase of fund balance of \$1,838. At June 30, 2023 the fund balance was \$220,777, all of which was restricted for future additions.
- J The Grant Fund reported expenditures in excess of revenues this year of \$0, which is consistent with the nature if reimbursable grants in that revenue received equals expenditures incurred.
- J The Food Service Fund reported an increase of fund balance of \$46,755. At June 30, 2023 the fund balance of \$168,747, all of which was assigned for the food service program.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Exhibits A and B) provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. Fund financial statements start on Exhibit C. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the School District's operations in more detail than the government-wide statements by providing information about the School District's most significant funds. The remaining statements provide financial information about activities for which the School District acts solely as a trustee or agent for the benefit of those outside the government.

Reporting the School District as a Whole

Our analysis of the School District as a whole begins on Exhibit A. One of the most important question asked about the School District's finances is, "Is the School District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the School District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in them. You can think of the School District's net assets – the difference between assets and liabilities – as one way to measure the School District's financial health, or financial position. Over time, increases or decreases in the School District's net assets are one indicator of whether its financial health is improving or deteriorating.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(Continued)

You will need to consider other non-financial factors, however, such as changes in the School District's property tax base and the condition of the School District's capital assets, to assess the overall health of the School District.

Governmental activities – Most of the School District's basic services are reported here. They include regular and special education for Kindergarten through 8th grade, High School costs, support services, administrative services, transportation, interest on long-term debt and other activities. Property taxes and state grants finance most of these activities.

Reporting the School District's Most Significant Funds

The Financial Statements of the School District's major governmental funds are reflected on Exhibit C through Exhibit H. The fund financial statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School Board establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The School District's funds use the following accounting approaches:

Governmental funds – Most of the School District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method focus called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs.

We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in Exhibits D and Exhibit F that follow the financial statements.

The School District as Agent

The School District is the fiscal agent for funds held for various school related activities. All of the School District's fiduciary activities are Agency Funds and are reported in a separate Statement of Fiduciary Net Assets on Exhibit I. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(Continued)

The School District as a Whole (*Government-Wide Financial Statement Analysis*)

The School District's combined net assets decreased by \$293,270 as a result of this year's operations.

Table 1 – Net Position

	Governmental Activities		Change
	2023	2022	
Current and other assets	\$ 566,257	\$ 661,876	\$ (95,619)
Capital assets	1,651,889	1,747,510	(95,621)
Total assets	<u>2,218,146</u>	<u>2,409,386</u>	<u>(191,240)</u>
Long-term liabilities	-	-	-
Other liabilities	490,145	388,115	102,030
Total liabilities	<u>490,145</u>	<u>388,115</u>	<u>102,030</u>
Net position:			
Unrestricted	(313,412)	(67,170)	(246,242)
Restricted	389,524	340,931	48,593
Invested in capital assets, net of related debt	1,651,889	1,747,510	(95,621)
Total net position	<u>\$ 1,728,001</u>	<u>\$ 2,021,271</u>	<u>\$ (293,270)</u>

Table 2 – Change in Net Position

	Governmental Activities		Change
	2023	2022	
REVENUES			
General revenues:			
Act 68 property taxes	\$ 5,943,005	\$ 5,371,180	\$ 571,825
Other income	72,320	28,407	43,913
Earnings on investments	2,254	1,056	1,198
Program revenues:			
On behalf payments	610,122	457,571	152,551
Charges for services	5,552	4,299	1,253
Operating grants and contributions	992,444	1,081,744	(89,300)
Total revenues	<u>7,625,697</u>	<u>6,944,257</u>	<u>681,440</u>
PROGRAM EXPENSES			
Secondary tuition	1,878,676	1,483,267	395,409
Regular instruction and related	1,960,924	1,766,157	194,767
Special education and related	454,039	960,870	(506,831)
SU assessments	944,122	-	944,122
Miscellaneous grants	5,060	-	5,060
Buildings and grounds	463,767	533,101	(69,334)
Administrative support services	361,253	612,298	(251,045)
Support services - student based	263,950	267,578	(3,628)
Medicaid supported program	96,172	77,125	19,047
CFP Schoolwide program	204,896	166,940	37,956
ESSER Grants	301,994	62,764	239,230
Food service	238,564	244,094	(5,530)
Transportation	17,254	243,507	(226,253)
Vocational	109,893	215,738	(105,845)
Interest on long-term debt	8,281	3,605	4,676
On behalf payments	610,122	457,571	152,551
Total program expenses	<u>7,918,967</u>	<u>7,094,615</u>	<u>824,352</u>
Change in net position	<u>\$ (293,270)</u>	<u>\$ (150,358)</u>	<u>\$ (142,912)</u>

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(Continued)

Table 3 represents the cost of each of the School District's four largest programs as well as each program's net cost (total cost less revenue generated by the activities). The net cost shows the financial burden that was placed on the School District's taxpayers by each of these functions.

Table 3
Governmental Activities

	2023	
	Total Cost of Services	Net Cost of Services
Secondary tuition	\$ 1,878,676	\$ 1,878,676
Regular instruction and related services	1,960,924	1,960,924
SU assessments	944,122	944,122
Buildings and grounds	463,767	463,767
All others	2,671,478	1,063,360
Totals	\$ 7,918,967	\$ 6,310,849

	2022	
	Total Cost of Services	Net Cost of Services
Secondary tuition	\$ 1,483,267	\$ 1,483,267
Regular instruction and related services	1,766,157	1,766,157
Special education and related services	960,870	724,878
Buildings and grounds	533,101	533,101
All others	2,351,220	1,043,598
Totals	\$ 7,094,615	\$ 5,551,001

The School District's Funds (*Fund Financial Statement Analysis*)

As the School District completed the year, its governmental funds (as presented in the Balance Sheet on Exhibit C) reported a combined fund balance of \$76,112. Included in this year's total is a fund deficit of (\$313,412) in the School District's General Fund, a fund balance of \$0 in the Grant Fund, a fund balance of \$168,747 in the Food Service Fund, and a fund balance of \$220,777 in the Capital Projects Fund.

Refer to the auditor's report for more details of the changes in the School District's fund activities.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(Continued)

Capital Assets and Debt Administration

Capital Assets

At June 30, 2023, the School District had \$1,651,889 invested in a broad range of capital assets, including school buildings, furniture and equipment. (See Table 4 below) This amount represents a net decrease of \$95,621, over last year. The net decrease is a result of capital additions of \$34,280 less depreciation expense of \$129,901 for the year ending June 30, 2023.

Table 4
Capital Assets at Year-End
(Net of Accumulated Depreciation)

	Governmental Activities	
	2023	2022
Land	\$ 40,292	\$ 40,292
Buildings and improvements	1,550,641	1,666,549
Equipment	60,956	40,669
Totals	<u>\$ 1,651,889</u>	<u>\$ 1,747,510</u>

Debt

At June 30, 2023, the School District had \$0 notes outstanding.

During the year ending June 30, 2023, the School District borrowed approximately \$860,000 on short term borrowings, which were repaid in their entirety as of June 30, 2023.

Economic Factors and Next Year's Budgets and Rates

The School District's elected and appointed officials considered many factors when setting the fiscal year budget for school operations.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Administration Office at Orange East Supervisory Union, located at 64 Main Street, Bradford, Vermont.

STATEMENT OF NET POSITION

JUNE 30, 2023

	<u>Governmental Activities</u>	
ASSETS		
Cash	\$ 234,947	
Accounts receivable:		
Due from State	249,872	
Prepaid expenses	81,438	
Capital assets:		
Land	40,292	
Building and equipment - net of accumulated depreciation of \$3,611,475	<u>1,611,597</u>	
Total assets		2,218,146
LIABILITIES		
Accounts payable	95,717	
Accrued payroll and withholdings	263,272	
Deferred revenue	<u>131,156</u>	
Total liabilities		<u>490,145</u>
NET POSITION		
Unrestricted	(313,412)	
Restricted	389,524	
Invested in capital assets, net of related debt	<u>1,651,889</u>	
Total net position		<u><u>\$ 1,728,001</u></u>

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charge for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Governmental Activities:				
Secondary tuition	\$ 1,878,676	\$ -	\$ -	\$ (1,878,676)
Regular instruction and related services	1,960,924	-	-	(1,960,924)
Special education and related services	454,039	-	-	(454,039)
Summer school program	2,060	-	2,060	-
Miscellaneous grants	3,000	-	3,000	-
Buildings and grounds	463,767	-	-	(463,767)
Administrative support services	361,253	-	-	(361,253)
Support services - student based	263,950	-	-	(263,950)
Medicaid supported programs	96,172	-	96,172	-
CFP Schoolwide Programs	204,896	-	204,896	-
ESSER Grants	301,994	-	301,994	-
Food service expenses	238,564	5,552	279,767	46,755
Transportation	17,254	-	104,555	87,301
Vocational	109,893	-	-	(109,893)
Assessments	944,122	-	-	(944,122)
Interest on short-term debt	8,281	-	-	(8,281)
Pension plan expense	610,122	-	610,122	-
Total governmental activities	<u>7,918,967</u>	<u>5,552</u>	<u>1,602,566</u>	<u>(6,310,849)</u>
General Revenues:				
Act 68 state aid				5,943,005
Other income				72,320
Earnings on investments				2,254
Total general revenues				<u>6,017,579</u>
Change in net position				(293,270)
Net position - July 1, 2022				2,021,271
Net position - June 30, 2023				<u>\$ 1,728,001</u>

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2023

	General Fund	Capital Projects Fund	Special Revenue Funds		Totals
			Grant Fund	Food Service Fund	
ASSETS					
Cash	\$ 16,127	\$ 218,819	\$ -	\$ -	\$ 234,946
Accounts receivable:					
Due from State	2,825	-	237,483	9,564	249,872
Prepaid expenses	81,438	-	-	-	81,438
Due from other funds	-	1,958	-	159,183	161,141
Total assets	<u>\$ 100,390</u>	<u>\$ 220,777</u>	<u>\$ 237,483</u>	<u>\$ 168,747</u>	<u>\$ 727,397</u>
LIABILITIES					
Accounts payable	\$ 91,789	\$ -	\$ 3,927	\$ -	\$ 95,716
Due to other funds	78,395	-	82,746	-	161,141
Accrued payroll and withholdings	243,618	-	19,654	-	263,272
Deferred revenue - Medicaid funds	-	-	131,156	-	131,156
Total liabilities	<u>413,802</u>	<u>-</u>	<u>237,483</u>	<u>-</u>	<u>651,285</u>
FUND EQUITY					
Fund balances					
Nonspendable	81,438	-	-	-	81,438
Committed for capital projects	-	220,777	-	-	220,777
Restricted for food service	-	-	-	168,747	168,747
Unassigned	(394,850)	-	-	-	(394,850)
Total fund equity	<u>(313,412)</u>	<u>220,777</u>	<u>-</u>	<u>168,747</u>	<u>76,112</u>
Total liabilities and fund equity	<u>\$ 100,390</u>	<u>\$ 220,777</u>	<u>\$ 237,483</u>	<u>\$ 168,747</u>	<u>\$ 727,397</u>

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

JUNE 30, 2023

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 76,112
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Amounts reported for governmental activities in the
statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets are \$5,263,364, and the accumulated depreciation is \$3,611,475	<u>1,651,889</u>
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TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,728,001</u></u>
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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2023

	General Fund	Capital Projects Fund	Special Revenue Funds		Total Governmental Funds
			Grants Fund	Food Service Fund	
REVENUES					
Act 68 property taxes	\$ 5,943,005	\$ -	\$ -	\$ -	\$ 5,943,005
Other State revenues:					
Transportation aid	104,555	-	-	-	104,555
Medicaid	-	-	96,172	-	96,172
CFP Schoolwide Programs grants	-	-	204,896	-	204,896
Miscellaneous grants	-	-	3,000	-	3,000
ESSER grants	-	-	301,994	-	301,994
EPSDT/MAC	-	-	2,060	-	2,060
Federal food grants	-	-	11,522	268,245	279,767
Food sales	-	-	-	5,552	5,552
Interest	1,381	873	-	-	2,254
Miscellaneous	71,355	965	-	-	72,320
On behalf payments	106,839	-	-	-	106,839
Total revenues	<u>6,227,135</u>	<u>1,838</u>	<u>619,644</u>	<u>273,797</u>	<u>7,122,414</u>
EXPENDITURES					
Current					
EEE programs	121,494	-	-	-	121,494
Regular instruction - K - 5	1,014,398	-	-	-	1,014,398
Regular instruction - Middle school	475,617	-	-	-	475,617
Regular instruction - K-8	451,392	-	-	-	451,392
Student Activities	3,797	-	-	-	3,797
Guidance	53	-	-	-	53
Health services	95,830	-	-	-	95,830
Professional development	19,517	-	-	-	19,517
Library services	119,308	-	-	-	119,308
Technology	30,969	-	-	-	30,969
Board of Education	26,749	-	-	-	26,749
Principal's office	307,990	-	-	-	307,990
School administration	26,514	-	-	-	26,514
Facilities	347,859	-	-	-	347,859
Transportation services	17,254	-	-	-	17,254
Secondary tuition	1,878,676	-	-	-	1,878,676
Vocational tuition	109,893	-	-	-	109,893
Special education	332,545	-	-	-	332,545
Assessments	944,122	-	-	-	944,122
Medicaid supported programs	-	-	96,172	-	96,172
CFP Schoolwide Programs	-	-	204,896	-	204,896
EPSDT/MAC	-	-	2,060	-	2,060
Miscellaneous grants	-	-	3,000	-	3,000
ESSER grants	-	-	301,994	-	301,994
Food service expenses	-	-	11,522	227,042	238,564
On behalf payments	106,839	-	-	-	106,839
Interest	8,281	-	-	-	8,281
Capital outlays	34,280	-	-	-	34,280
Total expenditures	<u>6,473,377</u>	<u>-</u>	<u>619,644</u>	<u>227,042</u>	<u>7,320,063</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2023

	General Fund	Capital Projects Fund	Special Revenue Funds		Total Governmental Funds
			Grants Fund	Food Service Fund	
EXCESS REVENUES (EXPENDITURES)	(246,242)	1,838	-	46,755	(197,649)
FUND BALANCES - July 1, 2022	(67,170)	218,939	-	121,992	273,761
FUND BALANCES - June 30, 2023	<u>\$ (313,412)</u>	<u>\$ 220,777</u>	<u>\$ -</u>	<u>\$ 168,747</u>	<u>\$ 76,112</u>

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (197,649)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation of \$129,901 exceeds capital outlays of \$34,280 (95,621)

On behalf payments related to the Vermont State Teachers Retirement system in not recognized in the governmental funds and does not require the use of current financial resources. The net effect of the current year's net assets is zero.

State of Vermont on behalf payment - expense - Exhibit E	106,839
State of Vermont on behalf payment - expense - Exhibit B	(610,122)
State of Vermont on behalf payment - revenue - Exhibit E	(106,839)
State of Vermont on behalf payment - revenue - Exhibit B	<u>610,122</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (293,270)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2023

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Act 68 property taxes	\$ 6,076,962	\$ 5,943,005	\$ (133,957)
Other State revenue:			
Transportation aid	100,000	104,555	4,555
Interest	1,200	1,381	181
Miscellaneous	3,000	71,355	68,355
Total revenues	<u>6,181,162</u>	<u>6,120,296</u>	<u>(60,866)</u>
EXPENDITURES			
Current expenditures			
PreSchool			
Salaries	-	40,702	(40,702)
Health insurance	-	14,271	(14,271)
HRA	-	3,389	(3,389)
FICA	-	2,802	(2,802)
Life insurance	-	88	(88)
VSTRS new hire fee	-	280	(280)
Dental ER	-	188	(188)
Disability	-	136	(136)
Workers' compensation	-	221	(221)
Pre-K tuition	40,000	77,489	(37,489)
Total PreSchool programs	<u>40,000</u>	<u>139,566</u>	<u>(99,566)</u>
Regular Instruction - K - 5			
Salaries - teachers	657,306	724,052	(66,746)
Health insurance	124,995	147,566	(22,571)
HRA	27,500	19,409	8,091
HSA	-	2,100	(2,100)
FICA	50,284	52,542	(2,258)
Life insurance	900	1,172	(272)
VSTRS new hire fee	9,380	12,618	(3,238)
Dental	7,445	6,072	1,373
Disability insurance	1,840	2,224	(384)
Annuity	1,087	990	97
Workers' compensation	5,916	4,668	1,248
Supplies	25,000	26,762	(1,762)
Books	3,000	1,693	1,307
Manipulatives	10,000	9,965	35
Field trips	2,000	2,565	(565)
Total regular instruction - K-5	<u>926,653</u>	<u>1,014,398</u>	<u>(87,745)</u>

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2023

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Regular Instruction - Middle School			
Salaries	352,554	339,790	12,764
Health insurance	78,313	80,367	(2,054)
HRA	16,800	8,161	8,639
HSA	-	5,900	(5,900)
FICA	26,970	23,998	2,972
Life insurance	432	473	(41)
VSTRS new hire fee	4,020	4,206	(186)
Dental	3,250	2,872	378
Disability insurance	987	1,035	(48)
Workers' compensation	3,172	2,189	983
Supplies	5,000	5,210	(210)
Books	1,000	504	496
Field trips	500	912	(412)
Total regular instruction - middle school	492,998	475,617	17,381
Regular Instruction - K-8			
Salaries - teachers and paras	267,381	299,507	(32,126)
Salaries - substitutes	27,000	19,267	7,733
Health insurance	47,496	58,471	(10,975)
HRA	8,400	3,751	4,649
FICA	20,455	23,287	(2,832)
Life insurance	288	412	(124)
VSTRS new hire fee	2,680	4,206	(1,526)
Dental	2,600	2,059	541
Disability insurance	749	929	(180)
Annuity	47	1,029	(982)
Workers' compensation	2,406	3,662	(1,256)
Unemployment	5,000	358	4,642
O.E.S.U. assessments	16,221	16,774	(553)
Field trips	2,000	944	1,056
Supplies	6,500	4,020	2,480
Books	300	248	52
Equipment	2,000	1,990	10
Miscellaneous	-	4,991	(4,991)
Total regular instruction- K-8	411,523	445,905	(34,382)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2023

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Student activities			
Athletic director stipend	1,500	1,500	-
FICA	115	115	-
Workers' compensation	14	14	-
Purchased services	2,000	-	2,000
K-8 field trips	-	368	(368)
Supplies	1,000	1,296	(296)
Equipment	1,000	-	1,000
Fees	1,000	872	128
Total student activities	6,629	4,165	2,464
Guidance			
Supplies	400	-	400
Books	100	53	47
Total guidance	500	53	447
Health services			
Salaries	63,711	64,211	(500)
Substitutes	1,000	-	1,000
Health insurance	23,294	22,515	779
HRA	-	2,495	(2,495)
HSA	4,200	-	4,200
FICA	4,874	4,426	448
Life insurance	72	68	4
Dental	650	629	21
Disability insurance	178	178	-
Workers' compensation	578	357	221
Supplies	1,500	951	549
Total health services	100,057	95,830	4,227
Professional Development			
Tuition reimbursement	25,000	19,517	5,483
Total professional development	25,000	19,517	5,483

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2023

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Library services			
Salaries	55,199	71,523	(16,324)
Health insurance	23,294	12,981	10,313
FICA	4,590	5,459	(869)
Life insurance	72	81	(9)
Dental reimbursement	650	542	108
Disability insurance	155	214	(59)
Library retirement buyout	24,500	24,151	349
Workers' compensation	496	487	9
Supplies	497	336	161
Books and periodicals	5,000	1,654	3,346
Audio visual material	500	-	500
Software	1,400	1,880	(480)
Total library services	<u>116,353</u>	<u>119,308</u>	<u>(2,955)</u>
Technology			
Purchased services	-	1,457	(1,457)
O.E.S.U. assessment - tech support	49,889	49,888	1
O.E.S.U. assessment - tech director	18,143	18,143	-
Repairs and maintenance	1,500	1,261	239
Subscriptions	11,000	22,962	(11,962)
Supplies	5,100	2,588	2,512
Software	500	2,479	(1,979)
Equipment	10,000	222	9,778
Total technology	<u>96,132</u>	<u>99,000</u>	<u>(2,868)</u>
Board of Education			
Salaries	6,000	6,000	-
Salaries - clerk	450	150	300
FICA	459	470	(11)
Workers' compensation	54	54	-
Legal	300	150	150
Auditor	10,000	8,500	1,500
Advertising	800	1,787	(987)
Printing	4,300	3,141	1,159
Supplies	2,500	962	1,538
Dues and fees	5,500	2,652	2,848
Total board of education	<u>30,363</u>	<u>23,866</u>	<u>6,497</u>

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2023

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Superintendent's Office			
O.E.S.U. assessment	239,945	239,944	1
Total superintendent's office	<u>239,945</u>	<u>239,944</u>	<u>1</u>
Principal's office			
Salaries - principal	116,699	116,734	(35)
Salaries - staff	108,147	113,912	(5,765)
Health insurance	65,406	46,048	19,358
HRA	12,800	6,511	6,289
FICA	17,469	16,809	660
Life insurance	490	616	(126)
Dental	1,497	1,182	315
Disability insurance	639	655	(16)
Annuities	3,846		3,846
Workers' compensation	2,055	1,563	492
Course payment	1,500	-	1,500
Mentor	1,200	-	1,200
Supplies	4,000	2,730	1,270
Dues and fees	1,000	1,230	(230)
Total principal's office	<u>336,748</u>	<u>307,990</u>	<u>28,758</u>
School administration			
Copier lease	6,000	8,362	(2,362)
Telephone	13,000	14,015	(1,015)
Postage	2,000	2,420	(420)
Dues and fees	-	1,717	(1,717)
Total school administration	<u>21,000</u>	<u>26,514</u>	<u>(5,514)</u>
Fiscal services			
Salaries	2,500	2,500	-
FICA	191	191	-
Workers' compensation	23	23	-
Supplies	5,068	3,821	1,247
Fees and charges	35	169	(134)
Tax anticipation note - interest	1,000	-	1,000
Total fiscal services	<u>8,817</u>	<u>6,704</u>	<u>2,113</u>

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2023

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Facilities			
Custodial salaries	129,428	129,219	209
Health insurance	35,596	15,580	20,016
HRA	8,600	1,935	6,665
FICA	9,901	9,642	259
Life insurance	243	264	(21)
Dental	847	688	159
Disability insurance	362	292	70
Annuity	2,414	665	1,749
Workers' compensation	1,202	932	270
Uniforms	600	600	-
Disposal	13,000	15,499	(2,499)
Snow removal	10,000	9,924	76
Ground maintenance	9,000	10,945	(1,945)
Repairs and maintenance	25,000	32,539	(7,539)
Rentals	2,000	79	1,921
Property insurance	21,000	27,032	(6,032)
Supplies	16,000	19,939	(3,939)
Electricity	40,000	50,308	(10,308)
Heating oil	35,000	38,346	(3,346)
Generator fuel	500		500
Equipment	10,000	11,521	(1,521)
Furniture replacement	10,000	6,190	3,810
Total facilities	<u>380,693</u>	<u>382,139</u>	<u>(1,446)</u>
Transportation			
Contracted services	234,417	234,417	-
Fuel surcharge	-	16,168	(16,168)
Vocational transportation	3,000	-	3,000
Gasoline	400	1,086	(686)
Total transportation	<u>237,817</u>	<u>251,671</u>	<u>(13,854)</u>
Secondary tuition			
Tuition	1,600,000	1,878,676	(278,676)
Total secondary tuition	<u>1,600,000</u>	<u>1,878,676</u>	<u>(278,676)</u>
State vocational payments	124,759	-	124,759
Total secondary tuition	<u>124,759</u>	<u>-</u>	<u>124,759</u>

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2023

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Vocational tuition	98,616	109,893	(11,277)
Total vocational tuition	<u>98,616</u>	<u>109,893</u>	<u>(11,277)</u>
Special education			
Salaries - aides	328,910	230,144	98,766
Health insurance	94,866	66,477	28,389
HRA	37,400	14,193	23,207
HSA	-	2,200	(2,200)
FICA	25,162	16,329	8,833
Life insurance	1,053	712	341
Dental	2,558	1,257	1,301
Disability insurance	920	720	200
Annuity	7,773	1,481	6,292
Workers' compensation	2,960	(968)	3,928
O.E.S.U. assessment - Special Ed	384,957	384,956	1
Total special education	<u>886,559</u>	<u>717,501</u>	<u>169,058</u>
Debt Service			
Interest	-	8,281	(8,281)
Total debt service	<u>-</u>	<u>8,281</u>	<u>(8,281)</u>
Total expenditures	<u>6,181,162</u>	<u>6,366,538</u>	<u>(185,376)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>(246,242)</u>	<u>\$ (246,242)</u>
FUND BALANCE - JULY 1, 2022		<u>(67,170)</u>	
FUND BALANCE - JUNE 30, 2023		<u>\$ (313,412)</u>	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - GRANTS FUND

YEAR ENDED JUNE 30, 2023

	Approved Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
CFP schoolwide programs grants	\$ 184,892	\$ 204,896	\$ 20,004
Medicaid	70,388	96,172	25,784
FFVP Grant	-	11,522	
EPSDT Grant	-	2,060	2,060
Miscellaneous grants	-	3,000	3,000
ESSER grant	77,856	301,994	224,138
Total Revenues	333,136	619,644	274,986
EXPENDITURES			
Current expenditures			
Medicaid - guidance			
Salaries	53,533	67,470	(13,937)
Health insurance	7,966	18,873	(10,907)
HRA	2,100	3,728	(1,628)
FICA	4,095	4,814	(719)
Life insurance	72	121	(49)
VSTRST new hire fee	1,340	-	1,340
Dental	650	511	139
Disability insurance	150	209	(59)
Workers' compensation	482	446	36
Total Medicaid - guidance	70,388	96,172	(25,784)
CFP schoolwide programs			
Salaries	133,644	138,166	(4,522)
Health insurance	31,703	30,406	1,297
HRA	6,300	5,123	1,177
FICA	10,224	9,534	690
Life insurance	144	149	(5)
Dental	1,300	1,059	241
Disability insurance	374	394	(20)
Workers' compensation	1,203	846	357
Purchased services	-	9,700	(9,700)
Supplies	-	9,519	(9,519)
Total CFP schoolwide programs	184,892	204,896	(20,004)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL - GRANTS FUND

YEAR ENDED JUNE 30, 2023

	Approved Budget	Actual	Variance Favorable (Unfavorable)
ESSER			
Salaries	69,251	170,203	(100,952)
FICA	5,298	13,019	(7,721)
Life insurance	216	250	(34)
Dental	197	-	197
Disability insurance	193	281	(88)
Workers' compensation	623	1,329	(706)
VSTRST new hire fee	-	1,122	
Annuity	2,078	-	2,078
Federal grant assessment	-	18,902	(18,902)
Facilities	-	62,608	(62,608)
Security	-	34,280	(34,280)
Total ESSER grant	<u>77,856</u>	<u>301,994</u>	<u>(223,016)</u>
EPSDT			
Salaries	-	1,900	(1,900)
FICA	-	146	(146)
Workers' compensation	-	14	(14)
Total EPSDT	<u>-</u>	<u>2,060</u>	<u>(2,060)</u>
Miscellaneous			
Contracted services - FFVP	-	11,522	(11,522)
Mini grant	-	3,000	(3,000)
Total miscellaneous	<u>-</u>	<u>14,522</u>	<u>(14,522)</u>
 Total expenditures	 <u>333,136</u>	 <u>619,644</u>	 <u>(285,386)</u>
 NET CHANGE IN FUND BALANCE	 <u>\$ -</u>	 <u>-</u>	 <u>\$ (10,400)</u>
 FUND BALANCE - JULY 1, 2022		 <u>-</u>	
 FUND BALANCE - JUNE 30, 2023		 <u>\$ -</u>	

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2023

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 32,792
LIABILITIES	
Due to student groups	<u>-</u>
NET POSITION	<u><u>\$ 32,792</u></u>

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Waits River Valley Union #36 School District is organized according to Vermont State Law under the governance of a Board of School Directors to provide public education for the schoolchildren of the Towns of Corinth and Topsham, Vermont.

Waits River Valley Union #36 School District, for financial reporting purposes, consists only of the funds of the District. The District's elected Board of Directors has no oversight responsibility for any other governmental entity. Control or dependence on the Board was determined on the basis of budget adoptions, designation of management, influence over operations, and accountability for fiscal matters.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is primarily responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the School District are discussed below.

Reporting Entity

The School District's basic financial statements include the accounts of all School operations. The criteria for including organizations as component units within the School District's reporting entity are set forth in GASB 14 as amended by GASB 39 and Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards.

Based on the criteria, the School District has no component units.

Basic Financial Statements – Government-Wide Statements

The School District's basic financial statements include both government-wide (reporting the School District as a whole) and fund financial statements (reporting the School District's major funds). The government-wide financial statements categorize activities as governmental or business type. All of the School District's activities are classified as governmental activities.

The government-wide statement of net position presents all the School District's activities on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The School District first utilizes restricted resources to finance qualifying activities for which both restricted and unrestricted resources are available.

The government-wide statement of activities reports both the gross and net cost of each of the School District's governmental functions. The functions are also supported by general government revenues (Act 68 state aid/property taxes and other local revenue). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, consisting of operating grants and contributions. Program revenues must be directly associated with the governmental function (regular education, special education, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by governmental function) are normally covered by general revenues (property taxes, earnings on investments, etc.).

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Basic Financial Statements – Fund Financial Statements

The financial transactions of the School District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either governmental category. GASB No. 34 sets forth minimum criteria for the determination of major funds. The District electively added funds, as major funds, which either had debt outstanding or specific community focus. The School District reports on the following major governmental funds:

Governmental Fund

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

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

Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Special Revenue Funds:

Grants Fund is a special revenue fund used to account for specific restricted revenues and expenditures pursuant to federal, state and local grants.

Food Service Fund is a special revenue fund used to account for specific restricted revenues and expenditures relating to the School District's food service program.

Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support school programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

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

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

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

Modified Accrual

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

Deferred Outflows/Inflows of Resources

Effective June 30, 2013, the School District implemented Governmental Accounting Standards Board ("GASB") Statement No. 63, *"Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position"*. GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources, introduced and defined in GASB Concepts Statement No. 4. This statement amends the net asset reporting requirements in Statement No. 34, *"Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments"*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. The separate financial statement, "deferred outflows of resources", represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The School District did not have any items that qualified for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, "deferred inflows of resources", represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District did not have any items that qualified for reporting in this category.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

Buildings and improvements	40 years
Equipment and vehicles	5 – 20 years

Compensated Absences

District policies does not allow teachers to receive paid vacations. Teachers are paid only for the number of days they are required to work each year. Administrative and support personnel are granted vacation in varying amounts. The School District does not recognize an accrued liability for unused vacation balances, accrued vacation is lost at the end of each year.

District policies permit employees to accumulate earned but unused sick pay benefits. Such sick leave benefits do not vest under District policies and must be used during employment. Since these amounts do not vest with employees and are subject to future illnesses, the District has elected to not recognize a liability for these balances in their financial statements.

District policies also establish a Sick Leave Bank. Employees are required as a condition of employment to sacrifice sick days that the School District accrues and holds for long-term use when required for a long-term illness or family emergency. The School District has a committee to review requests for use of the Sick Leave Bank. At year end, the School District held 90.84 days in the Sick Leave Bank for teachers and 46.25 for educational support staff. The School District does not recognize an accrued liability for the Sick Leave Bank.

Government-Wide Net Position

Net position represents the difference between assets and liabilities in the Statement of Net Position. Government-wide net position are divided into three components:

Invested in capital assets, net of related debt - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position - consist of assets that are restricted by the school's creditors, enabling legislation, by grantors, and by other contributors.

Unrestricted net position - all other net asset position is reported in this category.

The School District first utilizes restricted resources to finance qualifying activities.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity

GASB 54 Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions” provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balances - Indicates the portion of fund equity that cannot be spent due to their form (e.g. inventories and prepaids) or funds that legally or contractually must be maintained intact.

Restricted fund balances - Indicates the portion of fund equity that is mandated for a specific purpose by external parties, constitutional provisions, or enabling legislation (e.g. federal and state grants, bondholders, trust and trustee accounts).

Committed fund balances - Indicates the portion of fund equity that is set aside for a specific purpose by the School Board. Formal action must be taken prior to the end of the fiscal year (e.g. capital projects, compensated absences). The same formal action must be taken to remove or change the limitations placed on the funds.

Assigned fund balances - Indicates the portion of fund equity that is set aside with the intent to be used for a specific purpose by the School Board or body or official that has been given the authority to assign funds (e.g. encumbrances, subsequent budgets). Assigned funds cannot cause a deficit in unassigned fund balance.

Unassigned fund balances - Indicates the portion of fund equity that has not been classified in the previous four categories. All funds in this category are considered spendable resources. This category provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

The School District has established policies or procedures for committing or assigning fund balances. When an expenditure is incurred that qualifies for payment from either of the three unrestricted fund balance categories, it will be applied in the following order:

1. Committed
2. Assigned
3. Unassigned

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Activities

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenue and expenditures. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted in the preparation of the government-wide financial statements.

On Behalf Payments

On behalf payments are contributions made by the State of Vermont to the State Teachers' Retirement System on behalf of the School District's teaching employees. The General Fund budget does not include on behalf payments as a revenue or expense.

Budget Adoption

The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

The operating budget is prepared by the School District's administration with the direction from the School Board and assistance from the Superintendent and Business Manager of the Orange East Supervisory Union and approved by the Waits River Valley Union #36 School District Board at a properly warned meeting for the presentation to the voters. The operating budget includes proposed expenditures by line item and the means of financing them. The budget is approved by School District voters at a properly warned annual meeting.

Fund Deficits

The School District had a deficit balance of \$313,412 in the General Fund as of June 30, 2023.

NOTE 2 – DEPOSITS

The Treasurer invests excess cash according to policies established by the School Board.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. As of June 30, 2023, none of the School District's bank balance was exposed to custodial credit risk.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(Continued)

NOTE 2 – DEPOSITS (continued)

The following is a breakdown of the School District’s bank deposits at June 30, 2023:

Insured - FDIC	\$ 244,748
Entered in repurchase agreement	<u>87,397</u>
Total bank balance at June 30, 2023	<u><u>\$ 332,145</u></u>

NOTE 3 – CAPITAL ASSETS

The summary of changes in capital assets as of June 30, 2023 is as follows:

	Balance June 30, 2022	Additions	Depreciation	Balance June 30, 2023
Land	\$ 40,292	\$ -	\$ -	\$ 40,292
Buildings and improvements	4,866,149	-	-	4,866,149
Equipment	280,742	34,280	-	315,022
Vehicles	41,901	-	-	41,901
Accumulated depreciation	<u>(3,481,574)</u>	<u>-</u>	<u>(129,901)</u>	<u>(3,611,475)</u>
Total capital assets	<u><u>\$ 1,747,510</u></u>	<u><u>\$ 34,280</u></u>	<u><u>\$ (129,901)</u></u>	<u><u>\$ 1,651,889</u></u>

Depreciation expense was \$129,901, of which \$11,200 was allocated to technology, \$115,908 was allocated to facilities, and \$2,793 was allocated to vehicles.

NOTE 4 – DUE TO/FROM OTHER FUNDS

The following is the breakdown of the funds due to/from each other:

Funds	Due From	Due To
General Fund	\$ -	\$ 78,395
Capital Projects Fund	1,958	-
Grant Fund	-	82,746
Food Service Fund	<u>159,183</u>	<u>-</u>
	<u><u>\$ 161,141</u></u>	<u><u>\$ 161,141</u></u>

The School District, for cash management and internal control purposes, maintains a central checking account for purposes of expense disbursements and for most of its revenue receipts.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(Continued)

NOTE 5 – TAXES AND ASSESSMENTS

Taxes - The residents of Corinth and Topsham in their annual School District Meeting approve a total budget on behalf of the Waits River Valley Union #36 School District. The Towns bill and collect all taxes on behalf of the School District. All costs incurred in collecting taxes are borne by the Towns and the full amount of the tax levy is remitted to the School District.

Supervisory Union Assessment - The District is billed for its appropriate share of expenses related to the Orange East Supervisory Union, as well as special education expenses. The District paid \$944,122 of such expenses during the year ended June 30, 2023.

NOTE 6 - CONCENTRATION OF REVENUE

The School District receives approximately 85% of its revenue from Act 68 State Aid. This amount of Act 68 State Aid received by the School District is equal to the budgeted expenditures approved by the voters less expected other revenues for the year. Act 68 State Aid is funded with statewide property taxes. The State determines a different education property tax rate for homestead and non-homestead properties based on statewide information. The tax rate for homestead for towns in the School District is adjusted based on the amount of Act 68 State Aid in relation to the number of students in the respective towns. The tax rate for non-homestead property in these towns is not impacted by the amount of the School District's Act 68 State Aid. The State uses a common level of appraisal to equalize property values between communities.

In addition to Act 68, the School District receives grants from the State of Vermont for special education, transportation and other programs.

NOTE 7 - DEFINED BENEFIT PENSION PLANS & POSTEMPLOYMENT BENEFITS

Vermont State Teachers' Retirement System of Vermont

Plan description. The State of Vermont contributes on behalf of the School District to the Vermont State Teachers Retirement System (VSTRS) which is a cost sharing multiple employer defined benefit pension 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 classes is a condition of employment. During the year ended June 30, 2022, the retirement system 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).

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(Continued)

**NOTE 7 - DEFINED BENEFIT PENSION PLANS & POSTEMPLOYMENT BENEFITS
(continued)**

The Pension Plan is divided into the following membership groups:

- J Group A – for public school teachers employed within the State of Vermont prior to July 1, 1981 and who elected to remain in Group A
- J Group 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:

	<u>Group A</u>	<u>Group C - Group #1*</u>	<u>Group C - Group #2**</u>
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 plus 1.67% x service after 7/1/90 x AFC	1.25% x service prior to 6/30/90 x AFC plus 1.67% x service after 7/1/90 x AFC, 2.0% x ATF after attaining 20 years
Maximum Benefit payable	100% of AFC	53.34% of AFC	60% of AFC
Post-Retirement COLA	Full CPI, up to a maximum of 5% after 12 months of retirement	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 or age 65
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Early Retirement Reduction	Actuarial reduction	6% per year from age 62	Actuarial reduction
Disability Benefits	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 applies plus children's benefits up to maximum of three concurrently	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applies plus children's benefits up to maximum of three concurrently	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applies plus children's benefits up to maximum of three concurrently

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(Continued)

**NOTE 7 - DEFINED BENEFIT PENSION PLANS & POSTEMPLOYMENT BENEFITS
(continued)**

*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.

Significant Actuarial Assumptions and Methods

The total pension liability as of June 30, 2022 was determined by rolling forward the total pension liability as of June 30, 2021 to June 30, 2022.

Investment rate of return: 7.00%, net of pension plan investment expenses, including inflation.

Salary Increases: Ranging from 3.30% to 10.50%.

Mortality:

Pre-retirement: PubT-2010 Teacher Employee Table with generational projection using upscale MP-2019
Retiree Healthy Post-retirement: PubT-2010 Teacher Retiree Table with generational projection using upscale MP-2019

Beneficiary Healthy Post-retirement: 109% of the Pub-2010 Contingent Survivor Amount-Weighted Table with generational projection using MP-2019

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

Inflation: 2.3%

Spouse's Age: Females three years younger than males

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

) Assumed to occur on January 1 following two years of retirement at the rate of 1.20% per annum (beginning two years after the attainment of age 62 for members who elect reduced early retirement). The January 1, 2023, COLA is expected to be 2.00%. (This amount was required to be calculated in 2023 as a result of Act 114 and Act 173; however, it will not be applied to any members in 2023).

For all other members:

) Group A – Assumed to occur on January 1 following one year of retirement at the rate of 2.40% per annum. The January 1, 2022 COLA was 4.60%. The January 1, 2023 COLA is expected to be 5.00%.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(Continued)

**NOTE 7 - DEFINED BENEFIT PENSION PLANS & POSTEMPLOYMENT BENEFITS
(continued)**

J Groups B/C – Assumed to occur on January 1 following one year of retirement at the rate of 1.35% per annum (beginning one year after the attainment of age 62 for Group C members who elect reduced early retirement). The January 1, 2022 COLA was 2.30%. The January 1, 2023 COLA is expected to be 2.50%.

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

Assets: The valuation is based on the market value of assets as of the valuation date, as provided by the System. The System uses an “actuarial value of assets” that differs from the market value to gradually reflect year-to-year changes in the market value of assets in determining the contribution requirements.

Long-term expected rate of return:

The long-term expected rate of return on pension plan investments was determined using a building block method in which the 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 were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Passive Global Equities	24.00%	4.30%
Active Global Equities	5.00%	4.30%
U.S. Equity - large Cap	4.00%	3.25%
U.S. Equity - Small/Mid Cap	3.00%	3.75%
Non-U.S. Developed Market Equities	7.00%	5.00%
Private Equity	10.00%	6.50%
Emerging Markets Debt	4.00%	3.50%
Private & Alternate 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%
U.S. Tips	3.00%	-0.50%
Infrastructure/Farmland	4.00%	4.25%

The expected long-term real rates of return for these asset classes are calculated as the long-term nominal rates of return minus the expected long-term inflation rate of 2.3%.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(Continued)

**NOTE 7 - DEFINED BENEFIT PENSION PLANS & POSTEMPLOYMENT BENEFITS
(continued)**

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the System’s projected fiduciary net position exceeds projected benefits for current active and inactive members for all years. The analysis was based on the expectation that employers will continue to contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is comprised on 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 benefits payments to determine the total pension liability.

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.00%) or one percent higher (8.00%) than the current rate:

1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
\$5,153,098	\$4,047,699	\$3,129,312

State Teachers’ Retirement System of Vermont

The contribution made by the State on behalf of the participants in the State Teachers’ Retirement System is \$106,839 and is reported on Exhibit E. This amount is based on information provided by the State. For the government wide financials the amount the School District reports its proportionate share of pension expense was \$520,355. Of the School District's total payroll of \$2,538,688, \$1,584,325 was covered under the Vermont State Teachers’ Retirement System.

The government wide VSTRS on-behalf consists of the following:

VSTRS GASB 68 pension expense	\$ 520,355
VSTRS GASB 75 pension expense - (OPEB - see below)	89,767
	<u>\$ 610,122</u>

Plan Fiduciary Net Position - Detailed information about the Plan's fiduciary net position is available in the State of Vermont’s Comprehensive Annual Financial Report (CAFR). The CAFR can be viewed on the State’s Department of Finance and Management website.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(Continued)

**NOTE 7 - DEFINED BENEFIT PENSION PLANS & POSTEMPLOYMENT BENEFITS
(continued)**

Special Funding Situation

The State of Vermont is the nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the School District. Therefore the School District is considered to be in a special funding situation as defined in GASB No. 68 and the State of Vermont is treated as a nonemployer contributing entity to VSTRS. Effective July 1, 2015, the State is assessing a \$1,402 annual charge for teacher's health care for all new teachers hired during the year. The total amount paid by the School District was \$26,638 for the year ended June 30, 2023. Since the School District does not contribute directly to VSTRS, no net pension liability is recorded by the School District. However, the notes to the financial statements of the School District must disclose the portion of the State's share of the collective net pension liability that is associated with the School District. In addition, each School District recognizes its portion of the collective pension expense as both revenue and pension expense.

Vermont State Teachers' Retirement System of Vermont – Postemployment Benefits

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

The plan covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 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 (ex-officio); the State Treasurer (ex-officio); the Commissioner of Financial Regulation (ex-officio); two trustees and one alternate who are members of the system (each elected by the system under rules adopted by the Board) and one trustee and one alternate who are retired members of the system receiving retirement benefits (who are elected by the Association of Retired Teachers of Vermont).

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

Summary of Plan

Eligibility:

VSTRS retirees and their spouses are eligible for health coverage if the retiree is eligible for pension benefits. Pension eligibility requirements are below:

-) Group A – Public school teachers employed within the State of Vermont prior to July 1, 1981 and elected to remain in Group A
 - o Retirement: Attainment of 30 years of creditable service, or age 55

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(Continued)

**NOTE 7 - DEFINED BENEFIT PENSION PLANS & POSTEMPLOYMENT BENEFITS
(continued)**

- J 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 Group B members in service on July 1, 1990 are now Group C members. Grandfathered participants are Group C members who were within five years of normal retirement eligibility as defined prior to July 1, 2010.
- o Retirement Group C Grandfathered: Attainment of age 62, or 30 years creditable service, or age 55 with 5 years of creditable service.
 - o Retirement Group C Non-grandfathered: Attainment of age 65, or age plus creditable service equal to 90, or age 55 with 5 years of creditable service.

Vesting and Disability: 5 years of creditable service. Participants who terminate with 5 years of service under the age of 55 may elect coverage upon receiving pension benefits.

Benefit Types: Medical and prescription drug. Retirees pay the full cost for dental benefits.

Duration of Coverage: Lifetime.

Spousal Benefits: Same benefits as for retirees.

Spousal Coverage: Lifetime.

Retiree Contributions:

Retired before June 30, 2010:

Retirees with at least 10 years of service pay premium costs in excess of an 80% VSTRS subsidy. Retirees with less than 10 years of service do not receive any premium subsidy.

Spouses do not receive any premium subsidy, regardless of the retiree's service.

Retired after June 30, 2010:

Retirees pay premium costs in excess of the following VSTRS subsidy, based on service:

<u>Retiree Subsidy Level</u>	<u>Subsidy</u>
Years of Service at June 30, 2010	
10 years or more	80%
Less than 10 years	
Less than 15 years at retirement	0%
15-19.99 years at retirement	60%
20-24.99 years at retirement	70%
25 or more years at retirement	80%

Spouses of retirees can receive an 80% subsidy, if they meet the following requirements:

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(Continued)

**NOTE 7 - DEFINED BENEFIT PENSION PLANS & POSTEMPLOYMENT BENEFITS
(continued)**

Spouse Coverage with 80% Subsidy

Years of Service at June 30, 2010	Required Years of Service at Retirement
Less than 10 years	25 years of service at retirement
Between 10 and 14.99 years	25 years of service at retirement
Between 15 and 24.99 years	10 additional years from June 30, 2010
Between 25 and 29.99 years	35 years of service at retirement
30 or more years	5 additional years from June 30, 2010

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

Premium Reduction Option:

Participants retiring on or after January 1, 2007 with a VSTRS premium subsidy have a one-time option to reduce the VSTRS subsidy percentage during the retiree's life so that a surviving spouse may continue to receive the same VSTRS subsidy for the spouse's lifetime. If the retiree elects the joint and survivor pension option but not the Premium Reduction Option, spouses are covered for the spouse's lifetime but pay 100% of the plan premium after the retiree's death.

Actuarial assumptions

The Net OPEB Liability was measure 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: the discount rate used to measure the total OPEB Liability was 7.00%.

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

Age	Annual Rate of Salary Increase
20	10.5%
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: 2.00%

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(Continued)

**NOTE 7 - DEFINED BENEFIT PENSION PLANS & POSTEMPLOYMENT BENEFITS
(continued)**

Mortality Rates:

Pre-retirement mortality: PubT-2010 Teacher Employee Headcount-Weighted Table with generational projection using scale MP-2019

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

Spouses: 109% of the Pub2010 Contingent Survivor Headcount-Weighted Table with generational projection using scale MP-2019

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

Actuarial Cost Method: Entry-Age Normal, Level Percentage of Pay

Asset Valuation Method: Market Value

Measurement Date: June 30, 2022

Actuarial Valuation Date: June 30, 2021

Per Capita Cost Development:

Non-Medicare Medical and Prescription Drug

Per capita claims costs were based a weighted average of the premium rates effective January 1, 2023. Actuarial factors were then applied to the weighted average cost to estimate individual retiree and spouse costs by age and by gender.

Medicare Medical and Prescription Drug \$300 Comprehensive and JY Plan:

Per capita claims costs were based on a weighted average of the premium rates effective January 1, 2023. Actuarial factors were then applied to the weighted average cost to estimate individual retiree and spouse costs by age and by gender.

Medicare Medical VSTRS 65:

Per capita claims costs were based on a weighted average of the premium rates effective January 1, 2023. Actuarial factors were then applied o the weighted average cost to estimate individual retiree and spouse costs by age and gender.

Administrative Expenses

Per capita expenses were based on expenses effective for calendar year 2023.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(Continued)

**NOTE 7 - DEFINED BENEFIT PENSION PLANS & POSTEMPLOYMENT BENEFITS
(continued)**

Per Capita Health Costs:

Medical and prescription drug claims for the year beginning July 1, 2022 are shown in the table below for retirees and for spouses at selected ages. These costs are net of deductibles and other benefit plan cost sharing provisions.

Age	Non-Medicare				Medicare \$300 Comprehensive and JY Plan								Medicare VSTRS 65			
	Retiree		Spouse		Retiree		Spouse		Retiree		Spouse		Retiree		Spouse	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
50	\$ 12,150	\$ 13,839	\$ 8,487	\$ 11,112	\$ 4,092	\$ 3,478	\$ 4,092	\$ 3,478	\$ 1,658	\$ 1,409	\$ 1,658	\$ 1,409				
55	14,430	14,898	11,356	12,862	4,743	3,748	4,743	3,748	1,922	1,519	1,922	1,519				
60	17,136	16,058	15,203	14,918	5,111	4,035	5,111	4,035	2,071	1,635	2,071	1,635				
64	19,660	17,035	19,192	16,790												

Administrative Expenses:

For participants over age 65 with health and welfare coverage, an annual administrative expense of \$93 for the year beginning July 1, 2022 was added to projected incurred claim costs in developing the benefit obligations. These annual administrative expenses are projected to increase at 3% per year thereafter.

Health Care Cost Trend Rates:

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The rates shown below are “net“ and are applied to the net per capita costs shown above. The trend shown for a particular plan year is the rate that is applied to that year’s cost to yield the next year’s projected cost.

Year Ending June 30	Non-Medicare	Medicare \$300 Comprehensive and JY Plan	Medicare VSTRS 65
2023	7.12	6.50	4.50
2024	6.90	6.33	4.50
2025	6.68	6.16	4.50
2026	6.46	5.99	4.50
2027	6.24	5.82	4.50
2028	6.02	5.65	4.50
2029	5.80	5.48	4.50
2030	5.58	5.31	4.50
2031	5.36	5.14	4.50

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(Continued)

**NOTE 7 - DEFINED BENEFIT PENSION PLANS & POSTEMPLOYMENT BENEFITS
(continued)**

Year Ending June 30	Non-Medicare	Medicare \$300 Comprehensive and JY Plan	Medicare VSTRS 65
2032	5.14	4.97	4.50
2033	4.92	4.80	4.50
2034	4.70	4.63	4.50
2034 & Later	4.50	4.50	4.50

The trend rate assumptions were developed using Segal’s internal guidelines, which are established each year using data sources such as the Segal Health Trend Survey, internal client results, trends from other published surveys prepared by the S&P Dow Jones Indices, consulting firms and brokers, and CPI statistics published by the Bureau of Labor Statistics.

Retiree Contribution Increase Rate:

Retiree contributions were assumed to increase with health trend. Retiree contribution rates were based on premiums effective July 1, 2023, trended back to the valuation date.

Health Care Reform Assumption:

The valuation does not reflect the potential impact of any future changes due to prior or pending legislation.

The following presents the other post-employment benefit liability calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate:

1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
\$1,935,311	\$1,697,791	\$1,500,245

The following presents the total OPEB liability of the School District, as well as what the School District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
\$1,476,452	\$1,697,791	\$1,972,433

NOTE 8 – LEASE COMMITMENTS

The School District leases various pieces of office equipment under lease arrangements with various terms and payments ranging from \$128 per month to \$475. Lease payments made under these lease agreements totaled \$8,362 during the year ending June 30, 2023.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(Continued)

NOTE 9 – SHORT TERM DEBT

During the year ending June 30, 2023, the School District executed a short term borrowing arrangement with a borrowing capacity of \$1,156,477 from Community Bank, N.A., which charged interest at 2.15%. The School District had drawdowns on this arrangement noted below. The arrangement was paid in full during June 2023.

The following is a summary of the changes in short-term-debt:

Beginning balance	\$ -
Proceeds from Tax Anticipation Notes	860,000
Repayment of Tax Anticipation Notes	<u>(860,000)</u>
Ending balance	<u><u>\$ -</u></u>

Total interest expense for all debt during the year included in the education expenses on Exhibit B and E is \$8,281.

NOTE 10 – FUND BALANCES/NET POSITION

GASB Statement No. 34, as amended by GASB Statement No. 54, requires fund balances reported on the governmental fund balance sheet to be classified using a hierarchy based primarily on the extent to which a government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balances are to be classified as: nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Board of School Director's intended use of the resources); and unassigned.

Special Revenue Funds are created only to report a revenue (or sources) that is restricted or committed to a specified purpose, and that the revenue source should constitute a substantial portion of the resources reported in that fund. Special Revenue Funds cannot be used to accumulate funds that are not restricted or committed. These amounts will have to be reflected in the General Fund.

Amounts constrained to stabilization will be reported as restricted or committed fund balance in the General Fund if they meet the other criteria for those classifications. However, stabilization is regarded as a specified purpose only if the circumstance or conditions that signal the need for stabilization (a) are identified in sufficient detail and (b) are not expected to occur routinely. The School District does not have any stabilization arrangements.

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. The School District does not have any minimum fund balance policies.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(Continued)

NOTE 10 – FUND BALANCES/NET POSITION (continued)

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, it is the School District’s policy to first consider restricted amounts to have been spent, followed by committed, assigned, and finally unassigned amounts.

The fund balances in the following funds are restricted as follows:

Special Revenue Funds:

Restricted for Food Service Fund	<u>\$ 168,747</u>
Total Restricted Fund Balances	<u>\$ 168,747</u>

The fund balances in the following funds are committed as follows:

<u>Capital Projects Fund</u>				
Committed for capital improvements				<u>\$ 220,777</u>
Total Committed Fund Balances				<u>\$ 220,777</u>

NOTE 11 - RECONCILIATION OF EXHIBIT E TO EXHIBIT G

Amounts recorded in the Statement of Revenues, Expenditures and Change in Fund Balance Budget to Actual – General Fund (Exhibit G) are reported on the basis budgeted by the School District. Amounts recorded in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit E) for the General Fund were adjusted for on behalf payments of fringe benefits (see Note 1 and 7) as follows:

	<u>Revenues</u>	<u>Expenditures</u>
Exhibit E	\$ 6,227,135	\$ 6,473,377
On behalf payments	<u>(106,839)</u>	<u>(106,839)</u>
Exhibit G	<u>\$ 6,120,296</u>	<u>\$ 6,366,538</u>

NOTE 12 – BUDGETARY COMPARISON SCHEDULES

The School District is not legally required to adopt budgets for the Food Service Fund. Therefore, a budgetary comparison is not presented for this fund.

NOTE 13 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The School District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the School District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(Continued)

NOTE 13 - RISK MANAGEMENT (continued)

In addition, the School District is a member of the Vermont School Boards' Association Insurance Trust, Inc. (VSBIT) Medical Benefits Program and Unemployment Compensation Program. VSBIT is a nonprofit corporation formed in 1978 to provide insurance and risk management programs for Vermont school districts and is owned by the participating districts.

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

NOTE 14 – CONTINGENCIES

The School District participates in a number of federally-assisted and State grant programs which are subject to audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events February 8, 2024, the date which the financial statements were available for issue. Management is not aware of any subsequent events which require disclosure.

VERMONT STATE TEACHERS RETIREMENT SYSTEM
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

AS OF MEASUREMENT DATE JUNE 30,

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Plan Net Pension Liability	\$ 1,928,558,829	\$ 1,695,489,780	\$ 1,951,128,430	\$ 1,560,624,850	\$ 1,510,705,475	\$ 1,482,403,515	\$ 1,309,523,451	\$ 1,186,504,853	\$ 958,436,990
School District's Proportion of the Net Pension Liability	0.20988%	0.21088%	0.21258%	0.19479%	0.20399%	0.24177%	0.24140%	0.21160%	0.22730%
School District's Proportionate Share of the Net Pension Liability	\$ 4,047,699	\$ 3,575,519	\$ 4,147,621	\$ 3,039,945	\$ 3,081,660	\$ 3,583,995	\$ 3,161,296	\$ 2,510,468	\$ 2,178,364
School District's Covered Employee Payroll	\$ 1,584,325	\$ 1,529,542	\$ 1,517,333	\$ 1,338,469	\$ 1,379,031	\$ 1,597,623	\$ 1,563,836	\$ 1,180,028	\$ 1,288,369
Proportionate Share of the Net Pension Liability as a Percentage of Covered - Employee Payroll	255.4841%	233.7640%	273.3494%	227.1211%	223.4656%	224.3330%	202.1501%	212.7465%	169.0792%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.81% as of June 30, 2022	58.83% as of June 30, 2021	50.00% as of June 30, 2020	54.96% as of June 30, 2019	54.81% as of June 30, 2018	53.98% as of June 30, 2017	55.31% as of June 30, 2016	58.22% as of June 30, 2015	64.02% as of June 30, 2014

Notes to Schedule:

Benefit Changes: None.

Significant Actuarial Assumptions: Refer to Note 7 for a description of the significant actuarial assumptions and other relevant information of the plan.

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

To the Board of Directors
Waits River Valley Union #36 School District
East Corinth, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Waits River Valley Union #36 School District (the "School District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated February 8, 2024.

Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Wisehart, Wimetite & Assoc., P&C

Registration number VT092.0000684

February 8, 2024