

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

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PLODZIK & SANDERSON

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of School Directors
Rivendell Interstate School District
Orford, New Hampshire

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter – Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Rivendell Interstate 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.

***Rivendell Interstate School District
Independent Auditor's Report***

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, 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 Rivendell Interstate 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 Rivendell Interstate School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rivendell Interstate School District's basic financial statements. The combining and individual fund schedules and the Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

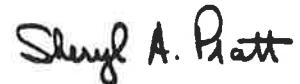
***Rivendell Interstate School District
Independent Auditor's Report***

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2024 on our consideration of the Rivendell Interstate 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Rivendell Interstate School District's internal control over financial reporting and compliance.

January 19, 2024
Concord, New Hampshire



PLODZIK & SANDERSON
Professional Association

RIVENDELL INTERSTATE SCHOOL DISTRICT
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023

The purpose of this discussion and analysis is to serve as an introduction to the Rivendell Interstate School District's basic financial statements, as well as to provide additional information intended to assist the reader in understanding the District's financial activities.

BASIC FINANCIAL STATEMENTS

The financial statements consist of four components: 1) government-wide financial statements; 2) fund financial statements; 3) notes to financial statements; and 4) required supplementary information.

In addition, other supplementary information is also included in this report which includes the combining and individual fund schedules as well as the Schedule of Expenditures of Federal Awards.

1) Government-Wide Financial Statements

The government-wide financial statements report financial information for the School District as a whole. Included in this section are a Statement of Net Position and a Statement of Activities.

Table 1 – Statement of Net Position

For the year ended June 30, 2023, accounting shows an increase in net position of 23.39%, summarized as follows.

	2023	2022	Change 2022-2023	% Change 2022-2023
Assets				
Current and other Assets	\$ 3,032,526	\$ 2,597,533	\$ 434,993	16.75%
Capital assets, being depreciated	250,000	250,000	-	0.00%
Capital assets, not being depreciated	6,474,655	6,511,627	(36,972)	-0.57%
Total assets	<u>9,757,181</u>	<u>9,359,160</u>	<u>398,021</u>	<u>4.25%</u>
Deferred Outflows of Resources	<u>894,812</u>	<u>765,142</u>	<u>129,670</u>	<u>16.95%</u>
Liabilities				
Other Liabilities	1,060,849	1,519,261	(458,412)	-30.17%
Long Term Liabilities	3,951,421	3,531,725	419,696	11.88%
Total Liabilities	<u>5,012,270</u>	<u>5,050,986</u>	<u>(38,716)</u>	<u>-0.77%</u>
Deferred Inflows of Resources	<u>375,056</u>	<u>806,498</u>	<u>(431,442)</u>	<u>-53.50%</u>
Net Position				
Net Investment in Capital Assets	5,544,655	5,116,627	428,028	8.37%
Restricted Net Position	38,774	40,315	(1,541)	-3.82%
Unrestricted Net Position	(318,762)	(890,124)	571,362	64.19%
Total Net Position	<u>\$ 5,264,667</u>	<u>\$ 4,266,818</u>	<u>\$ 997,849</u>	<u>23.39%</u>

*1 – 16.75% increase in cash on hand over previous year

*2 – These items refer to changes in pensions and other post-employment benefits

*3 – 63.68% can be attributed, in part, to the \$697,074 General Fund Budget Surplus

Table 2 – Statement of Activities

The Statement of Activities provides an important record of overall expenses and revenues for the fiscal year; these are displayed below. FY '23 revenues increased 9.12% over the prior year, while expenses increased by 6.26% over the same period. The overall change in net position for the District was favorable at 23.39%.

Rivendell Interstate School District Governmental Activities Statement of Activities Two Year Comparison				
	June 30, 2023	June 30, 2022	Change	Change in %
Revenues				
Program Revenue				
Charges for Services	\$ 678,012	\$ 480,241	\$ 197,771	41.18%
Operating Grants & Contributions	3,513,464	3,947,701	(434,237)	-11.00%
Capital Grants & Contributions	76,110	76,110	-	0.00%
General Revenue				
School District Assessment	3,037,509	2,676,449	361,060	13.49%
Grants and Contributions not Restricted to Specific Programs	8,804,166	7,597,702	1,206,464	15.88%
Unrestricted Investment Income	50,962	5,487	45,475	828.78%
Miscellaneous	34,030	56,817	(22,787)	-40.11%
Total Revenues	16,194,253	14,840,507	1,353,746	9.12%
Program Expenses:				
Instruction	9,160,966	8,368,662	792,304	9.47%
Support Services:				
Student	1,291,361	1,188,850	102,511	8.62%
Instructional Staff	331,792	366,478	(34,686)	-9.46%
General Administration	66,619	57,694	8,925	15.47%
Executive Administration	186,522	178,211	8,311	4.66%
School Administration	1,174,756	1,066,022	108,734	10.20%
Business	759,162	878,397	(119,235)	-13.57%
Operation and Maintenance of Plant	892,804	1,107,833	(215,029)	-19.41%
Student Transportation	726,763	726,289	474	0.07%
Other	5,711	6,462	(751)	-11.62%
Noninstructional Services	338,159	276,099	62,060	22.48%
Interest on long term debt	36,190	51,129	(14,939)	-29.22%
Facilities acquisition and construction	225,599	29,524	196,075	664.12%
Total Expenses	15,196,404	14,301,650	894,754	6.26%
Change in Net Position	997,849	538,857	458,992	85.18%
Net Position, beginning	4,266,818	3,727,961	538,857	14.45%
Net Position, ending	\$ 5,264,667	\$ 4,266,818	\$ 997,849	23.39%

Expenses were impacted by actuarial valuations to pensions and other post-employment benefits (OPEB). Revenues were significantly influenced by the continued influx of federal ESSER Funds. The overall change in net position is attributable, in part, to a resulting General Fund surplus of \$697,074.

Table 3 – Statement of Long-Term Liabilities

	Long Term Liabilities Two Year Comparison			
	Governmental Activities		Increase	% Increase
	2023	2022	(Decrease)	(Decrease)
Bond payable - Direct Placement	\$ 1,180,000	\$ 1,645,000	\$ (465,000)	-28.27%
Net Pension Liability	2,490,456	1,642,880	847,576	51.59%
Net Pension Liability	280,965	243,845	37,120	15.22%
Total Long Term Debt	\$ 3,951,421	\$ 3,531,725	\$ 419,696	11.88%

District incurred no new long-term debt and continued to retire existing debt.

Table 4 – Statement of Capital Assets

The District experienced a (.55)% reduction in net book value of capital assets due to depreciation during FY '23.

Capital Assets (Net of Depreciation) Two Year Comparison				
	Governmental Activities		Increase (Decrease)	% Increase (Decrease)
	2023	2022		
At cost:				
Not being depreciated:				
Land	\$ 250,000	\$ 250,000	\$ -	0.00%
Being depreciated:				
Land improvements	75,865	75,865	-	0.00%
Buildings	9,548,528	9,548,528	-	0.00%
Building Improvements	2,408,041	2,162,441	245,600	11.36%
Infrastructure	434,439	434,439	-	0.00%
Vehicles	137,906	137,906	-	0.00%
Machinery, equipment and furniture	644,518	619,035	25,483	4.12%
Total capital assets being depreciated	13,249,297	12,978,214	271,083	2.09%
Total all capital assets	13,499,297	13,228,214	271,083	2.05%
Less accumulated depreciation				
Land improvements	(75,865)	(75,865)	-	0.00%
Buildings	(4,412,445)	(4,223,220)	(189,225)	4.48%
Building Improvements	(1,319,456)	(1,256,799)	(62,657)	4.99%
Infrastructure	(281,573)	(274,904)	(6,669)	2.43%
Vehicles	(65,754)	(48,516)	(17,238)	35.53%
Machinery, equipment and furniture	(619,549)	(587,283)	(32,266)	5.49%
Total Accumulated Depreciation	(6,774,642)	(6,466,587)	(308,055)	4.76%
Net book value, capital assets being depreciated	6,474,655	6,511,627	(36,972)	-0.57%
Net book value, all capital assets	\$ 6,724,655	\$ 6,761,627	\$ (36,972)	-0.55%

2) Fund Financial Statements

General Fund

The General Fund is what most people think of as “the budget” since it is largely supported by locally raised taxes. The General Fund total appropriation for FY '23 was 12,871,053. The General Fund was supported by revenues of \$3,881,909 from NH sources and tax assessments; \$9,003,830 from VT grants and state tax sources; and a smaller portion, \$507,170, from other local sources [Exhibit D-1, Statement of Revenues, Expenditures, and Fund Balance].

In FY '23, the General Fund produced a net excess of revenues over expenditures of \$697,074. As a result, the General Fund Unassigned Fund Balance increased by \$686,331; and the Non-spendable Fund Balance increased by \$10,743, due to some pre-paid expenses. At the close of FY '23 the General Fund Unassigned Fund Balance was \$1,482,346.

Grant Fund

The Grant Fund should be self-sustaining – grant revenue equal to grant expenses. While this is true over time, at the end of any given fiscal year a balance may exist. This is either because of funding in advance of expenditure or grant expenditure reimbursement due but not yet received. The Grant Fund does not require local tax dollar support.

The Grant Fund ended FY '23 with revenues matching expenditures of \$1,088,338. The Grant Fund as a whole ended the fiscal year with deferred inflows of resources totaling \$210,612 and no fund balance [Exhibits C-1 and C-3, Governmental Funds].

Food Services Fund

In FY23, Vermont piloted Universal Meals as a statewide program. This was a one-year program pending legislation that, ultimately, made it permanent. The original legislation did not address the status of the non-VT students in an interstate school district. As a cautionary measure, we carried forward a small surplus in the Food Services account from FY22 to FY23.

The School District's financial goals with reference to the food service program align with federal regulations which require any deficit to be recouped from the general fund. With Act 64's explicit inclusion of Rivendell's NH students, it was not necessary to transfer any funds from the General Fund into the Food Service fund during FY23.

Notes to the Financial Statements

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

3) Additional Management Discussion Items

Fiscal and Management Controls

Due to the increase in Federal Funding through the ESSER Grants, Uniform Guidance required the District to undergo a single audit. That audit was completed with no findings and an opinion that the District had complied with the requirements of federal programs.

The Business Office continues to focus on a general tightening of controls. This is being accomplished in two ways. First, the District is continuing to refine the usage of the financial control software adopted in FY20 driven by initiatives originated within the Vermont State Agency of Education which broadly impacts all areas of accounts payable; payroll; human resources; and management reporting and control. As a result, the District is experiencing tighter budgetary control and more consistent and efficient reporting.

Secondly, the District Office continues its review of existing policies and procedures, updating those as needed. The updated policies are brought to the School Board for their review and approval. Additionally, we cross-check our existing policies against those required by both the states, developing any missing policies. These are also brought to the School Board for review and approval.

Other concerns mentioned in the Auditors' letter to the School Board, including better controls over Student Activity Funds and procedures around purchasing, have been addressed with those responsible with a plan for correction in the works.

Future Financial Position

The taxpayers of Rivendell have a long history of strong support for the education of their children and for providing the financial resources for a quality education. There is no indication of any change. Our planning assumption is that this support will continue.

We foresee a future in which there will be continued budget pressures from escalating salary and health insurance costs. Additionally, there is a need for investment in preventative capital maintenance and technology upkeep.

Recognizing the importance of fiscal restraint, the Administration is committed to containing cost increases and keeping budgets as low as possible while still providing a sound education for each child.

Contacting the School District's Financial Management

This financial report is designed to provide a general overview of the School District's finances, to comply with finance-related laws and regulations, and to demonstrate the School District's commitment to public accountability.

If you have any questions about this report or would like to request additional information, please contact the Rivendell School District's SAU Office at 10 School Drive (PO Box 271), Orford, NH 03777 or contact the School District's Business Office Administrator at (603) 353-2170 Extension 2130.

BASIC FINANCIAL STATEMENTS

EXHIBIT A
RIVENDELL INTERSTATE SCHOOL DISTRICT
Statement of Net Position
June 30, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,230,155
Other receivables	32,411
Intergovernmental receivable	757,740
Inventory	1,477
Prepaid items	10,743
Capital assets, not being depreciated	250,000
Capital assets, net of accumulated depreciation	6,474,655
Total assets	9,757,181
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	855,519
Amounts related to other postemployment benefits	39,293
Total deferred outflows of resources	894,812
LIABILITIES	
Accounts payable	34,948
Accrued salaries and benefits	783,016
Intergovernmental payable	238,747
Accrued interest payable	4,138
Noncurrent obligations:	
Due within one year	460,000
Due in more than one year	3,491,421
Total liabilities	5,012,270
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - grants and donations	210,675
Amounts related to pensions	158,349
Amounts related to other postemployment benefits	6,032
Total deferred inflows of resources	375,056
NET POSITION	
Net investment in capital assets	5,544,655
Restricted	38,774
Unrestricted	(318,762)
Total net position	\$ 5,264,667

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

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

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 9,160,966	\$ 535,501	\$ 2,528,018	\$ -	\$ (6,097,447)
Support services:					
Student	1,291,361	-	224,503	-	(1,066,858)
Instructional staff	331,792	-	91,263	-	(240,529)
General administration	66,619	-	-	-	(66,619)
Executive administration	186,522	-	-	-	(186,522)
School administration	1,174,756	-	127,347	-	(1,047,409)
Business	759,162	-	-	-	(759,162)
Operation and maintenance of plant	892,804	-	-	76,110	(816,694)
Student transportation	726,763	-	331,644	-	(395,119)
Other	5,711	-	1,082	-	(4,629)
Noninstructional services	338,159	142,511	208,022	-	12,374
Interest on long-term debt	36,190	-	-	-	(36,190)
Facilities acquisition and construction	225,599	-	1,585	-	(224,014)
Total governmental activities	<u>\$ 15,196,404</u>	<u>\$ 678,012</u>	<u>\$ 3,513,464</u>	<u>\$ 76,110</u>	<u>(10,928,818)</u>
General revenues:					
School district assessment - Orford					3,037,509
Grants and contributions not restricted to specific programs					8,804,166
Interest					50,962
Miscellaneous					34,030
Total general revenues					<u>11,926,667</u>
Change in net position					997,849
Net position, beginning					4,266,818
Net position, ending					<u>\$ 5,264,667</u>

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

EXHIBIT C-1
RIVENDELL INTERSTATE SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2023

	General	Grants	Food Service	Student Activities	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,137,295	\$ -	\$ 16,536	\$ 76,324	\$ 2,230,155
Accounts receivable	32,411	-	-	-	32,411
Intergovernmental receivable	456,467	284,205	17,068	-	757,740
Interfund receivables	36,473	-	10,161	-	46,634
Inventory	-	-	1,477	-	1,477
Prepaid items	10,743	-	-	-	10,743
Total assets	\$ 2,673,389	\$ 284,205	\$ 45,242	\$ 76,324	\$ 3,079,160
LIABILITIES					
Accounts payable	\$ 28,543	\$ -	\$ 6,405	\$ -	\$ 34,948
Accrued salaries and benefits	783,016	-	-	-	783,016
Intergovernmental payable	201,627	37,120	-	-	238,747
Interfund payable	10,161	36,473	-	-	46,634
Total liabilities	1,023,347	73,593	6,405	-	1,103,345
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - grants and donations	-	210,612	63	-	210,675
FUND BALANCES					
Nonspendable	10,743	-	1,477	-	12,220
Restricted	-	-	37,297	-	37,297
Committed	156,953	-	-	-	156,953
Assigned	-	-	-	76,324	76,324
Unassigned	1,482,346	-	-	-	1,482,346
Total fund balances	1,650,042	-	38,774	76,324	1,765,140
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,673,389	\$ 284,205	\$ 45,242	\$ 76,324	\$ 3,079,160

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

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

Total fund balances of governmental funds (Exhibit C-1)		\$ 1,765,140
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 13,499,297	
Less accumulated depreciation	<u>(6,774,642)</u>	6,724,655
Pension and other postemployment benefits (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 855,519	
Deferred inflows of resources related to pensions	(158,349)	
Deferred outflows of resources related to OPEB	39,293	
Deferred inflows of resources related to OPEB	<u>(6,032)</u>	730,431
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (46,634)	
Payables	<u>46,634</u>	-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(4,138)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bonds	\$ 1,180,000	
Net pension liability	2,490,456	
Other postemployment benefits	<u>280,965</u>	<u>(3,951,421)</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 5,264,667</u></u>

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

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

	General	Grants	Food Service	Student Activities	Total Governmental Funds
REVENUES					
School district assessment - Orford	\$ 3,037,509	\$ -	\$ -	\$ -	\$ 3,037,509
Other local	527,012	38,592	10,271	93,481	669,356
State - New Hampshire	844,400	1,999	-	-	846,399
State - Vermont	9,003,830	-	136,727	-	9,140,557
Federal	-	1,047,747	169,086	-	1,216,833
Total revenues	<u>13,412,751</u>	<u>1,088,338</u>	<u>316,084</u>	<u>93,481</u>	<u>14,910,654</u>
EXPENDITURES					
Current:					
Instruction	6,821,003	598,727	-	80,337	7,500,067
Support services:					
Student	1,053,376	224,503	-	-	1,277,879
Instructional staff	212,417	91,263	-	-	303,680
General administration	66,599	-	-	-	66,599
Executive administration	175,559	-	-	-	175,559
School administration	1,047,064	127,347	-	-	1,174,411
Business	758,939	-	-	-	758,939
Operation and maintenance of plant	1,064,361	-	-	-	1,064,361
Student transportation	703,233	9,382	-	-	712,615
Other	-	1,082	-	-	1,082
Noninstructional services	-	34,449	317,625	-	352,074
Debt service:					
Principal	465,000	-	-	-	465,000
Interest	39,517	-	-	-	39,517
Facilities acquisition and construction	224,014	1,585	-	-	225,599
Total expenditures	<u>12,631,082</u>	<u>1,088,338</u>	<u>317,625</u>	<u>80,337</u>	<u>14,117,382</u>
Net change in fund balances	781,669	-	(1,541)	13,144	793,272
Fund balances, beginning	868,373	-	40,315	63,180	971,868
Fund balances, ending	<u>\$ 1,650,042</u>	<u>\$ -</u>	<u>\$ 38,774</u>	<u>\$ 76,324</u>	<u>\$ 1,765,140</u>

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

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

Net change in fund balances of total governmental funds (Exhibit C-3)		\$ 793,272
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures in the current year as follows:		
Capitalized capital outlay	\$ 271,083	
Depreciation expense	<u>(308,055)</u>	(36,972)
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Principal repayment of bonds		465,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 3,327	
Net change in net pension liability and deferred outflows and inflows of resources related to pensions	(204,811)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>(21,967)</u>	<u>(223,451)</u>
Change in net position of governmental activities (Exhibit B)		<u><u>\$ 997,849</u></u>

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

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

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
School district assessment - Orford	\$ 3,037,509	\$ 3,037,509	\$ -
Other local	566,000	507,170	(58,830)
State - New Hampshire	829,429	844,400	14,971
State - Vermont	8,438,115	9,003,830	565,715
Total revenues	<u>12,871,053</u>	<u>13,392,909</u>	<u>521,856</u>
EXPENDITURES			
Current:			
Instruction	6,753,589	6,821,003	(67,414)
Support services:			
Student	1,092,888	1,053,376	39,512
Instructional staff	286,781	212,417	74,364
General administration	69,353	66,599	2,754
Executive administration	191,030	175,559	15,471
School administration	1,054,384	1,047,064	7,320
Business	774,599	746,659	27,940
Operation and maintenance of plant	1,101,249	1,037,249	64,000
Student transportation	702,662	703,233	(571)
Debt service:			
Principal	465,000	465,000	-
Interest	49,518	39,517	10,001
Facilities acquisition and construction	110,000	108,159	1,841
Total expenditures	<u>12,651,053</u>	<u>12,475,835</u>	<u>175,218</u>
Excess of revenues over expenditures	<u>220,000</u>	<u>917,074</u>	<u>697,074</u>
OTHER FINANCING USES			
Transfers out	<u>(220,000)</u>	<u>(220,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	697,074	<u>\$ 697,074</u>
Increase in nonspendable fund balance		(10,743)	
Unassigned fund balance, beginning		796,015	
Unassigned fund balance, ending		<u>\$ 1,482,346</u>	

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

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

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Other local	\$ -	\$ 38,592	\$ 38,592	\$ -
State - New Hampshire	-	1,999	1,999	-
Federal	411,665	1,047,747	1,047,747	-
Total revenues	<u>411,665</u>	<u>1,088,338</u>	<u>1,088,338</u>	<u>-</u>
EXPENDITURES				
Current:				
Instruction	411,665	598,727	598,727	-
Support services:				
Student	-	224,503	224,503	-
Instructional staff	-	91,263	91,263	-
School administration	-	127,347	127,347	-
Student transportation	-	9,382	9,382	-
Other	-	1,082	1,082	-
Noninstructional services	-	34,449	34,449	-
Facilities acquisition and construction	-	1,585	1,585	-
Total expenditures	<u>411,665</u>	<u>1,088,338</u>	<u>1,088,338</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning			-	
Fund balance, ending			<u>\$ -</u>	

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

EXHIBIT D-3
RIVENDELL INTERSTATE SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
Food Service Fund
For the Fiscal Year Ended June 30, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Other local	\$ -	\$ 10,271	\$ 10,271
State - Vermont	2,500	136,727	134,227
Federal	162,500	169,086	6,586
Total revenues	<u>165,000</u>	<u>316,084</u>	<u>151,084</u>
EXPENDITURES			
Current:			
Noninstructional services	<u>253,321</u>	<u>317,625</u>	<u>(64,304)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(88,321)</u>	<u>(1,541)</u>	<u>86,780</u>
OTHER FINANCING SOURCES			
Transfers in	<u>88,321</u>	<u>-</u>	<u>(88,321)</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,541)</u>	<u>\$ (1,541)</u>
Fund balance, beginning		40,315	
Fund balance, ending		<u>\$ 38,774</u>	

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

EXHIBIT E-1
RIVENDELL INTERSTATE SCHOOL DISTRICT
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2023

	Private Purpose Trust
ASSETS	
Cash and cash equivalents	<u>\$ 39,448</u>
NET POSITION	
Restricted	<u>\$ 39,448</u>

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

EXHIBIT E-2
RIVENDELL INTERSTATE SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2023

	Private Purpose Trust
ADDITIONS	
Contributions	\$ 1,100
Investment earnings	41
Total additions	1,141
DEDUCTIONS	
Other	223
Scholarships	1,000
Total deductions	1,223
Change in net position	(82)
Net position, beginning	39,530
Net position, ending	\$ 39,448

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1-A Reporting Entity

The Rivendell Interstate School District is organized as an interstate public educational district under applicable Vermont and New Hampshire interstate compact and articles of agreement, approved by the member districts on July 9, 1998. The laws and regulations of the State of Vermont are used to establish school and educational standards. The School District is governed by a Board of School Directors elected by registered voters of the District, to provide education to the residents of the member Towns. Unless otherwise noted in the auditor's report, the accounting principles conform to generally accepted accounting principles, as applicable to the governmental units.

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

1-B Government-wide and Fund Financial Statements

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

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

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

Fund Financial Statements – Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds and are presented in the other governmental column of the fund financial statements.

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

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement-based grants, which use a period of one year. District assessments, intergovernmental revenue, and other local sources associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

The School District reports the following major governmental funds:

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

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

Food Service Fund – accounts for the operation of the School District’s food service program.

Student Activity Funds– the activity funds are used to account for monies used to support co-curricular and extra-curricular student activities.

Fiduciary Fund Financial Statements – Fiduciary fund financial statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. These funds account for resources held by the School District for the benefit of other parties and include the private purpose trust funds. Fiduciary funds are accounted for on a spending, or “economic resources” measurement focus and the accrual basis of accounting.

1-D Cash and Cash Equivalents

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

1-E Receivables

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

1-F Inventory

Inventories are valued at cost (first-in, first-out) which approximates market. The School District’s inventories include various items consisting of commodities. USDA commodities received from the Federal government are recorded at the value established by the Federal government using the average cost method in the food service fund. Inventorial items are recorded as expenditures when consumed at the schools (the consumption method).

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

1-G Prepaid Items

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

1-H Capital Assets

Capital assets are reported in the government-wide financial statements but are not reported in the fund financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

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

Capital Asset Class:	<u>Years</u>
Land improvements	20
Buildings	50
Building improvements	20 - 50
Infrastructure	15 - 50
Vehicles	8
Machinery, equipment, and furniture	5 - 20

1-I Interfund Receivables and Payables

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

1-J Accounts Payable

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

1-K Deferred Outflows/Inflows of Resources

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

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

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

1-L Long-term Obligations

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

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

Direct Placements – financial transactions for the sale of bonds where the School District engages with a single buyer or limited number of buyers without a public offering.

1-M Defined Benefit Pension Plan

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

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

1-N Postemployment Benefits Other Than Pensions (OPEB)

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

New Hampshire Retirement System Plan – For the purposes of measuring the total other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System OPEB Plan (the plan) and additions to/deductions from the plan's fiduciary net position has been determined on the same basis as they are reported by the New Hampshire Retirement System. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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

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

1-O Net Position/Fund Balances

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

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

RIVENDELL INTERSTATE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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Restricted Net Position – Results when constraints placed on net position use are either externally imposed by a third party (statutory, bond covenant, or granting agency) or are imposed by law through constitutional provisions or enabling legislation. The School District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future period.

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

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

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

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

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

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

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

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

1-P Use of Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

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

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

2-B Budgetary Reconciliation to GAAP Basis

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

Revenues:	
Per Exhibit D-1 (budgetary basis)	\$ 13,392,909
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
Other local revenue related to the blended expendable trust funds	19,842
Per Exhibit C-3 (GAAP Basis)	<u>\$ 13,412,751</u>
Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	\$ 12,695,835
Adjustments:	
Basis difference:	
GASB Statement No. 54:	
To remove transfer from the general fund to the blended expendable trust fund	(220,000)
Expenditures of the blended expendable trust funds	155,247
Per Exhibit C-3 (GAAP basis)	<u>\$ 12,631,082</u>

2-C Accounting Change

Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, was implemented during fiscal year 2023. The objective of this Statement is to better meet information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirement for subscription-based information technology arrangements (SBITAs); (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription assets (an intangible asset), and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards of SBITA are based on the standards established in Statement No. 87, *Leases*, as amended. The School District has assessed all potential agreements that may be applicable for reporting under GASB Statement No. 96 and have determined that none of the agreements have met the requirements of the pronouncement.

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The School District's deposits are entirely covered by Federal Depository Insurance Corporation (FDIC) or by collateral held by the School District's agent in the School District's name. The FDIC currently insures the first \$250,000 of the School District's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by collateral. As of year-end, the carrying amount of the School District's deposits was \$2,269,603 and the bank balances totaled \$2,418,286. Petty cash totaled \$100.

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Cash and cash equivalents reconciliation:

Cash per Statement of Fiduciary Net Position (Exhibit A)	\$ 2,230,155
Cash per Statement of Fiduciary Net Position - Fiduciary Funds (Exhibit E-1)	39,448
Total cash and cash equivalents	\$ 2,269,603

NOTE 4 – RECEIVABLES

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

NOTE 5 – CAPITAL ASSETS

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

	Balance, beginning	Additions	Retirements	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 250,000	\$ -	\$ -	\$ 250,000
Being depreciated:				
Land improvements	75,865	-	-	75,865
Buildings	9,548,528	-	-	9,548,528
Buildings improvements	2,162,441	245,600	-	2,408,041
Infrastructure	434,439	-	-	434,439
Vehicles	137,906	-	-	137,906
Machinery, equipment, and furniture	619,035	25,483	-	644,518
Total capital assets being depreciated	12,978,214	271,083	-	13,249,297
Total capital assets	13,228,214	271,083	-	13,499,297
Less accumulated depreciation:				
Land improvements	(75,865)	-	-	(75,865)
Buildings	(4,223,220)	(189,225)	-	(4,412,445)
Buildings improvements	(1,256,799)	(62,657)	-	(1,319,456)
Infrastructure	(274,904)	(6,669)	-	(281,573)
Vehicles	(48,516)	(17,238)	-	(65,754)
Machinery, equipment, and furniture	(587,283)	(32,266)	-	(619,549)
Total accumulated depreciation	(6,466,587)	(308,055)	-	(6,774,642)
Net book value, capital assets being depreciated	6,511,627	(36,972)	-	6,474,655
Net book value, all capital assets	\$ 6,761,627	\$ (36,972)	\$ -	\$ 6,724,655

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

Instruction	\$ 176,675
Support services:	
Instructional staff	27,103
Executive administration	10,911
Operation and maintenance of plant	73,730
Student transportation	13,938
Other	4,629
Noninstructional services	1,069
Total depreciation expense	\$ 308,055

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NOTE 6 – INTERFUND BALANCES

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

Receivable Fund	Payable Fund	Amount
General	Grants	\$ 36,473
Food service	General	10,161
		\$ 46,634

NOTE 7 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments at June 30, 2023, consist of the following:

	General Fund	Grants Fund	Total
Balance due to the Town of Hartford, Vermont	\$ 200,647	\$ -	\$ 200,647
Balance due to the Vermont State Teachers Retirement System	-	37,120	37,120
Town of Fairlee, Vermont	980	-	980
Total intergovernmental payables due	\$ 201,627	\$ 37,120	\$ 238,747

NOTE 8 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

	Governmental Activities
Amounts related to pensions, see Note 10	\$ 855,519
Amounts related to OPEB, see Note 11	39,293
Total deferred outflows of resources	\$ 894,812

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

	Governmental Activities	Governmental Funds		Total
		Grants Fund	Food Service Fund	
Federal grant revenue collected in advance of eligible expenditures being made	\$ 210,612	\$210,612	\$ -	\$210,612
Food service fund grant revenue collected in advance of eligible expenditures being made	63	-	63	63
Amounts related to pensions, see Note 10	158,349	-	-	-
Amounts related to OPEB, see Note 11	6,032	-	-	-
Total deferred inflows of resources	\$ 375,056	\$210,612	\$ 63	\$210,675

NOTE 9 – LONG-TERM LIABILITIES

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

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year	Due In More Than One Year
Direct placements - bonds payable	\$ 1,645,000	\$ -	\$ (465,000)	\$ 1,180,000	\$ 460,000	\$ 720,000
Pension related liability	1,642,880	847,576	-	2,490,456	-	2,490,456
Net other postemployment benefits	243,845	37,120	-	280,965	-	280,965
Total long-term liabilities	\$ 3,531,725	\$ 884,696	\$ (465,000)	\$ 3,951,421	\$ 460,000	\$ 3,491,421

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Long-term bonds are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate	Outstanding at June 30, 2023
Direct placements - bonds payable					
VMVB #1 Refunding	\$ 3,195,000	2001	2027	4.88%	\$ 520,000
VMVB #3 Building improvements	\$ 8,000,000	1999	2025	2.98%	660,000
Total direct placements					<u>\$ 1,180,000</u>

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2023, including interest payments, are as follows:

Fiscal Year Ending June 30,	Bonds - Direct Placements		
	Principal	Interest	Total
2024	\$ 460,000	\$ 42,664	\$ 502,664
2025	460,000	23,502	483,502
2026	130,000	10,335	140,335
2027	130,000	3,445	133,445
Totals	<u>\$1,180,000</u>	<u>\$ 79,946</u>	<u>\$1,259,946</u>

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

NOTE 10 – DEFINED BENEFIT PENSION PLAN

10-A New Hampshire Retirement System

Plan Description – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25. The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

Benefits Provided – Benefit formulas and eligibility requirements for the Pension Plan are set by state law (RSA 100-A). The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II.

Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

Group II benefits are provided based on age, years of creditable service and benefit multiplier depending on vesting status as of 1/1/12. The maximum retirement allowance for Group II members vested by 1/1/12 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by 1/1/12 the benefit is calculated the same way, but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

Years of Creditable Service as of 1/1/12	Minimum Age	Minimum Service	Benefit Multiplier
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

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Members of both groups may qualify for vested deferred allowances, disability allowances and death benefit allowances, subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation and/or service.

Contributions – The System is financed by contributions from both the employees and the School District. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. All employees are required to contribute 7% of earnable compensation. For fiscal year 2023, the School District contributed 19.48% for teachers and 13.75% for other employees. The contribution requirement for the fiscal year 2023 was \$213,330, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the School District reported a liability of \$2,490,456 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The School District’s proportion of the net pension liability was based on a projection of the School District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2022, the School District’s proportion was .0434% which was an increase of .0063% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized pension expense of \$418,141. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 368,591	\$ 148,789
Net difference between projected and actual investment earnings on pension plan investments	94,385	-
Changes in assumptions	132,472	-
Differences between expected and actual experience	46,741	9,560
Contributions subsequent to the measurement date	213,330	-
Total	\$ 855,519	\$ 158,349

The \$213,330 reported as deferred outflows of resources related to pensions results from the School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

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

Fiscal Year Ending	
June 30,	
2023	\$ 214,245
2024	94,917
2025	(12,248)
2026	186,926
2027	-
Thereafter	-
Totals	\$ 483,840

Actuarial Assumptions – The collective total pension liability was determined by an actuarial performed as of June 30, 2020, rolled forward to June 30, 2021, using the following assumptions:

Inflation:	2.0% per year
Wage inflation:	2.75% per year (2.25% for Teachers)
Salary increases:	5.4% average, including inflation
Investment rate of return:	6.75% net of pension plan investment expense, including inflation

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Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

Long-term Rates of Return – The long-term expected rate of return on pension plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and long-term rates of return for 2021:

Asset Class	Target Allocation	30 Year Geometric Return
Broad US Equity (1)	30.00%	7.60%
Global Ex-US Equity (2)	20.00%	7.90%
Total public equity	50.00%	
Real Estate Equity	10.00%	6.60%
Private Equity	10.00%	8.85%
Total private market equity	20.00%	
Private Debt	5.00%	7.25%
Core U.S. Fixed Income (3)	25.00%	3.60%
Inflation	0.00%	2.25%
Total	100.00%	7.30%

Discount Rate – The discount rate used to measure the collective total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan’s actuarial funding policy as required by RSA 100-A:16. Based on those assumptions, the Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

Sensitivity of the School District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the School District’s proportionate share of the net pension liability calculated using the discount rate of 6.75% as well as what the School District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2022	\$ 3,341,564	\$ 2,490,456	\$ 1,782,839

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

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

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

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

The Pension Plan is divided into the following membership groups:

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

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

<u>VSTRS</u>	<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 + 1.67% x service after 7/1/90 x AFC	1.25% x service prior to 6/30/90 X AFC + 1.67% x service after 7/1/90 x AFC after attaining 20 years
Maximum Benefit Payable	100% of AFC	53.34% of AFC	60% of AFC
Post-Retirement COLA	Full CPI, up to a maximum of 5% after 12 months of retirement, minimum of 1%	50% CPI, up to a maximum of 5% after 12 months of retirement or with 30 years; minimum of 1%	50% CPI, up to a maximum of 5%; minimum of 1% after 12 months of normal retirement age 65
<u>VSTRS</u>	<u>Group A</u>	<u>Group C - Group #1*</u>	<u>Group C - Group #2++</u>
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Early Retirement Reduction	Actuarial reduction	6% per year from age 62	Actuarial reduction
Disability Benefit	Unreduced, accrued benefit with minimum of 25% of AFC	Unreduced, accrued benefit with minimum of 25% of AFC	Unreduced, accrued benefit with minimum of 25% of AFC
Death-in-Service Benefit	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently

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

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

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

Contributions - Title 16, V.S.A. Chapter 55 of Vermont Statutes grants the authority to the Board of Trustees of the VSTRS to annually review the amount of State Contributions recommended by the actuary of the VSTRS in order to achieve and preserve the financial integrity of the fund and submit this recommendation to the Governor and both houses of the Legislature. Nonemployer contribution rates for each group varies based on actuarial recommendations. Contribution requirements for the Vermont Teachers' Retirement System were 5.0% of gross salary from employees only (no employer contribution; state contributes 100% of employer portion based on actuarial recommendation) with the State contributing \$1,339,223 for the fiscal year ended June 30, 2023.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. For the year ended June 30, 2023, the School District recorded pension expense of \$1,025,030, which has also been recognized as both a pension expense and intergovernmental revenue on the Statement of Activities. At June 30, 2022, the School District's proportion was 0.4256% which was a decrease of 0.0041% in its proportion measured as of June 30, 2021.

At June 30, 2023, the School District disclosed a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the School District. The State's portion of the collective net pension liability that was associated with the District was \$8,208,033.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employers's contributions and proportionate share of contributions	\$ 389,289	\$ 58,335
Changes in assumptions	330,873	-
Differences between expected and actual experience	470,494	-
Net difference between projected and actual investment earnings on pension plan investments	513,584	-
Total	\$ 1,704,240	\$ 58,335

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

Fiscal Year Ending	
June 30,	
2023	\$ 674,366
2024	241,424
2025	191,733
2026	512,657
2027	25,725
Totals	\$ 1,645,905

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

Investment rate of return	7.00% net of pension plan investment expense, including inflation
Inflation	2.30% per year
Salary increases	Ranging from 3.30% to 10.50%

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Cost of Living Adjustment	2.40% for Group A members 1.35% for Group C members
Mortality rates	Pre-Retirement: PubT-2010 Teacher Employee Table with generational projections using scale MP-2019.
Retiree Healthy	Post-Retirement PubT-2010 Teacher Healthy Retiree Table with generational projection using scale MP-2019.
Beneficiary Healthy	Post-Retirement 109% of the Pub-2010 Contingent Survivor Table with generational projection using scale MP-2019.
Disabled Post-Retirement	PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2019.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Passive Global Equity	24.00%	4.30%
Active Global Equity	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 & Alternative Credit	10.00%	4.75%
Non-Core Real Estate	4.00%	6.00%
Core Fixed Income	19.00%	0.00%
Core Real Estate	3.00%	3.50%
U.S. TIPS	3.00%	-0.50%
Infrastructure/Farmland	4.00%	4.25%
Total	<u>100.00%</u>	

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

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

Actuarial Valuation Date	1% Decrease 6.00%	Current Single Rate Assumption 7.00%	1% Increase 8.00%
June 30, 2022	<u>\$ 10,449,592</u>	<u>\$ 8,208,033</u>	<u>\$ 6,345,704</u>

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

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

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

11-A New Hampshire Retirement System (NHRS)

Plan Description – The New Hampshire Retirement System (NHRS or the System) administers a cost-sharing multiple-employer other postemployment benefit plan medical subsidy healthcare plan (OPEB Plan). For additional system information, please refer to the 2022 Comprehensive Annual Financial Report, which can be found on the system’s website at www.nhrs.org.

Benefits Provided – Benefit amounts and eligibility requirements for the OPEB Plan are set by State law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The four membership types are Group II, Police Officers, and Firefighters; Group I, Teachers; Group I, Political Subdivision Employees; and Group I, State Employees. The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the medical subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

Group I benefits are based on creditable service, age, and retirement date. Group II benefits are based on hire date, age, and creditable service. The OPEB plan is closed to new entrants.

Maximum medical subsidy rates paid during fiscal year 2022 were as follows:

For qualified retirees not eligible for Medicare, the amounts were \$375.56 for a single-person plan and \$751.12 for a two-person plan.

For those qualified retirees eligible for Medicare, the amounts were \$236.84 for a single-person plan and \$473.68 for a two-person plan.

Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2022, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2023, the School District contributed 1.54% for teachers and 0.31% for other employees. The contribution requirement for the fiscal year 2023 was \$16,865, which was paid in full.

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OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources Related to OPEB – At June 30, 2023, the School District reported a liability of \$178,350 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The School District’s proportion of the net OPEB liability was based on a projection of the School District’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2022, the School District’s proportion was .0472% which was an increase of .071% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized OPEB expense of \$34,897. At June 30, 2023, the School District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual investment earnings on OPEB plan investments	\$ 487
Contributions subsequent to the measurement date	16,865
Total	\$ 17,352

The \$16,865 reported as deferred outflows of resources related to OPEB results from the School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending	
June 30,	
2023	\$ 81
2024	21
2025	(192)
2026	577
2027	-
Thereafter	-
Totals	\$ 487

Actuarial Assumptions – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2021, and a measurement date of June 30, 2022. The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Price inflation:	2.0% per year
Wage inflation:	2.75% per year (2.25% for Teachers)
Salary increases:	5.4% average, including inflation
Investment rate of return:	6.75% net of OPEB plan investment expense, including inflation
Health care trend rate:	Not applicable, given that the benefits are fixed stipends

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

Long-term Rates of Return – The long-term expected rate of return on OPEB plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation.

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Following is a table presenting target allocations and long-term rates of return for 2022:

Asset Class	Target Allocation	30 Year Geometric Return
Broad US Equity (1)	30.00%	7.60%
Global Ex-US Equity (2)	20.00%	7.90%
Total public equity	50.00%	
Real Estate Equity	10.00%	6.60%
Private Equity	10.00%	8.85%
Total private market equity	20.00%	
Private Debt	5.00%	7.25%
Core U.S. Fixed Income (3)	25.00%	
Inflation	0.00%	2.25%
Total	100.00%	7.30%

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2022, was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and that plan member contributions will be made under RSA 100-A:16. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

Sensitivity of the School District’s Proportionate Share of the OPEB Liability to Changes in the Discount Rate – The following table presents the School District’s proportionate share of the OPEB liability calculated using the discount rate of 6.75% as well as what the School District’s proportionate share of the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2022	\$ 193,629	\$ 178,350	\$ 165,043

Sensitivity of the School District’s Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Rate – GASB No. 75 requires the sensitivity of the Net OPEB liability to the healthcare cost trend assumption. Since the medical subsidy benefits are a fixed stipend, there is no sensitivity to the change in the healthcare cost trend assumption.

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

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

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

The plan covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2022, the plan consisted of 134 participating employers. Vermont Statute Title 16 Chapter 55 assigns the authority to VSTRS to establish and amend the benefits provisions of the Plan and to establish maximum obligations of the Plan members to contribute to the Plan. Management of the Plan is vested in the Vermont State Teachers' Retirement System Board of Trustees, which consists of the Secretary of Education (es-officio); the State Treasurer (ex-officio); the Commissioner of Financial Regulation (ex-officio); two trustees and one alternate who are members of the system (each elected by the system under rules adopted by the Board) and one trustee and one alternate who are retired members of the system receiving retirement benefits (who are elected by the Association of Retired Teachers of Vermont).

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

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

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

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

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At June 30, 2023, the School District disclosed a liability of \$3,261,531 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022. For the year ended June 30, 2023, the School District recorded OPEB expense of \$258,569, which has been recognized as both an OPEB expense and intergovernmental revenue on the Statement of Activities.

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

	Deferred Resources	Deferred Resources
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$ 238,664	\$ 145,762
Changes in assumptions	272,331	2,314,746
Differences between expected and actual experience	221,744	-
Difference between projected and actual investment earnings	8,914	-
Total	\$ 741,653	\$ 2,460,508

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

Fiscal Year Ending June 30,	
2023	\$ (118,432)
2024	(315,156)
2025	(361,445)
2026	(362,138)
2027	(418,965)
Thereafter	(142,720)
Totals	\$ (1,718,856)

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

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

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

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

Inflation	2.30%
Healthcare Cost Trend Rates	Non-Medicare – 7.12% graded to 4.50% over 12 years Medicare – 6.00% graded to 4.50% over 12 years
Pre-retirement Mortality	PubT-2010 Teacher Employee Headcount-Weighted Table with generational projections using scale MP-2019
Post-retirement Mortality	Retirees: PubT-2010 Teacher Healthy Retiree Headcount-Weighted Table with generational projection using scale MP-2019 Spouses: 109% of the Pub-2010 Contingent Survivor Headcount-Weighted Table with generational projection using scale MP-2019.
Disabled Mortality	PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table with generational projection using scale MP-2019

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Passive Global Equity	24.00%	4.30%
Active Global Equity	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 & Alternative Credit	10.00%	4.75%
Non-Core Real Estate	4.00%	6.00%
Core Fixed Income	19.00%	0.00%
Core Real Estate	3.00%	3.50%
U.S. TIPS	3.00%	-0.50%
Infrastructure/Farmland	4.00%	4.25%
Total	100.00%	

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

Sensitivity of the School District’s OPEB Liability to Changes in the Discount Rate – The June 30, 2021, actuarial valuation was prepared using a discount rate of 7.00%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$2,882,036 or by 11.6%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$3,717,818 or by 14.0%.

Actuarial Valuation Date	1% Decrease 6.00%	Current Single Rate Assumption 7.00%	1% Increase 8.00%
June 30, 2022	<u>\$ 3,717,818</u>	<u>\$ 3,261,531</u>	<u>\$ 2,882,036</u>

Sensitivity of the School District’s OPEB Liability to Changes in the Healthcare Cost Trend Rates – The June 30, 2021, actuarial valuation was prepared using an initial trend rate of 7.12%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$3,789,131 or by 16.2%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$2,836,329 or by 13.0%.

Actuarial Valuation Date	1% Decrease 6.12%	Current Single Rate Assumption 7.12%	1% Increase 8.12%
June 30, 2022	<u>\$ 2,836,329</u>	<u>\$ 3,261,531</u>	<u>\$ 3,789,131</u>

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

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

11-C Retiree Health Benefit Program

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

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

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

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

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

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	16
Total participants covered by OPEB plan	<u>17</u>

Total OPEB Liability – The School District’s total OPEB liability of \$102,615 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022. The School District contracts with an outside actuary to complete the actuarial valuation and schedule of changes in the total OPEB liability. Detailed information can be found in the separately issued report through request of the School District business office.

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

Discount Rate	3.65%
Healthcare Cost Trend Rates:	
Current Year Trend	8.0%
Second Year Trend	7.5%
Decrement	0.5%
Ultimate	4.1%
Year Ultimate Trend is Reached	2075
Inflation	2.50%

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of July 1, 2021.

Mortality rates were based on PubT-2010 Mortality Tables for Employee Teachers, Retiree Teachers, Survivor Teachers, and Disabled Teachers.

Changes in the Total OPEB Liability

	June 30,	
	2022	2023
Total OPEB liability beginning of year	\$ 88,737	\$ 83,196
Changes for the year:		
Service cost	3,508	2,984
Interest	1,945	2,965
Assumption changes and difference between actual and expected experience	(6,593)	18,322
Benefit payments	(4,401)	(4,852)
Total OPEB liability end of year	<u>\$ 83,196</u>	<u>\$ 102,615</u>

Sensitivity of the School District’s OPEB Liability to Changes in the Discount Rate – The July 1, 2022, actuarial valuation was prepared using a discount rate of 6.54%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$97,859 or by 4.63%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$107,551 or by 4.81%.

Actuarial Valuation Date	Current Single Rate Assumption		
	1% Decrease	3.54%	1% Increase
July 1, 2022	<u>\$ 107,551</u>	<u>\$ 102,615</u>	<u>\$ 97,859</u>

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Sensitivity of the School District's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The July 1, 2022, actuarial valuation was prepared using an initial trend rate of 7.00%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$110,454 or by 7.64%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$95,576 or by 6.86%.

Actuarial Valuation Date	1% Decrease	Current Single Rate Assumption 7.00%	1% Increase
July 1, 2022	<u>\$ 95,576</u>	<u>\$ 102,615</u>	<u>\$ 110,454</u>

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2023, the School District recognized OPEB expense of \$8,787. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	<u>\$ 7,533</u>	<u>\$ 6,032</u>
Differences between expected and actual experience	<u>14,408</u>	<u>-</u>
Total	<u>\$ 21,941</u>	<u>\$ 6,032</u>

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

Fiscal Year Ending June 30,	
2024	\$ 2,838
2025	2,838
2026	2,631
2027	1,656
2028	1,922
Thereafter	<u>4,024</u>
Totals	<u>\$ 15,909</u>

NOTE 12 – GOVERNMENTAL ACTIVITIES AND FIDUCIARY FUNDS NET POSITION

Net position reported on the governmental activities and fiduciary fund Statements of Net Position at June 30, 2023, include the following:

	Governmental Activities	Fiduciary Funds
Net investment in capital assets:		
Net book value of all capital assets	\$ 6,724,655	\$ -
Less:		
General obligation bonds payable	<u>(1,180,000)</u>	<u>-</u>
Total net investment in capital assets	<u>5,544,655</u>	<u>-</u>
Restricted net position:		
Food services	38,774	-
Individuals, organizations, and other governments	<u>-</u>	<u>39,448</u>
Total restricted net position	<u>38,774</u>	<u>39,448</u>
Unrestricted	<u>(318,762)</u>	<u>-</u>
Total net position	<u>\$ 5,264,667</u>	<u>\$ 39,448</u>

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NOTE 13 – GOVERNMENTAL FUND BALANCES

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

	General Fund	Grants Fund	Food Service Fund	Student Activity Funds	Total Governmental Funds
Nonspendable:					
Prepaid items	\$ 10,743	\$ -	\$ -	\$ -	\$ 10,743
Inventory	-	-	1,477	-	1,477
Total nonspendable fund balance	<u>10,743</u>	<u>-</u>	<u>1,477</u>	<u>-</u>	<u>12,220</u>
Restricted:					
Food service	-	-	37,297	-	37,297
Committed:					
Expendable trust	156,953	-	-	-	156,953
Assigned:					
Student activities	-	-	-	76,324	76,324
Unassigned					
	1,482,346	-	-	-	1,482,346
Total governmental fund balances	<u>\$ 1,650,042</u>	<u>\$ -</u>	<u>\$ 38,774</u>	<u>\$ 76,324</u>	<u>\$ 1,765,140</u>

NOTE 14 – RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The School District uses risk sharing pools and carries commercial insurance to cover these risks. There have been no significant reductions in coverage from the prior year. Management believes such coverage is sufficient to preclude any significant uninsured losses to the School District.

Based on the coverage provided by the insurance purchased, the School District is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2023. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

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

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

To provide unemployment coverage, VSBIT has established a separate trust of funds from member contributions to pay administrative costs, unemployment claims, and to provide excess reinsurance protection. Contributions are based on payroll expense and the previous two-year unemployment compensation experience. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and VSBIT is unable to meet its required obligations, the Program will be terminated with each member assessed their proportionate share of the deficit.

To provide worker's compensation coverage, VSBIT has established a separate trust of funds from member contributions to pay administrative costs and workers compensation coverage. Contributions are based upon formulas applied to payroll expense. At the end of the coverage period, the members will be assessed or refunded any difference between estimated contributions and actual expenses. Multi-line intermunicipal school program provides coverage from property; inland marine and boiler & machinery; crime; commercial general liability; automobiles/garage keepers; and educator's legal liability. Annual contributions are based upon appropriate rates applicable each member; such rates are set based on recommendations of a qualified actuary, plus a proportionate share of all operational and administrative costs including excess reinsurance premiums incurred by the trust. In the event that total contributions assessed to and made by all members results in an actual or projected financial deficit and VSBIT is unable to meet its required obligations, the Program will be terminated with each member assessed their proportionate share of the deficit.

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

NOTE 15 – CONTINGENT LIABILITIES

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

NOTE 16 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date but arose after the date. Management has evaluated subsequent events through January 19, 2024, the date the June 30, 2023, financial statements were available to be issued, and noted no events occurred that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT F
RIVENDELL INTERSTATE SCHOOL DISTRICT
Schedule of the School District's Proportionate Share of Net Pension Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2023
Unaudited

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
School District's:										
Proportion of the net pension liability	0.0386%	0.0397%	0.0398%	0.0352%	0.0254%	0.0282%	0.0426%	0.0408%	0.0371%	0.0434%
Proportionate share of the net pension liability	\$ 1,662,681	\$ 1,489,784	\$ 1,575,780	\$ 1,872,346	\$ 1,247,100	\$ 1,358,542	\$ 2,048,556	\$ 2,610,051	\$ 1,642,880	\$ 2,490,456
Covered payroll (as of the measurement date)	\$ 1,037,554	\$ 850,106	\$ 1,076,605	\$ 1,115,778	\$ 991,203	\$ 730,320	\$ 762,803	\$ 1,133,712	\$ 1,065,083	\$ 1,290,510
Proportionate share of the net pension liability as a percentage of its covered payroll	160.25%	175.25%	146.37%	167.81%	125.82%	186.02%	268.56%	230.22%	154.25%	192.98%
Plan fiduciary net position as a percentage of the total pension liability	66.32%	59.81%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%	72.22%	65.12%

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

EXHIBIT G
RIVENDELL INTERSTATE SCHOOL DISTRICT
Schedule of School District Contributions - Pensions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2023
Unaudited

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Contractually required contribution	\$ 96,062	\$ 128,762	\$ 133,447	\$ 126,081	\$ 92,897	\$ 119,247	\$ 185,278	\$ 170,307	\$ 251,391	\$ 213,330
Contributions in relation to the contractually required contributions	(96,062)	(128,762)	(133,447)	(126,081)	(92,897)	(119,247)	(185,278)	(170,307)	(251,391)	(213,330)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll (as of the fiscal year)	\$ 850,106	\$ 1,076,605	\$ 1,115,778	\$ 991,203	\$ 730,320	\$ 762,803	\$ 1,133,712	\$ 1,065,083	\$ 1,290,510	\$ 1,095,121
Contributions as a percentage of covered payroll	11.30%	11.96%	11.96%	12.72%	12.72%	15.63%	16.34%	15.99%	19.48%	19.48%

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

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
School District's:										
Proportion of the net pension liability	0.3828%	0.3599%	0.4123%	0.3994%	0.4128%	0.4142%	0.3853%	0.3979%	0.4297%	0.4256%
Proportionate share of the net pension liability	\$ 3,638,411	\$ 3,668,997	\$ 4,892,012	\$ 5,230,384	\$ 6,119,819	\$ 6,256,635	\$ 6,012,335	\$ 7,763,208	\$ 7,285,948	\$ 8,208,033
Covered payroll (as of the measurement date)	\$ 2,169,987	\$ 2,028,367	\$ 2,299,456	\$ 2,587,377	\$ 2,728,007	\$ 2,799,820	\$ 2,647,194	\$ 2,840,031	\$ 3,116,796	\$ 3,212,737
Proportionate share of the net pension liability as a percentage of its covered payroll	167.67%	180.88%	212.75%	202.15%	224.33%	223.47%	227.12%	273.35%	233.76%	255.48%
Plan fiduciary net position as a percentage of the total pension liability	60.59%	64.02%	58.22%	67.81%	53.98%	54.81%	54.96%	50.00%	58.83%	54.81%

EXHIBIT I
RIVENDELL INTERSTATE SCHOOL DISTRICT
Schedule of School District Contributions - Pensions
Vermont State Teacher's Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2023
Unaudited

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Contractually required contribution	\$ 184,065	\$ 196,916	\$ 300,606	\$ 292,469	\$ 324,748	\$ 457,033	\$ 438,216	\$ 478,444	\$ 541,069	\$1,339,223
Contributions in relation to the contractually required contributions	(184,065)	(196,916)	(300,606)	(292,469)	(324,748)	(457,033)	(438,216)	(478,444)	(541,069)	(1,339,223)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll (as of the fiscal year)	\$2,169,987	\$2,028,367	\$2,299,456	\$2,587,377	\$2,728,007	\$2,799,820	\$2,647,194	\$2,840,031	\$3,116,796	\$3,212,737
Contributions as a percentage of covered payroll	8.48%	9.71%	13.07%	11.30%	11.90%	16.32%	16.55%	16.85%	17.36%	41.68%

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

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

New Hampshire Retirement System

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

Changes in Assumptions – Salary increases changed from 5.4% to 5.6% in the current period.

Methods and Assumptions Used to Determine Contribution Rates – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at www.nhrs.org.

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

Vermont State Teachers Retirement System

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

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

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

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

EXHIBIT J
RIVENDELL INTERSTATE SCHOOL DISTRICT
Schedule of the School District's Proportionate Share of the Net Other Postemployment Benefits Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2023
Unaudited

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
School District's:							
Proportion of the net OPEB liability	0.0503%	0.0363%	0.0285%	0.0429%	0.0442%	0.0401%	0.0472%
Proportionate share of the net OPEB liability (asset)	\$ 243,610	\$ 166,199	\$ 130,503	\$ 188,195	\$ 193,501	\$ 160,649	\$ 178,350
Covered payroll (as of the measurement date)	\$1,115,778	\$ 991,203	\$ 730,320	\$ 762,803	\$1,133,712	\$ 1,065,083	\$ 1,290,510
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	21.83%	16.77%	17.87%	24.67%	17.07%	15.08%	13.82%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%	11.06%	10.64%

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

EXHIBIT K
RIVENDELL INTERSTATE SCHOOL DISTRICT
Schedule of School District Contributions - Other Postemployment Benefits
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2023
Unaudited

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Contractually required contribution	\$ 29,240	\$ 21,544	\$ 12,608	\$ 19,590	\$ 19,278	\$ 19,874	\$ 16,865
Contributions in relation to the contractually required contribution	(29,240)	(21,544)	(12,608)	(19,590)	(19,278)	(19,874)	(16,865)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll (as of the fiscal year)	\$ 991,203	\$ 730,320	\$ 762,803	\$ 1,133,712	\$ 1,065,083	\$ 1,290,510	\$ 1,095,121
Contributions as a percentage of covered payroll	2.95%	2.95%	1.65%	1.73%	1.81%	1.54%	1.54%

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

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

Fiscal year-end	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
School District's:						
Proportion of the net OPEB liability	0.4867%	0.4557%	0.4279%	0.4404%	0.4683%	0.4544%
Proportionate share of the net OPEB liability (asset)	\$4,537,774	\$4,348,561	\$4,452,814	\$5,545,839	\$5,973,286	\$3,261,531
Covered payroll (as of the measurement date)	\$2,728,007	\$2,799,820	\$2,647,194	\$2,840,031	\$3,116,796	\$3,212,737
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	166.34%	155.32%	168.21%	195.27%	191.65%	101.52%
Plan fiduciary net position as a percentage of the total OPEB liability	-2.94%	-2.85%	0.03%	0.69%	1.13%	5.34%

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

EXHIBIT M
RIVENDELL INTERSTATE SCHOOL DISTRICT
Schedule of School District Contributions - Other Postemployment Benefits
Vermont State Teacher's Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2023
Unaudited

Fiscal year-end	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Contractually required contribution	* \$ -	* \$ -	* \$ -	* \$ -	* \$ -	* \$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-
Contribution deficiency (excess)	* \$ -	* \$ -	* \$ -	* \$ -	* \$ -	* \$ -
School District's covered payroll (as of the fiscal year)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

	2019	2020	2021	2022	2023
OPEB liability, beginning of year	\$ 68,564	\$ 74,884	\$ 85,828	\$ 88,737	\$ 83,196
Changes for the year:					
Service cost	2,051	2,249	2,837	3,508	2,984
Interest	2,728	2,688	1,918	1,945	2,965
Assumption changes and difference between actual and expected experience	1,809	6,696	1,882	(6,593)	18,322
Benefit payments	(268)	(689)	(3,728)	(4,401)	(4,852)
OPEB liability, end of year	<u>\$ 74,884</u>	<u>\$ 85,828</u>	<u>\$ 88,737</u>	<u>\$ 83,196</u>	<u>\$ 102,615</u>
Covered payroll	<u>\$ 699,031</u>	<u>\$ 1,067,954</u>	<u>\$ 1,053,593</u>	<u>\$ 1,252,962</u>	<u>\$ 1,106,128</u>
Total OPEB liability as a percentage of covered payroll	10.71%	8.04%	8.42%	6.64%	9.28%

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

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

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

New Hampshire Retirement System

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

Changes in Assumptions – Salary increases changed from 5.4% to 5.6% in the current period.

Methods and Assumptions Used to Determine Contribution Rates – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at www.nhrs.org.

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

Vermont State Teachers Retirement System

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

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

Methods and Assumptions Used to Determine Contribution Rates – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at www.vermonttreasurer.org.

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

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

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

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

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

COMBINING AND INDIVIDUAL FUND SCHEDULES

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

	Estimated	Actual	Variance Positive (Negative)
New Hampshire local source:			
Current appropriation - Orford	\$ 3,037,509	\$ 3,037,509	\$ -
Other local sources:			
Tuition	400,000	315,632	(84,368)
Investment earnings	4,500	50,962	46,462
Student activities	6,500	5,224	(1,276)
Miscellaneous	155,000	135,352	(19,648)
Total from other local sources	<u>566,000</u>	<u>507,170</u>	<u>(58,830)</u>
State sources:			
New Hampshire:			
Adequacy aid (grant)	508,608	508,641	33
Adequacy aid (tax)	203,043	203,043	-
School building aid	76,110	76,110	-
Vocational aid	19,900	-	(19,900)
Other state aid	21,768	56,606	34,838
Total from New Hampshire sources	<u>829,429</u>	<u>844,400</u>	<u>14,971</u>
Vermont:			
Assessment	7,161,504	7,161,504	-
Vocational education (direct to vocational schools)	86,597	86,597	-
Vocational education (to district)	-	66,221	66,221
Vocational transportation	174,515	256,041	81,526
Block grant	803,499	874,372	70,873
Special Education	-	159,652	159,652
Extraordinary	185,000	370,102	185,102
Early essential education	27,000	29,341	2,341
Total from Vermont sources	<u>8,438,115</u>	<u>9,003,830</u>	<u>565,715</u>
Total revenues	<u>\$ 12,871,053</u>	<u>\$ 13,392,909</u>	<u>\$ 521,856</u>

See Independent Auditor's Report.

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

	<u>Appropriations</u>	<u>Expenditures</u>	Variance Positive (Negative)
Current:			
Instruction:			
Regular programs	\$ 3,942,008	\$ 3,884,874	\$ 57,134
Special programs	2,211,005	2,318,264	(107,259)
Vocational programs	177,000	216,675	(39,675)
Other programs	385,981	379,899	6,082
Non-public programs	37,595	21,291	16,304
Total instruction	<u>6,753,589</u>	<u>6,821,003</u>	<u>(67,414)</u>
Support services:			
Student	1,092,888	1,053,376	39,512
Instructional staff	286,781	212,417	74,364
General administration	69,353	66,599	2,754
Executive administration	191,030	175,559	15,471
School administration	1,054,384	1,047,064	7,320
Business	774,599	746,659	27,940
Operation and maintenance of plant	1,101,249	1,037,249	64,000
Student transportation	702,662	703,233	(571)
Total support services	<u>5,272,946</u>	<u>5,042,156</u>	<u>230,790</u>
Debt service:			
Principal of long-term debt	465,000	465,000	-
Interest on long-term debt	49,518	39,517	10,001
Total debt service	<u>514,518</u>	<u>504,517</u>	<u>10,001</u>
Facilities acquisition and construction	<u>110,000</u>	<u>108,159</u>	<u>1,841</u>
Other financing uses:			
Transfers out	<u>220,000</u>	<u>220,000</u>	<u>-</u>
Total appropriations, expenditures, and other financing uses	<u>\$ 12,871,053</u>	<u>\$ 12,695,835</u>	<u>\$ 175,218</u>

See Independent Auditor's Report.

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

Unassigned fund balance, beginning		\$ 796,015
2022-2023 Budget summary:		
Revenue surplus (Schedule 1)	\$ 521,856	
Unexpended balance of appropriations (Schedule 2)	<u>175,218</u>	
2022-2023 Budget surplus		697,074
Increase in nonspendable fund balance		<u>(10,743)</u>
Unassigned fund balance, ending		<u><u>\$ 1,482,346</u></u>

SCHEDULE 4
RIVENDELL INTERSTATE SCHOOL DISTRICT
Major Funds
Balance Sheet
June 30, 2023

	General Fund				Grants	Food Service	Student Activity	Total
	Instruction	Capital	Interfund Eliminations	Total				
ASSETS								
Cash and cash equivalents	\$ 1,980,342	\$ 156,953	\$ -	\$ 2,137,295	\$ -	\$ 16,536	\$ 76,324	\$ 2,230,155
Accounts receivable	32,411	-	-	32,411	-	-	-	32,411
Intergovernmental receivable	456,467	-	-	456,467	284,205	17,068	-	757,740
Interfund receivable	36,473	-	-	36,473	-	10,161	-	46,634
Inventory	-	-	-	-	-	1,477	-	1,477
Prepaid items	10,743	-	-	10,743	-	-	-	10,743
Total assets	\$ 2,516,436	\$ 156,953	\$ -	\$ 2,673,389	\$ 284,205	\$ 45,242	\$ 76,324	\$ 3,079,160
LIABILITIES								
Accounts payable	\$ 28,543	\$ -	\$ -	\$ 28,543	\$ -	\$ 6,405	\$ -	\$ 34,948
Accrued salaries and benefits	783,016	-	-	783,016	-	-	-	783,016
Intergovernmental payable	201,627	-	-	201,627	37,120	-	-	238,747
Interfund payable	10,161	-	-	10,161	36,473	-	-	46,634
Total liabilities	1,023,347	-	-	1,023,347	73,593	6,405	-	1,103,345
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	210,612	63	-	210,675
FUND BALANCES								
Nonspendable	10,743	-	-	10,743	-	1,477	-	12,220
Restricted	-	-	-	-	-	37,297	-	37,297
Committed	-	156,953	-	156,953	-	-	-	156,953
Assigned	-	-	-	-	-	-	76,324	76,324
Unassigned	1,482,346	-	-	1,482,346	-	-	-	1,482,346
Total fund balances	1,493,089	156,953	-	1,650,042	-	38,774	76,324	1,765,140
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,516,436	\$ 156,953	\$ -	\$ 2,673,389	\$ 284,205	\$ 45,242	\$ 76,324	\$ 3,079,160

SCHEDULE 5
RIVENDELL INTERSTATE SCHOOL DISTRICT
Major Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2023

	General Fund				Grants	Food Service	Student Activity	Total
	Instruction	Capital	Interfund Eliminations	Total				
REVENUES								
School district assessment - Orford	\$ 3,037,509	\$ -	\$ -	\$ 3,037,509	\$ -	\$ -	\$ -	\$ 3,037,509
Local Sources	507,170	19,842	-	527,012	38,592	10,271	93,481	669,356
State - New Hampshire	844,400	-	-	844,400	1,999	-	-	846,399
State - Vermont	9,003,830	-	-	9,003,830	-	136,727	-	9,140,557
Federal	-	-	-	-	1,047,747	169,086	-	1,216,833
Total revenues	<u>13,392,909</u>	<u>19,842</u>	<u>-</u>	<u>13,412,751</u>	<u>1,088,338</u>	<u>316,084</u>	<u>93,481</u>	<u>14,910,654</u>
EXPENDITURES								
Current:								
Instruction	6,821,003	-	-	6,821,003	598,727	-	80,337	7,500,067
Support services:								
Student	1,053,376	-	-	1,053,376	224,503	-	-	1,277,879
Instructional staff	212,417	-	-	212,417	91,263	-	-	303,680
General administration	66,599	-	-	66,599	-	-	-	66,599
Executive administration	175,559	-	-	175,559	-	-	-	175,559
School administration	1,047,064	-	-	1,047,064	127,347	-	-	1,174,411
Business	746,659	12,280	-	758,939	-	-	-	758,939
Operation and maintenance of plant	1,037,249	27,112	-	1,064,361	-	-	-	1,064,361
Student transportation	703,233	-	-	703,233	9,382	-	-	712,615
Other	-	-	-	-	1,082	-	-	1,082
Noninstructional services	-	-	-	-	34,449	317,625	-	352,074
Debt service:								
Principal	465,000	-	-	465,000	-	-	-	465,000
Interest	39,517	-	-	39,517	-	-	-	39,517
Facilities acquisition and construction	108,159	115,855	-	224,014	1,585	-	-	225,599
Total expenditures	<u>12,475,835</u>	<u>155,247</u>	<u>-</u>	<u>12,631,082</u>	<u>1,088,338</u>	<u>317,625</u>	<u>80,337</u>	<u>14,117,382</u>
Excess (deficiency) of revenues over (under) expenditures	917,074	(135,405)	-	781,669	-	(1,541)	13,144	793,272
OTHER FINANCING SOURCES (USES)								
Transfers in	-	220,000	(220,000)	-	-	-	-	-
Transfers out	(220,000)	-	220,000	-	-	-	-	-
Total other financing sources (uses)	<u>(220,000)</u>	<u>220,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	697,074	84,595	-	781,669	-	(1,541)	13,144	793,272
Fund balances, beginning	796,015	72,358	-	868,373	-	40,315	63,180	971,868
Fund balances, ending	<u>\$ 1,493,089</u>	<u>\$ 156,953</u>	<u>\$ -</u>	<u>\$ 1,650,042</u>	<u>\$ -</u>	<u>\$ 38,774</u>	<u>\$ 76,324</u>	<u>\$ 1,765,140</u>

See Independent Auditor's Report.

SCHEDULE 6
RIVENDELL INTERSTATE SCHOOL DISTRICT
Student Activity Funds
Combining Balance Sheet
June 30, 2023

	Student Activity Funds			Total
	Rivendell Academy	Samuel Morey Elementary	Westshire Elementary	
ASSETS				
Cash and cash equivalents	\$ 68,904	\$ 3,558	\$ 3,862	\$ 76,324
FUND BALANCES				
Assigned	\$ 68,904	\$ 3,558	\$ 3,862	\$ 76,324

See Independent Auditor's Report.

SCHEDULE 7
RIVENDELL INTERSTATE SCHOOL DISTRICT
Student Activity Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2023

	Student Activity Funds			Total
	Rivendell Academy	Samuel Morey Elementary	Westshire Elementary	
REVENUES				
Other local	\$ 85,335	\$ 1,481	\$ 6,665	\$ 93,481
EXPENDITURES				
Current:				
Instruction	74,874	1,476	3,987	80,337
Net change in fund balances	10,461	5	2,678	13,144
Fund balances, beginning	58,443	3,553	1,184	63,180
Fund balances, ending	<u>\$ 68,904</u>	<u>\$ 3,558</u>	<u>\$ 3,862</u>	<u>\$ 76,324</u>

See Independent Auditor's Report.

***INDEPENDENT AUDITOR'S REPORTS AND
SINGLE AUDIT ACT SCHEDULES***



PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

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

Independent Auditor's Report

To the Members of the Board of School Directors
Rivendell Interstate School District
Orford, New Hampshire

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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rivendell Interstate School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Rivendell Interstate School District's basic financial statements, and have issued our report thereon dated January 19, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Rivendell Interstate School District's internal control over financial reporting (internal control) as a basis for designing 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 Rivendell Interstate School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Rivendell Interstate 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 or significant deficiencies may exist that were not identified.

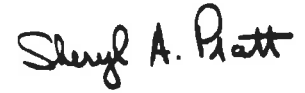
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Rivendell Interstate 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 financial statements. 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*.

***Rivendell Interstate School District
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***

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 Rivendell Interstate School District'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 Rivendell Interstate School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



January 19, 2024
Concord, New Hampshire

PLODZIK & SANDERSON
Professional Association



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Professional Association/Certified Public Accountants

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

To the Members of the Board of School Directors
Rivendell Interstate School District
Orford, New Hampshire

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Rivendell Interstate School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is

***Rivendell Interstate School District
Report on Compliance for Each Major Federal Program and Report on Internal Control Over
Compliance Required by the Uniform Guidance***

higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Rivendell Interstate School District's compliance with the requirements of each major federal program as a whole.

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

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

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

Government Auditing Standards requires the auditor to perform limited procedures on the Rivendell Interstate School District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Rivendell Interstate School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

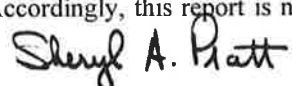
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

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

January 19, 2024
Concord, New Hampshire


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Professional Association

SCHEDULE I
RIVENDELL INTERSTATE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
Unmodified opinions on governmental activities, each major fund, and aggregate remaining fund information.

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

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

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

Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
84.425 D/U/W	COVID-19 - Education Stabilization Fund

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

Auditee qualified as low-risk auditee? X yes _____ no

SECTION II - FINANCIAL STATEMENT FINDINGS

NONE

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

SCHEDULE II
Rivendell Interstate School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through the State of Vermont Agency of Education				
CHILD NUTRITION CLUSTER				
School Breakfast Program	10.553	N/A	\$ -	\$ 38,118
National School Lunch Program	10.555	N/A	-	126,132
COVID-19 - National School Lunch Program	10.555	N/A	-	19,817
Summer Food Service Program for Children	10.559	N/A	-	3,214
Fresh Fruit and Vegetable Program	10.582	N/A	-	11,437
<i>CLUSTER TOTAL</i>			-	198,718
U.S. DEPARTMENT OF EDUCATION				
Passed Through the State of New Hampshire Department of Education				
Title I Grants to Local Educational Agencies:				
Title I Part A	84.010	20230647	-	48,738
Passed Through the State of Vermont Agency of Education				
Title I Part A	84.010	4250U1462301	-	158,849
<i>PROGRAM TOTAL</i>			-	207,587
Passed Through the State of Vermont Agency of Education				
SPECIAL EDUCATION CLUSTER				
Special Education Grants to States:				
IDEA	84.027	4226U1462301	-	124,597
COVID-19 - ARP - IDEA	84.027X	4605U1462201	-	3,267
Special Education Preschool Grants:				
Preschool	84.173	4228U1462301	-	3,437
COVID-19 - ARP - Preschool	84.173X	4606U1462201	-	1,668
<i>CLUSTER TOTAL</i>			-	132,969
Passed Through the State of New Hampshire Department of Education				
Supporting Effective Instruction State Grants:				
Title II Part A	84.367	20220471	-	1,399
Title II Part A	84.367	20230513	-	7,208
Passed Through the State of Vermont Agency of Education				
Title II Part A	84.367	4651U1462301	-	33,386
<i>PROGRAM TOTAL</i>			-	41,993

(Continued)

The accompanying notes are an integral part of this schedule.

SCHEDULE II (Continued)
Rivendell Interstate School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
Passed Through the State of New Hampshire Department of Education				
Student Support and Academic Enrichment Program:				
Title IV A	84.424	20220579	-	4,843
Title IV A	84.424	20230683	-	5,340
Passed Through the State of Vermont Agency of Education				
Title IV A	84.424	4570U1462301	-	33,434
<i>PROGRAM TOTAL</i>				<u>43,617</u>
Passed Through the State of New Hampshire Department of Education				
COVID-19 - Education Stabilization Fund:				
ESSER II	84.425D	20211799	-	25,968
ESSER III	84.425U	20220576	-	80,924
Passed Through the State of Vermont Agency of Education				
ESSER II	84.425D	4597U1462101	-	72,914
ESSER III	84.425U	4599U1462101	-	342,598
American Rescue Plan - ESSER – Homeless Children and Youth	84.425W	4604U1462202	-	4,779
<i>PROGRAM TOTAL</i>				<u>527,183</u>
Total Expenditures of Federal Awards			\$ -	<u>\$ 1,152,067</u>

The accompanying notes are an integral part of this schedule.

RIVENDELL INTERSTATE SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The Rivendell Interstate School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Food Donation

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities on the date received. For the fiscal year ended June 30, 2023, the value of food donations received was \$14,847.