

OXBOW UNIFIED UNION SCHOOL DISTRICT
FINANCIAL STATEMENTS
Year ended June 30, 2020

OXBOW UNIFIED UNION SCHOOL DISTRICT
AUDIT REPORT AND FINANCIAL STATEMENTS
JUNE 30, 2020

TABLE OF CONTENTS

		<u>Page #</u>
INDEPENDENT AUDITOR’S REPORT		1 - 2
MANAGEMENT’S DISCUSSION AND ANALYSIS		3 – 7
BASIC FINANCIAL STATEMENTS		
GOVERNMENT-WIDE FINANCIAL STATEMENTS		
Statement of Net Position	Exhibit A	8
Statement of Activities	Exhibit B	9
FUND FINANCIAL STATEMENTS		
Balance Sheet – Governmental Funds	Exhibit C	10
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position	Exhibit D	11
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds		
	Exhibit E	12 - 13
Reconciliation of the Governmental Funds		
Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	Exhibit F	14
Statement of Fiduciary Net Position - Fiduciary Funds	Exhibit G	15
Statement of Changes in Fiduciary Net Position	Exhibit H	16
NOTES TO FINANCIAL STATEMENTS		17 – 45
SUPPLEMENTARY INFORMATION		
Combining Balance Sheet - Non-Major Governmental Funds	Schedule I	46
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds	Schedule II	47
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual – General Fund	Schedule III	48 - 49
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual – Technical Education Fund	Schedule IV	50
Schedule of Proportionate Share of Net Pension Liability - VSTRS	Schedule V	51

OXBOW UNIFIED UNION SCHOOL DISTRICT
AUDIT REPORT AND FINANCIAL STATEMENTS
JUNE 30, 2020

TABLE OF CONTENTS

	<u>Page #</u>
INTERNAL CONTROL AND COMPLIANCE REPORT	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	52 – 53

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Oxbow Unified Union School District
Bradford, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oxbow Unified Union School District (the "School District"), as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2020, and the respective changes in financial

position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 7 and Schedule III through V on pages 48 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying financial information listed in Schedules I and II on pages 46 and 47 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the accompanying Schedules I and II 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 April 1, 2021, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Registration number VT092.0000684
April 1, 2021

OXBOW UNIFIED UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020

Our discussion and analysis of Oxbow Unified Union School District's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the School District's financial statements which begin on Exhibit A.

Financial Highlights

Government-Wide Financial Statements:

- J The School District's net position increased by \$488,293, which was comprised of an increase of \$369,569 from the result of this year's operations and an increase of \$118,724 from a prior period adjustment associated with prior year Special Education funds.
- J The cost of all the School District's programs was \$18,125,280 for this fiscal year.

Fund Financial Statements:

- J The fund balance of the General Fund was \$610,455 as of June 30, 2020, after an increase of \$389,983 in current year operations and an increase of \$118,724 from a prior period adjustment. The General Fund balance represents the amount of resources available for future budgets.
- J The fund balance for the Technical Education Fund was a deficit of (\$133,306) as of June 30, 2020, after a decrease of \$55,452.
- J The non-major government funds consisted of the following at June 30, 2020: Special Revenue Funds = 1) Food Services Fund – fund balance of \$25,676, 2) Grants Fund – fund balance of \$0, 3) Vocational Grants Fund - fund balance of \$0, and 4) Capital Improvements Fund - fund balance of \$139,172.
- J The Private Purpose Trust fund balance at June 30, 2020 increased \$12,557 due to earnings from investments, contributions and fundraising efforts. At June 30, 2020, the fund balance of the Private Purpose Trust Fund was \$776,429.

Using This Annual Report

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

Reporting the School District as a Whole

Our analysis of the School District as a whole begins on Exhibit A. One of the most important questions asked about the School District's finances is, "Is the School District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the School District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of

OXBOW UNIFIED UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020
(Continued)

accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid. These two statements report the School District's net position and changes in them. You can think of the School District's net position – the difference between assets and liabilities – as one way to measure the School District's financial health, or financial position. Over time, increases or decreases in the School District's net position is one indicator of whether its financial health is improving or deteriorating.

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

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

Reporting the School District's Most Significant Funds

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

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

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

The School District as Agent

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

OXBOW UNIFIED UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020
 (Continued)

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

Certain reclassifications of 2019 numbers were done on Table 1, 2 and 3 to be comparative with the 2020 merged School District.

The School District's combined net position increased \$369,569 as a result of this year's operations.

Table 1 – Net Position

	2020	2019	Change
Long-term liabilities			
Current and other assets	\$ 2,141,818	\$ 2,480,957	\$ (339,139)
Capital assets	6,547,434	6,421,921	125,513
Total assets	<u>8,689,252</u>	<u>8,902,878</u>	<u>(213,626)</u>
Other liabilities	1,628,293	2,344,449	(716,156)
Long-term liabilities	1,032,232	1,267,268	(235,036)
Total liabilities	<u>2,660,525</u>	<u>3,611,717</u>	<u>(951,192)</u>
Net position:			
Nonspendable	69,636	23,500	46,136
Unrestricted	653,249	(84,207)	737,456
Restricted	25,676	6,442	19,234
Invested in capital assets, net of related debt	5,280,166	5,345,426	(65,260)
Total net position	<u>\$ 6,028,727</u>	<u>\$ 5,291,161</u>	<u>\$ 737,566</u>

Table 2 – Change in Net Position

	2020	2019	Change
REVENUES			
General revenues:			
Tuition	\$ 1,453,843	\$ 1,554,723	\$ (100,880)
State and local education	11,942,031	11,846,567	95,464
Interest income	7,173	5,871	1,302
Interest and penalties on delinquent taxes	23,903	32,232	
Miscellaneous	22,233	25,362	(3,129)
Program revenues:			
On behalf payments	1,463,455	1,555,622	(92,167)
Charges for services	478,550	105,225	373,325
Operating grants and contributions	3,103,661	1,928,026	1,175,635
Total revenues	<u>18,494,849</u>	<u>17,053,628</u>	<u>1,449,550</u>
Program expenses:			
Regular instruction	7,442,255	8,604,101	(1,161,846)
Special education	1,025,236	824,173	201,063
Transportation	39,855	65,574	(25,719)
Food	729,841	485,565	244,276
Support services	5,089,974	4,220,341	869,633
Assessments	2,250,305	1,229,012	1,021,293
Interest expense	84,359	66,633	17,726
On behalf payments	1,463,455	1,555,622	(92,167)
Total program expenses	<u>18,125,280</u>	<u>17,051,021</u>	<u>1,074,259</u>
Change in net position	<u>\$ 369,569</u>	<u>\$ 2,607</u>	<u>\$ 375,291</u>

OXBOW UNIFIED UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020
 (Continued)

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

Table 3
Governmental Activities

	2020	
	Total Cost of Services	Net Cost of Services
Direct instruction	\$ 4,727,253	\$ 4,727,253
Special education	1,025,236	315,660
All other areas	12,372,791	8,036,701
Totals	\$ 18,125,280	\$ 13,079,614
	2019	
	Total Cost of Services	Net Cost of Services
Regular instruction	\$ 8,604,101	\$ 7,402,016
Special education	824,173	403,749
All other areas	7,622,747	5,656,383
Totals	\$ 17,051,021	\$ 13,462,148

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

As the School District completed the year, its governmental funds (as presented in the Balance Sheet on Exhibit C) reported a combined fund balance of \$641,997. Included in this year's total is a fund balance of \$610,455 in the School District's General Fund, a fund deficit of (\$133,306) in the Technical Education Fund, and a total fund balance of \$164,848 in other non-major governmental funds.

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

Capital Assets and Debt Administration

Capital Assets

At June 30, 2020, the School District had \$6,547,434 invested in a broad range of capital assets, including school buildings, furniture and equipment. (See Table 4 below) This amount represents a net increase of \$125,513, over last year. The net decrease is a result of capital additions of \$431,002 exceeding depreciation expenses of \$305,489 for the year ending June 30, 2020.

**OXBOW UNIFIED UNION SCHOOL DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 YEAR ENDED JUNE 30, 2020
 (Continued)**

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

	2020	2019
Land	\$ 163,200	\$ 163,200
Land Improvements	21,302	28,789
Buildings and improvements	5,969,913	5,924,973
Furniture and equipment	390,481	300,391
Vehicles	2,538	4,568
Totals	\$ 6,547,434	\$ 6,421,921

Debt

At June 30, 2020, the School District had \$1,254,000 outstanding on a general obligation bond versus \$1,480,000 on June 30, 2019 – a decrease of \$226,000.

During the year ending June 30, 2020, the School District borrowed approximately \$1,400,000 on short term borrowings, which were repaid in their entirety as of June 30, 2020.

Economic Factors and Next Year's Budgets and Rates

The School District's elected and appointed officials considered many factors when setting the fiscal year 2020 budget for school operations. The budget anticipated some staffing and other operational costs be paid through traditional funding sources, inclusive of state and local education funds, tuition, grants and other sources.

The School District was created effective July 1, 2019 due to the merger of the following schools –

-) Bradford Academy and Graded School District
-) Newbury Town School District
-) Union High School District #30

Contacting the School District's Financial Management

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

OXBOW UNIFIED UNION
SCHOOL DISTRICT

EXHIBIT A

STATEMENT OF NET POSITION

JUNE 30, 2020

	<u>Governmental Activities</u>	
ASSETS		
Cash	\$ 1,107,066	
Accounts receivable	940,934	
Prepaid expenses	69,636	
Inventory	4,006	
Due from Private Purpose Funds	20,176	
Capital assets:		
Land	163,200	
Other Capital Assets - net of accumulated depreciation of \$9,639,017	<u>6,384,234</u>	
Total assets		8,689,252
LIABILITIES		
Accounts payable	106,650	
Accrued payroll and withholdings	565,294	
Deferred revenue	721,313	
Noncurrent liabilities:		
Capital lease - due in one year	9,036	
Capital lease - due after one year	4,232	
Note payable - due in one year	226,000	
Note payable - due after one year	<u>1,028,000</u>	
Total liabilities		<u>2,660,525</u>
NET POSITION		
Invested in capital assets, net of related debt	5,280,166	
Restricted	25,676	
Nonspendable	69,636	
Unrestricted	<u>653,249</u>	
Total net position		<u><u>\$ 6,028,727</u></u>

OXBOW UNIFIED UNION
SCHOOL DISTRICT

EXHIBIT B

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Charge for Services	Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position
Primary Government:				
Governmental Activities:				
Direct Instruction	\$ 4,727,253	\$ -	\$ -	\$ (4,727,253)
Special education	1,025,236	-	709,576	(315,660)
EEE programs	38,343	-	-	(38,343)
Guidance	578,838	-	-	(578,838)
Health services	277,534	-	-	(277,534)
After school program	30,976	41,003	-	10,027
Professional development	65,997	-	-	(65,997)
Library services	160,318	-	-	(160,318)
Technology & communications	408,203	-	-	(408,203)
School Board	69,277	-	10,135	(59,142)
Assessments	2,250,305	-	249,584	(2,000,721)
Athletics	168,445	-	-	(168,445)
Student activities	28,020	-	-	(28,020)
Principal's office	862,406	-	-	(862,406)
Fiscal services	60	-	-	(60)
Facilities	1,917,254	-	-	(1,917,254)
Transportation	39,855	-	189,843	149,988
Food services	729,841	69,183	723,094	62,436
Tech center tuition	409,609	-	-	(409,609)
Program expenditures	2,039,609	368,364	1,221,429	(449,816)
Support Services	609,203	-	-	(609,203)
Capital outlays and maintenance	140,884	-	-	(140,884)
Interest	84,359	-	-	(84,359)
Pension plan expense	1,463,455	-	1,463,455	-
Total governmental activities	\$ 18,125,280	\$ 478,550	\$ 4,567,116	\$ (13,079,614)
General Revenues:				
Tuition				1,453,843
State and local education				11,942,031
Interest income				7,173
Interest and penalties on delinquent taxes				23,903
Miscellaneous				22,233
Total general revenues				13,449,183
Change in net position				369,569
Net position - July 1, 2019				5,540,434
Prior Period Adjustments				118,724
Net assets - July 1, 2019 (Restated)				5,659,158
Net position - June 30, 2020				\$ 6,028,727

OXBOW UNIFIED UNION
SCHOOL DISTRICT

EXHIBIT C

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2020

	General Fund	Technical Education Fund	Other Non-Major Govt Funds	Totals
ASSETS				
Cash	\$ 1,107,066	\$ -	\$ -	\$ 1,107,066
Accounts receivable	-	23,037	805,480	828,517
Property taxes, interest and penalties receivable	112,417	-	-	112,417
Prepays	69,636	-	-	69,636
Inventory	-	-	4,006	4,006
Due from other funds	46,678	-	540,484	587,162
Total assets	\$ 1,335,797	\$ 23,037	\$ 1,349,970	\$ 2,708,804
 LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 38,161	\$ 3,070	\$ 65,419	\$ 106,650
Accrued payroll and withholdings	459,577	63,129	42,588	565,294
Due to other funds	-	90,144	476,842	566,986
Deferred property taxes, interest and penalties	106,564	-	-	106,564
Deferred revenue	121,040	-	600,273	721,313
Total liabilities	725,342	156,343	1,185,122	2,066,807
 Fund balances				
Nonspendable	69,636	-	-	69,636
Committed	-	-	139,172	139,172
Restricted	-	-	25,676	25,676
Assigned to FY 21 revenues	125,155	-	-	125,155
Unassigned	415,664	(133,306)	-	282,358
Total fund balances	610,455	(133,306)	164,848	641,997
Total liabilities and fund balance	\$ 1,335,797	\$ 23,037	\$ 1,349,970	\$ 2,708,804

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

JUNE 30, 2020

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$ 641,997
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets are \$16,186,451, and the accumulated depreciation is \$9,639,017.</p>		6,547,434
<p>Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds</p>		106,564
<p>Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:</p>		
Note payable		(1,254,000)
Capital leases payable have not been included in the governmental fund financial statements		<u>(13,268)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u><u>\$ 6,028,727</u></u>

OXBOW UNIFIED UNION
SCHOOL DISTRICT

EXHIBIT E

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

YEAR ENDED JUNE 30, 2020

	General Fund	Technical Education Fund	Other Non-Major Govt Funds	Total Governmental Funds
REVENUES				
State and local education	\$ 11,450,553	\$ 639,383	\$ -	\$ 12,089,936
Special education	614,689	65,584	-	680,273
After school program	41,003	-	-	41,003
Tuition	626,260	827,583	-	1,453,843
Transportation aid	189,843	-	-	189,843
Tax penalty and interest	23,903	-	-	23,903
Solar credits	2,893	-	-	2,893
Misc grants	29,303	-	-	29,303
Sales	-	-	69,183	69,183
State and Federal grant funds	-	-	1,530,410	1,530,410
Donated commodities	-	-	24,221	24,221
Vocational programs revenue	-	83,463	-	83,463
Intergovernmental revenues	-	389,892	-	389,892
Local share	10,135	-	-	10,135
Tech center on behalf payment	249,584	-	-	249,584
Billed overhead	284,901	-	-	284,901
Interest income/net investment income	7,173	-	-	7,173
Miscellaneous Income	16,391	2,732	217	19,340
On behalf payments	262,353	-	-	262,353
Total revenues	<u>13,808,984</u>	<u>2,008,637</u>	<u>1,624,031</u>	<u>17,441,652</u>
EXPENDITURES				
Current expenditures				
Direct Instruction	4,727,253	-	-	4,727,253
Special education	1,025,236	-	-	1,025,236
EEE programs	38,343	-	-	38,343
Guidance	578,838	-	-	578,838
Health services	277,534	-	-	277,534
After school program	30,976	-	-	30,976
Professional development	65,997	-	-	65,997
Library services	160,318	-	-	160,318
Technology & communications	354,892	-	-	354,892
School Board	69,277	-	-	69,277
Assessments	2,180,740	69,565	-	2,250,305
Athletics	168,445	-	-	168,445
Student activities	28,020	-	-	28,020
Principal's office	862,406	-	-	862,406
Fiscal services	60	-	-	60

OXBOW UNIFIED UNION
SCHOOL DISTRICT

EXHIBIT E

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

YEAR ENDED JUNE 30, 2020

	General Fund	Technical Education Fund	Other Non-Major Govt Funds	Total Governmental Funds
Facilities	1,705,757	-	-	1,705,757
Transportation	37,825	-	-	37,825
Food services	-	-	729,841	729,841
Tech center tuition	409,609	-	-	409,609
Program expenditures	-	1,385,321	654,288	2,039,609
Support Services	-	609,203	-	609,203
Capital outlays and maintenance	-	-	571,886	571,886
On behalf payments	262,353	-	-	262,353
Debt service:				
Interest	82,160	-	-	82,160
Principal	226,000	-	-	226,000
Total expenditures	<u>13,292,039</u>	<u>2,064,089</u>	<u>1,956,015</u>	<u>17,312,143</u>
EXCESS REVENUES (EXPENDITURES)	<u>516,945</u>	<u>(55,452)</u>	<u>(331,984)</u>	<u>129,509</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from bonds	-	-	249,269	249,269
Transfers in	-	-	126,962	126,962
Transfers out	(126,962)	-	-	(126,962)
Total other financing sources(uses)	<u>(126,962)</u>	<u>-</u>	<u>376,231</u>	<u>249,269</u>
NET CHANGE IN FUND BALANCE	389,983	(55,452)	44,247	378,778
FUND BALANCES - July 1, 2019	101,748	(77,854)	120,601	144,495
Prior period adjustment	118,724	-	-	118,724
FUND BALANCES - July 1, 2019 (RESTATED)	<u>220,472</u>	<u>(77,854)</u>	<u>120,601</u>	<u>263,219</u>
FUND BALANCES - June 30, 2020	<u>\$ 610,455</u>	<u>\$(133,306)</u>	<u>\$ 164,848</u>	<u>\$ 641,997</u>

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

YEAR ENDED JUNE 30, 2020

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 378,778
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation of \$305,489 exceeds capital outlays of \$431,002	125,513
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Revenues in the statement of activities that do not provide current financial Contractual obligations of the retirement incentive program	(147,905)
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Cost of capital lease	36,452
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Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	226,000
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Proceeds from long term borrowings	(249,269)
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On behalf payments related to the Vermont State Teachers Retirement system in not recognized in the governmental funds and does not require the use of current financial resources. The net effect of the current year's net assets is zero.

State of Vermont on behalf payment - expense - Exhibit E	262,353
State of Vermont on behalf payment - expense - Exhibit B	(1,463,455)
State of Vermont on behalf payment - revenue - Exhibit E	(262,353)
State of Vermont on behalf payment - revenue - Exhibit B	1,463,455

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 369,569
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OXBOW UNIFIED UNION
SCHOOL DISTRICT

EXHIBIT G

STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS

JUNE 30, 2020

	Private Purpose Trust Fund			Agency Fund		Total
	Bradford Fund	Newbury Fund	High School Fund	Newbury Fund	High School Fund	
ASSETS						
Cash	\$ 41,360	\$ 21,637	\$ 21,079	\$ 15,846	\$ 66,959	\$ 166,881
Investments	385,972	-	326,557	-	-	712,529
 Total assets	<u>\$ 427,332</u>	<u>\$ 21,637</u>	<u>\$ 347,636</u>	<u>\$ 15,846</u>	<u>\$ 66,959</u>	<u>\$ 879,410</u>
LIABILITIES						
Assets held for activities	-	-	-	15,846	66,959	82,805
Due to other funds	4,766	128	15,282	-	-	20,176
 Total Liabilities	<u>4,766</u>	<u>128</u>	<u>15,282</u>	<u>15,846</u>	<u>66,959</u>	<u>102,981</u>
NET POSITION						
Assets held in trust for student scholarships	422,566	21,509	332,354	-	-	776,429
 Total net position and liabilities	<u>\$ 427,332</u>	<u>\$ 21,637</u>	<u>\$ 347,636</u>	<u>\$ 15,846</u>	<u>\$ 66,959</u>	<u>\$ 879,410</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

	Private Purpose Trust Fund			Agency Fund		Total
	Bradford Fund	Newbury Fund	High School Fund	Newbury Fund	High School Fund	
<u>ADDITIONS:</u>						
Contributions	\$ -	\$ -	\$ 7,119	\$ -	\$ -	\$ 7,119
Net investment income	21,780	142	24,193	-	-	46,115
 Total Additions	 21,780	 142	 31,312	 -	 -	 53,234
<u>DEDUCTIONS:</u>						
Scholarship given to students	2,500	-	14,975	-	-	17,475
Donations and other expenses	2,052	-	21,150	-	-	23,202
 Total Deductions	 4,552	 -	 36,125	 -	 -	 40,677
 Change in net position	 17,228	 142	 (4,813)	 -	 -	 12,557
 Net position - July 1, 2019	 405,338	 21,367	 337,167	 -	 -	 763,872
 Net position - June 30, 2020	 <u>\$ 422,566</u>	 <u>\$ 21,509</u>	 <u>\$ 332,354</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 776,429</u>

OXBOW UNIFIED UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

The Oxbow Unified Union School District (the “School District”) was organized July 2019 with the merger of the following school districts:

-) Bradford Academy and Graded School Academy
-) Newbury Town School District
-) Union High School District #30

The School District, for financial purposes, includes all of the funds and account groups relevant to operations of the School District. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Oxbow Unified Union Graded School District.

Note 1 – Summary of Significant Accounting Policies

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

Reporting Entity

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

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

Basic Financial Statements – Government-Wide Statements

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

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

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

OXBOW UNIFIED UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

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

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

Basic Financial Statements – Fund Financial Statements

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

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

Governmental Fund

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

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

Special Revenue Funds:

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

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

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

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

Fiduciary Funds

Private Purpose Trust Funds - Custodial in nature, Private Purpose Trust Funds are used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The School District maintains three Private Purpose Trust Funds, primarily used to fund student scholarships.

OXBOW UNIFIED UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

Agency Funds - To account for situations where the government's role is purely custodial, all assets reported in the School District's agency fund are offset by a liability to the party on whose behalf they are held. Agency Funds do not present results of operations or have a measurement focus. Agency Funds use the full accrual basis of accounting. The School District's Agency Funds are used to hold scholarships and donations for student activities.

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

Measurement Focus

The accounting and financial treatment applied to a fund is determined by its measurement focus. Government-wide financial statements are reported using the economic resources measurement focus. This means that all assets and liabilities associated with the operation of the funds (whether current or noncurrent) are included on the balance sheet (or statement of net position). Fund equity (i.e. net total assets) is segregated into investment in capital assets, net of related debt, restricted net assets, and unrestricted net assets. Operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net total assets.

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets and current liabilities are generally reported on their balance sheets. Their reported fund balances (net current assets) are considered a measure of available spendable resources, and are segregated into nonspendable; restricted; committed; assigned and unassigned amounts. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

Basis of Accounting

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

The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the School District gives (or receives) value without directly receiving (or giving) equal value in exchange, include assessments, grants, and donations. On the accrual basis, revenue from assessments is recognized in the fiscal year for which the assessments are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

OXBOW UNIFIED UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

Governmental funds are reported using the modified accrual basis of accounting. Revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined, and "Available" means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The School District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty (60) days or shortly thereafter year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and certain compensated absences and other long-term liabilities which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Under the terms of the grant agreements, the School District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the School District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

The government-wide financial statements follow Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989 Accounting Principles Board (APB) Opinions and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. As permitted under Statement of Governmental Accounting Standards No. 20, the School District has elected not to apply FASB Standards issued after November 30, 1989.

Deferred Outflows/Inflows of Resources

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

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

OXBOW UNIFIED UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Cash and Cash Equivalents

The School District considers all short-term investments of six months or less to be cash equivalents.

Receivables and Payables

Accounts receivable at year end represent amounts the School District believes to be fully collectible. As such, the School District does not accrue an allowance for uncollectible receivables. The School District does not charge or accrue interest related to these receivables.

Activity between funds represents lending or borrowing arrangements outstanding at the end of the fiscal year, interfund receivables and payables, and is presented as due to/from other funds in the financial statements. The effect of interfund activity between the governmental funds of the School District has been eliminated from the government-wide financial statements.

Inventory

Inventories consist of items held for consumption, valued at cost on a first-in/first-out method. All inventories held by the School District have been expensed when purchased.

Capital Assets

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

Buildings and improvements	30 - 50 years
Land and improvements	20 years
Furniture and equipment	5 – 7 years
Vehicles	5 years

Compensated Absences

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

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

OXBOW UNIFIED UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

District policies also establish a Sick Leave Bank. Employees are required as a condition of employment to sacrifice sick days that the School District accrues and holds for long-term use when required for a long-term illness or family emergency. The School District has a committee to review requests for use of the Sick Leave Bank. At year end, the School District held 2,738 days in the Sick Leave Bank for teachers and 245 for educational support staff. The School District does not recognize an accrued liability for the Sick Leave Bank.

Long-term Liabilities

Long-term liabilities include bonds payable and severance incentive program payments. Long-term liabilities are reported in the government-wide financial statements. Governmental fund type financial statements do not include any long-term liabilities as those funds use the current financial resources measurement focus and only include current assets and liabilities on their balance sheets.

Government-Wide Net Position

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

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

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

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

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

Fund Equity

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

Nonspendable fund balances - Indicates the portion of fund equity that cannot be spent due to their form or funds that legally or contractually must be maintained intact.

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

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

OXBOW UNIFIED UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

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

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

Use of Estimates

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

Interfund Activities

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

On Behalf Payments

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

Note 2 – Explanation of Difference between Governmental Fund and Government-Wide Statements

Governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, while government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. These differences in the measurement focus and the accrual basis of accounting lead to differences between the governmental fund financial statements and the government-wide financial statements as follows:

Long-term revenue differences arise because the governmental funds report revenues only when they are considered “available”, whereas government-wide statements report revenues when they are earned. Long-term expense differences arise because governmental funds report expenditures (including interest) using the modified basis of accounting, whereas government-wide statements report expenses using the accrual basis.

Capital related differences arise because governmental funds report outlays as current period expenditures, whereas government-wide statements report depreciation as an expense. Further, governmental funds report the proceeds from the sale of capital assets as another financing source, whereas government-wide statements report the gain or loss from the sale of capital assets as revenue or expenses.

OXBOW UNIFIED UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 2 – Explanation of Difference between Governmental Fund and Government-Wide Statements (continued)

Long-term debt transaction differences arise because governmental funds report proceeds as other financing sources and principal payments as expenditures, whereas government-wide statements report those transactions as increases and decreases in liabilities.

Note 3 – Stewardship, Compliance and Accountability

Budgetary Information

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

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

Fund Deficits

The School District has a deficit balance of \$133,306 in the Technical Education Fund as of June 30, 2020, respectively. This deficit will be funded by future sales and transfers from the General Fund.

Note 4 – Cash and Investments

The School District's cash and investments as of June 30, 2020 are as follows:

Cash:

Cash with financial institutions	\$ 1,290,947
Cash on hand	-
Total cash	1,290,947

Investments:

Cash equivalent with broker	\$ 20,404
Mutual funds - fixed income	171,048
Mutual funds - equities	190,698
Real estate	4,397
Stock funds	200,440
Bond funds	125,542
Total investments	712,529
Total cash and investments	\$ 2,003,476

The School District does not have an investment policy that addresses credit risk, interest rate risk, custodial risk, concentration of credit risk or foreign currency risk.

OXBOW UNIFIED UNION SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

Note 4 – Cash and Investments (continued)

Custodial Credit Risk

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

The following table shows the custodial credit risk of the School District’s deposits.

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured - FDIC	\$ 193,622	\$ 0
Invested in repurchase agreement	1,371,606	1,290,947
Total bank balance at June 30, 2020	<u>\$ 1,565,228</u>	<u>\$ 1,290,947</u>

The difference between the book balance and the bank balance is due to reconciling items such as deposits in transit and outstanding checks.

The School District has entered into a repurchase agreement whereby amounts on deposit in the School District’s accounts are, at the close of each business day, used to purchase AAA rated securities or obligations issued by the United States Government, GNMA, FNMA or FHLMC Agency Securities. All government securities held on behalf of the School District are redeemed and credit to the School District’s account the next business day. The government securities are not obligations of the bank and are not insured by the Federal Deposit Insurance Corporation, however, they are backed by the full faith and credit of the United States Government.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The School District does not have a policy to limit the exposure to interest rate risk. Information about the sensitivity of the fair values of the School District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the School District’s investments by maturity. Mutual funds are shown at their weighted average maturity (if available) and the government bonds are shown at their actual maturity.

OXBOW UNIFIED UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

Note 4 – Cash and Investments (continued)

Investment Type	Remaining Maturity		Total
	1 to 5 Years	Not Available	
Money Market Funds	\$ -	\$ 20,404	\$ 20,404
Mutual Funds	-	687,728	687,728
Real Estate	-	4,397	4,397
Total	\$ -	\$ 712,529	\$ 712,529

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The equity mutual funds and fixed income mutual funds are exempt from credit risk disclosure. The School District does not have a policy to limit the exposure to credit risk.

Security Investment Protection Corporation (SIPC) insures investments up to \$500,000, including up to an additional \$250,000 in cash, in the event of broker/dealer failure. At June 30, 2020, all investments were insured by the SIPC. The government actively monitors its investment allocation with its broker to ensure no excess credit risk occurs in a single investment activity.

Concentration of Credit Risk

Concentration of credit risk is the risk that a large percentage of the School District's investments are held within one security. The School District does not have any limitations on the amount that can be invested in any one issuer. There are no investments in any one issuer, other than mutual funds, that represent more than 5% of total investments.

Note 5 – Receivables

The receivables at June 30, 2020, as reported in the statement of net position, is as follows:

	General Fund	Technical Education Fund	Food Service Fund	Vocational Grant & Grant Fund	Total
Property taxes, interest and penalties	\$ 112,417	\$ -	\$ -	\$ -	\$ 112,417
Grant receivables	-	-	500,394	304,060	804,454
Special education	-	23,037	-	-	23,037
Other receivables	-	-	1,026	-	1,026
Total Receivables	\$ 112,417	\$ 23,037	\$ 501,420	\$ 304,060	\$ 940,934

OXBOW UNIFIED UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 6 – Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 163,200	\$ -	\$ -	\$ 163,200
Totals	<u>163,200</u>	<u>-</u>	<u>-</u>	<u>163,200</u>
Capital assets, being depreciated:				
Land improvements	139,809	-	-	139,809
Building improvements	13,286,557	248,950	-	13,535,507
Furniture and equipment	1,877,132	182,052	-	2,059,184
Vehicles	288,751	-	-	288,751
Totals	<u>15,592,249</u>	<u>431,002</u>	<u>-</u>	<u>16,023,251</u>
Land improvements	(111,020)	(7,487)	-	(118,507)
Building improvements	(7,361,584)	(204,010)	-	(7,565,594)
Furniture and equipment	(1,576,741)	(91,962)	-	(1,668,703)
Vehicles	(284,183)	(2,030)	-	(286,213)
Totals	<u>(9,333,528)</u>	<u>(305,489)</u>	<u>-</u>	<u>(9,639,017)</u>
Net capital assets, being depreciated	<u>6,258,721</u>	<u>125,513</u>	<u>-</u>	<u>6,384,234</u>
Total capital assets, net	<u>\$ 6,421,921</u>	<u>\$ 125,513</u>	<u>\$ -</u>	<u>\$ 6,547,434</u>

Depreciation was charged as follows:

Governmental Activities:

Facilities	\$ 211,497
Technology	91,962
Transportation	<u>2,030</u>
Total depreciation expense - Governmental activities	<u>\$ 305,489</u>

Note 7 – Deferred Revenue

Deferred revenue in the General Fund totaled \$227,604, which consists of \$106,564 of property taxes and related interest and penalties not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities and \$121,040 associated with special education funds received in advance of expenditures. Deferred revenue in the Special Revenue Funds totaled \$600,273 and Food Service Fund totaled \$10,072, which represent grant funds received in advance of expenditures.

OXBOW UNIFIED UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

8 – Interfund Balances and Activity

The composition of interfund balances at June 30, 2020 is as follows:

Funds	Due From	Due To
General Fund	\$ 46,678	\$ -
Technical Education Fund	-	90,144
Food Service Fund	-	424,000
Grants Fund	401,312	-
Vocational Grants Fund	-	52,842
Capital Improvements Fund	139,172	-
Private Purpose Trust Funds	-	20,176
	\$ 587,162	\$ 587,162

The following details interfund transfers from the General Fund for the year ended June 30, 2020:

- Transfer of \$126,962 to the Food Service Fund to eliminate a portion of the prior year deficit.

Note 9 - Long-Term Liabilities

Severance Incentive Programs. The School Board has the discretion, on an annual basis, to offer or not offer the severance incentive program and the discretion to specify the number of teachers to whom it will be offered.

To be eligible the teacher must have taught in the School District providing the program for ten (10) consecutive years.

The teacher shall receive a total cash payment equivalent to sixty-six percent (66%) of his/her teaching salary during his/her final year of employment at the School District. This figure shall be based only upon the annual teaching salary figure and shall not include extra compensation which may have been given for extra-curricular activities, per diem, or any other additional compensation.

The cash payment will be made in three equal installments on September 15 during the first three years following the teacher's resignation. The School District will deduct any applicable state and federal taxes from the payments to teachers.

On or before September 15 each year, the Board will provide written notice to the Association and the teachers as to whether or not it intends to offer the program. This notice shall specify the number of teachers to whom the program will be offered.

Applications for this program must be submitted by the teacher to the Superintendent by October 15.

If a greater number of teachers apply than the number authorized by the Board, seniority will be used to select the teachers who will be selected for the program. Teachers will be notified whether or not they have been selected by December 1. Teachers notified must then submit a letter of resignation to the Superintendent by December 15 and said resignation will be irrevocable.

OXBOW UNIFIED UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 9 - Long-Term Liabilities (continued)

A teacher who accepts this program will not be eligible for any other severance or retirement benefit provided in the collective bargaining agreement.

This program shall be considered an addendum to the current agreement, and should a dispute arise as to the interpretation of its provisions, the enforcement procedures of the grievance and arbitration provisions of the agreement shall apply.

The School District had no outstanding severance incentive liabilities as of June 30, 2020.

General Obligation Bonds. The School District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and to refund prior issues. General obligation bonds have been issued for general governmental activities. Bonds are reported in governmental activities if the debt is expected to be repaid by governmental revenues.

General obligation bonds are direct obligations and pledge the full faith and credit of the School District. New bonds generally are issued as 10 to 20 year bonds. Refunding bonds are issued for various terms based on the debt service refunded.

Long-term debt outstanding as of June 30, 2020 was as follows:

Bond Payable - Vermont Municipal Bond Bank, interest ranging from 1.87% to 5.09%, currently at 4.929%, due June 1st and December 1st of each year through 2024, principal payments of \$165,000 are due December 1st of each year until 2022, then \$160,000 each year until 2024.	\$815,000
Bond Payable - Vermont Municipal Bond Bank, bond payable with variable interest of 2.32%, principal payments from \$45,000 to \$40,000 beginning November 2016. Final payment in November 2020.	40,000
Bond Payable - Vermont Municipal Bond Bank, bond payable with variable interest, principal payments from \$45,000 to \$21,000 beginning December 2019. Final payment in December 2038.	<u>\$390,000</u>
Total long-term debt	<u>\$1,245,000</u>

OXBOW UNIFIED UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 9 - Long-Term Liabilities (continued)

Changes in all long-term debt liabilities during the year were as follows:

	Balance at June 30, 2019	Additions	Reductions	Balance at June 30, 2020	Due Within One Year
General obligation bonds payable	\$ 1,480,000	\$ -	\$ 226,000	\$ 1,254,000	\$ 226,000
Severance incentive program	-	-	-	-	-
	<u>\$ 1,480,000</u>	<u>\$ -</u>	<u>\$ 226,000</u>	<u>\$ 1,254,000</u>	<u>\$ 226,000</u>

Debt service requirements to maturity are as follows:

Year Ending June 30,	Maturities				Total	
	Bond Payable		Severance Incentive Payable		Principal	Interest
	Principal	Interest	Principal	Interest		
2021	\$ 226,000	49,565	\$ -	\$ -	\$ 226,000	\$ 49,565
2022	186,000	40,378	-	-	186,000	40,378
2023	186,000	31,848	-	-	186,000	31,848
2024	181,000	23,294	-	-	181,000	23,294
2025	181,000	14,723	-	-	181,000	14,723
Thereafter	294,000	20,440	-	-	294,000	20,440
Total	<u>\$ 1,254,000</u>	<u>\$ 180,248</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,254,000</u>	<u>\$ 180,248</u>

Note 10 - Short-Term Debt

During the year ending June 30, 2020, the School District received short term borrowings from multiple tax anticipation notes from Community Bank, N.A., all of which charged interest at 2.81%. The balances were paid in full as of June 30, 2020.

The short-term debt activity during the year was as follows:

Beginning balance	\$ 318,779
Current year borrowings	1,336,484
Repayment of tax anticipation note	<u>(1,655,263)</u>
Ending balance	<u>\$ -</u>

Total interest expense for all debt during the year included in the education expenses on Exhibit B is \$33,573.

OXBOW UNIFIED UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 11 – Fund Balances/Net Position

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

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

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

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

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

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

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

General Fund:

Nonspendable general prepaid expenses	<u>\$ 69,636</u>
Total Nonspendable Fund Balance	<u>\$ 69,636</u>

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

<u>Capital Improvements Fund</u>	
Committed for capital improvements	<u>\$ 139,172</u>
Total Committed Fund Balance	<u>\$ 139,172</u>

Note

OXBOW UNIFIED UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

11 – Fund Balances/Net Position (continued)

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

Special Revenue Funds:

Restricted for Food Service Fund	<u>\$ 25,676</u>
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The fund balances in the following funds are assigned as follows:

General Fund:

Assigned for FY 21 revenues	<u>125,155</u>
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Note 12 - Net Assets Held in trust for Various Purposes

The net assets held in trust for various purposes of the School District as of June 30, 2020 consisted of the following:

Private Purpose Trust Funds:

Restricted for Scholarships	<u>\$ 776,429</u>
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The School District holds agency funds that are due to others and represent amounts restricted for specific purposes for the following student groups:

Agency Funds:

Restricted for Specific Student Groups	<u>\$ 82,805</u>
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Note 13 - Defined Benefit Pensions Plans and Postemployment Benefits

Vermont State Teachers' Retirement System of Vermont

Plan description. The State of Vermont contributes on behalf of the School District to the Vermont State Teachers Retirement System (VSTRS) which is a cost sharing multiple employer defined benefit pension plan with a special funding situation. It covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2018, the retirement system consisted of 225 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).

OXBOW UNIFIED UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 13 - Defined Benefit Pensions Plans and Postemployment Benefits (continued)

The Pension Plan is divided into the following membership groups:

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

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

	<u>Group A</u>	<u>Group C - Group #1*</u>	<u>Group C - Group #2**</u>
Normal service retirement eligibility (no reduction)	Age 60 or with 30 years of service	Age 62 or with 30 years of service	Age 65 or when the sum of age and service equals 90
Average Final Compensation (AFC)	Highest 3 consecutive years, including unused annual leave, sick leave, and bonus/incentives	Highest 3 consecutive years, excluding all payments for anything other than service actually performed	Highest 3 consecutive years, excluding all payments for anything other than service actually performed
Benefit formula - normal service retirement	1.67% x creditable service x AFC	1.25% x service prior to 6/30/90 x AFC plus 1.67% x service after 7/1/90 x AFC	1.25% x service prior to 6/30/90 x AFC plus 1.67% x service after 7/1/90 x AFC, 2.0% after attaining 20 years
Maximum Benefit payable	100% of AFC	53.34% of AFC	60% of AFC
Post-Retirement COLA	Full CPI, up to a maximum of 5% after 12 months of retirement; minimum of 1%	50% CPI, up to a maximum of 5% after 12 months of retirement or with 30 years; minimum of 1%	50% CPI, up to a maximum of 5%, minimum of 1% after 12 months of normal retirement or age 65
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Early Retirement Reduction	Actuarial reduction	6% per year from age 62	Actuarial reduction
Disability Benefits	Unreduced, accrued benefit with minimum of 25% of AFC	Unreduced, accrued benefit with minimum of 25% of AFC	Unreduced, accrued benefit with minimum of 25% of AFC
Death-in-Service Benefit	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applies plus children's benefits up to maximum of three concurrently	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applies plus children's benefits up to maximum of three concurrently	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applies plus children's benefits up to maximum of three concurrently

*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

OXBOW UNIFIED UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 13 - Defined Benefit Pensions Plans and Postemployment Benefits (continued)

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

Significant Actuarial Assumptions and Methods

The total pension liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions.

Investment rate of return: 7.50%, net of pension plan investment expenses, including inflation

Salary Increases: Ranging from 3.75% to 9.09%. Representative values of the assumed annual rates of future salary increases are as follows:

Age	Annual rate of Salary Increase
20	9.09%
25	7.78%
30	6.47%
35	5.60%
40	4.92%
45	4.43%
50	4.09%
55	3.85%
60	3.75%

Mortality:

Pre-retirement: 98% of RP-2006 White Collar Employee with generational projection using Scale SSA-2017

Healthy Post-retirement: 98% of RP-2006 White Collar Annuitant with generational projection using Scale SSA-2017

Disabled Post-retirement: RP-2006 Disabled Mortality Table with generational projection using Scale SSA-2017

Inflation: 2.5%

Spouse's Age: Females three years younger than males

Cost of Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 2.55% per annum for Group A members and 1.30% for 2019 Group C members.

Inactive Members: Valuation liability equals 250% of accumulated contributions.

OXBOW UNIFIED UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 13 - Defined Benefit Pensions Plans and Postemployment Benefits (continued)

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

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

Long-term expected rate of return:

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

Best estimates of arithmetic rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	29.00%	6.90%
US Equity-Large Cap	4.00%	5.94%
US Equity-Small/Mid Cap	3.00%	6.72%
Non-US Equity-Large Cap	5.00%	6.81%
Non-US Equity-Small Cap	2.00%	7.31%
Emerging Markets Debt	4.00%	4.26%
Core Bond	14.00%	1.79%
Non-Core Bonds	6.00%	3.22%
Short Quality Credit	5.00%	1.81%
Private Credit	5.00%	6.00%
US TIPS	3.00%	1.45%
Core Real Estate	5.00%	4.26%
Non-Core Real Estate	3.00%	5.76%
Private Equity	10.00%	10.81%
Infrastructure/Farmland	2.00%	4.89%

OXBOW UNIFIED UNION SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

Note 13 - Defined Benefit Pensions Plans and Postemployment Benefits (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the System's projected fiduciary net position exceeds projected benefits for current active and inactive members for all years. The analysis was based on the expectation that employers will continue to contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is comprised on an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the pension liability would be if it were calculated using a discount rate that is one percent lower (6.50%) or one percent higher (8.50%) than the current rate:

Bradford:

1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
\$ 3,918,631	\$ 3,155,384	\$ 2,511,415

Newbury:

1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
\$ 2,510,117	\$ 2,021,212	\$ 1,608,711

Oxbow:

1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
\$ 7,900,249	\$ 6,361,487	\$ 5,063,198

State Teachers' Retirement System of Vermont

The contribution made by the State on behalf of the participants in the State Teachers' Retirement System is \$262,353 and is reported on Exhibit E. This amount is based on information provided by the State. For the government wide financials, the amount for on School District reports its proportionate share of pension expense, which was \$1,463,455. Of the School District's total payroll of \$7,923,349, \$5,080,146 was covered under the Vermont State Teachers' Retirement System.

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

OXBOW UNIFIED UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 13 - Defined Benefit Pensions Plans and Postemployment Benefits (continued)

Special Funding Situation

The State of Vermont is the nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the School District. Therefore, the School District is considered to be in a special funding situation as defined in GASB No. 68 and the State of Vermont is treated as a nonemployer contributing entity to VSTRS. Effective July 1, 2015, the State is assessing a \$1,253 annual charge for teacher's health care for all new teachers hired during the year. The total amount paid by the School District was \$30,084 for the year ended June 30, 2020. Since the School District does not contribute directly to VSTRS, no net pension liability is recorded by the School District. However, the notes to the financial statements of the School District must disclose the portion of the State's share of the collective net pension liability that is associated with the School District. In addition, each School District recognizes its portion of the collective pension expense as both revenue and pension expense.

403(b) Annuity Plan

A 403(b) tax deferred annuity plan through the Hartford Group is available to administrative and clerical employees who choose to participate. The School District will match up to 2% of the employee's salary. The total amount contributed to the plan during the year was \$74,127.

Plan description.

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

The plan covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2019, the plan consisted of 184 participating employers.

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

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

OXBOW UNIFIED UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 13 - Defined Benefit Pensions Plans and Postemployment Benefits (continued)

Summary of Plan

Eligibility:

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

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

- J Group C – Public school teachers employed within the State of Vermont on or after July 1, 1990. Teachers hired before July 1, 1990 and were Group B members in service on July 1, 1990 are now Group C members. Grandfathered participants are Group C members who were within five years of normal retirement eligibility as defined prior to July 1, 2010.
 - o Retirement Group C Grandfathered: Attainment of age 62, or 30 years' creditable service, or age 55 with 5 years of creditable service.
 - o Retirement Group C Non-grandfathered: Attainment of age 65, or age plus creditable service equal to 90, or age 55 with 5 years of creditable service.

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

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

Duration of Coverage: Lifetime.

Spousal Benefits: Same benefits as for retirees.

Spousal Coverage: Lifetime.

Retiree Contributions:

Retired before June 30, 2010:

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

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

Retired after June 30, 2010:

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

OXBOW UNIFIED UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 13 - Defined Benefit Pensions Plans and Postemployment Benefits (continued)

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

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

Spouse Coverage with 80% Subsidy

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

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

Premium Reduction Option:

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

Actuarial assumptions

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

Discount Rate: 3.50% based on the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of June 30, 2019 and a 7.50% long-term rate of return on invested plan assets blended as prescribed in GASB 75.

OXBOW UNIFIED UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 13 - Defined Benefit Pensions Plans and Postemployment Benefits (continued)

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

Age	Annual Rate of Salary Increase
20	9.09%
25	7.78%
30	6.47%
35	5.60%
40	4.92%
45	4.43%
50	4.09%
55	3.85%
60	3.75%

Inflation: 2.75%

Retiree Contributions: Retiree contributions were assumed to increase with health trend. Rates were based on premiums effective July 1, 2019. Plan premiums were weighted by actual retiree and dependent enrollment, separately for non-Medicare and Medicare.

Mortality Rates:

Pre-retirement mortality: 98% of RP-2006 White Collar Employee with generational projection using Scale SSA-2017

Post-retirement mortality: 98% of RP-2006 White Collar Annuitant with generational projection using Scale SSA-2017

Disabled mortality:

RP-2006 Disabled Mortality Table with generational projection using Scale SSA-2017

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

Asset Valuation Method: Market Value

Measurement Date: June 30, 2019

Actuarial Valuation Date: June 30, 2018

OXBOW UNIFIED UNION SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

Note 13 - Defined Benefit Pensions Plans and Postemployment Benefits (continued)

Per Capita Cost Development:

Medical and Prescription Drug

Per capita claims costs were based on claims for the period July 1, 2016 through June 30, 2019. Claims were separated by non-Medicare and Medicare retirees, and by claim type (medical vs. prescription drug). Claims were separated by plan year, then adjusted as follows:

-) total claims were divided by the number of adult members to yield a per capita claim,
-) the per capita claim was trended to the midpoint of the valuation year at assumed trend rates, and
-) the per capita claim was adjusted for the effect of any plan changes.

Per capita claims for each plan year were then combined by taking a weighted average. The weights used in this average account for a number of factors including each plan year's volatility of claims experience and distance to the valuation year. Actuarial factors were then applied to the weighted average cost to estimate individual retiree and spouse costs by age and by gender. The prescription drug claims were then adjusted for assumed rebates and EGWP reimbursements.

Administrative Expenses

Per capita claims costs were based on expenses for the period July 1, 2016 through June 30, 2019. Expenses were separated by plan year, then adjusted as described above to yield a combined weighted average per capita claims cost.

Per Capita Health Costs:

Medical and prescription drug claims for the year beginning July 1, 2019 are shown in the table below for retirees and for spouses at selected ages. These costs are net of deductibles and other benefit plan cost sharing provisions.

Age	Medical				Prescription			
	Retiree		Spouse		Retiree		Spouse	
	Male	Female	Male	Female	Male	Female	Male	Female
50	\$8,609	\$9,806	\$6,013	\$7,873	\$ 1,553	\$ 1,769	\$ 1,085	\$ 1,421
55	10,224	10,555	8,046	9,113	1,845	1,905	1,452	1,644
60	12,142	11,377	10,772	10,570	2,191	2,053	1,955	1,907
64	13,930	12,070	13,598	11,897	2,514	2,178	2,454	2,147
65	1,502	1,277	1,502	1,277	2,053	1,745	2,053	1,745
70	1,741	1,376	1,741	1,376	2,379	1,881	2,379	1,881
75	1,876	1,481	1,876	1,481	2,564	2,024	2,564	2,024

Administrative Expenses:

An annual administrative expense of \$568 per participant with health and welfare coverage increasing at 3.0% per year was added to projected incurred claim costs in developing the benefit obligations.

OXBOW UNIFIED UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 13 - Defined Benefit Pensions Plans and Postemployment Benefits (continued)

Health Care Cost Trend Rates:

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

Year Ending June 30	Rate % Health Costs
2020	7.150
2021	6.925
2022	6.700
2023	6.475
2024	6.250
2025	6.025
2026	2.800
2027	5.575
2028	5.350
2029	5.125
2030	4.900
2031	4.675
2032 & Later	4.500

The trend rate assumptions were developed using Segal’s internal guidelines, which are established each year using data sources such as the 2019 Segal Health Trend Survey, internal client results, trends from other published surveys prepared by the S&P Dow Jones Indices, consulting firms and brokers, and CPI statistics published by the Bureau of Labor Statistics.

Retiree Contribution Increase Rate:

Retiree contributions were assumed to increase with health trend. Retiree contribution rates were based on 2018 premiums. Plan premiums were weighted by actual retiree and dependent enrolment, separately for non-Medicare and Medicare.

Health Care Reform Assumption:

The Plan is assumed to be in compliance with the Patient Protection and Affordable Care Act (PPACA) and the Health Care and Education Reconciliation Act (HCERA) of 2010 as of the valuation date. The valuation includes the projected effect of the Act’s provision which imposes an excise tax on high cost employer-sponsored health coverage beginning in 2022. The excise tax limit is assumed to increase by 2.0% each year after 2019.

Note 14 – Risk Management

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

OXBOW UNIFIED UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 14 – Risk Management (continued)

In addition, the School District is a member of Vermont School Boards Association (Association). The Association has set up two insurance trusts; Vermont School Board Insurance Trust, Inc. (VSBIT) for Workers Compensation, Multi-Line Intermunicipal School Program and Unemployment Compensation Program, and the Vermont Education Health Initiative (VEHI) for medical benefits.

VSBIT and VEHI are non-profit corporations formed to provide insurance and risk management for Vermont schools and is owned by participating districts. The Trusts are not licensed insurance carriers and members are not protected by the Vermont Insurance Guaranty Association. The School District does not participate in the Multi-Line Intermunicipal School Program.

For worker's compensation coverage, VSBIT 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 estimate contributions and actual expenses.

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 member's result in an actual or projected financial deficit and VSBIT is unable to meet its required obligations, the Program will be terminated with each members assessed their proportionate share of the deficit.

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.

Note 15 - Reconciliation of Exhibit E to Exhibit G

Amounts recorded in the Statement of Revenues, Expenditures and Change in Fund Balance Budget to Actual – General Fund (Schedule III) are reported on the basis budgeted by the School District. Amounts recorded in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit E) for the General Fund were adjusted for on behalf payments of fringe benefits (see Notes 1 and 13) as follows:

	Revenues	Expenditures
Exhibit E	\$13,808,984	\$13,292,039
On behalf payments	(262,353)	(262,353)
Schedule III	\$13,546,631	\$13,029,686

OXBOW UNIFIED UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 16 – Operating Leases

On November 24, 2015, the School District entered into a lease agreement with Wells Fargo Financial Leasing, Inc. for the lease of a copier at \$109 per month for 48 months. Lease payments made under this lease agreement totaled \$1,308.

On July 5, 2019, the School District entered into a lease agreement with Leaf Capital Funding, LLC for the lease of a copier at \$117 per month for 60 months. Lease payments under made under this agreement totaled \$1,287.

On August 18, 2016, the School District entered into a lease agreement with De Lage Landen Financial Services, Inc. for the lease of two copiers at \$279 per month for 60 months. Lease payments made under this agreement totaled \$2,932

The District has entered into a lease agreement with Pitney Bowes for the lease of a postage machine for the High School and River Bend Career Tech Center. The District entered into several lease agreements with W. B. Mason for leases of photocopiers used throughout the School District. Total payments for operating leases for the year ended June 30, 2020 was \$9,038.

Note 17 – Capital Leases

On July 13, 2018, the School District entered into a lease agreement with Apple, Inc. for the lease of computers for use by employees and students. The total contract amount of \$15,951 is to be paid in 3 annual installments of \$5,317, maturing July 2020. Lease payments made under this lease agreement totaled \$5,317, which included \$4,778 of principal and \$539 of interest.

On July 15, 2018, the School District entered into a lease agreement with Apple, Inc. for the lease of computers. The total contract amount of \$17,924 is to be paid in four annual installments of \$4,481. Total lease payments made this year under this agreement were \$4,481, which included principal of \$3,774 and interest of \$707.

On April 12, 2016, the School District entered into a lease agreement with Apple, Inc. for the lease of computers for use by employees and students; refinancing the existing lease. The total contract amount of \$115,412 is to be paid in four annual installments of \$28,853. Total lease payments made this year under this agreement were \$28,853, which included principal of \$27,900 and interest of \$953.

The following summarizes capital lease obligations:

Year Ending	Capital Lease Payable		Totals
	Principal	Interest	
June 30,			
2021	\$ 9,036	\$ 762	\$ 9,798
2022	4,232	249	4,481
Total	\$ 13,268	\$ 1,011	\$ 14,279

OXBOW UNIFIED UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 18 - Supervisory Union Assessment

The District is billed for its appropriate share of expenses related to the Orange East Supervisory Union. The District paid \$2,250,303 of such expenses during the year ended June 30, 2020.

Note 19 - Concentrations

The School District received the majority of its revenue from State and Federal Grants.

Note 20 – Subsequent Events

COVID-19:

The COVID-19 outbreak in the United States and other countries has caused business disruption through mandated and voluntary closings, travel restrictions, quarantine requirements, and other disruptions to general business operations. While the disruptions are currently expected to be temporary, there is uncertainty around the duration of the various mandated and voluntary restrictions in place, and what, if any, negative financial impact it will have on the School District. As of the date of this report, the related financial impact and duration cannot be reasonably estimated at this time.

Management has evaluated subsequent events through April 1, 2021, the date which the financial statements were available for issue. Management is not aware of any subsequent events which require disclosure.

Note 21 – Prior Period Adjustment

During the year ending June 30, 2020, the School District wrote-off deferred revenue associated with special education for the year ending June 30, 2018. The write-off was done as the special education reconciliation for that period was complete and the deferred revenue was not going to be recouped. The result was an adjustment to beginning fund balance of \$118,724 in the Grant Fund.

OXBOW UNIFIED UNION
SCHOOL DISTRICT

SCHEDULE I

COMBINING BALANCE SHEET - NON-MAJOR
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2020

	Special Revenue Funds				Totals
	Food Service	Grants Fund	Vocational Grants Fund	Capital Improvements Fund	
ASSETS					
Accounts receivable	\$ 501,420	\$ 179,279	\$ 124,781	\$ -	\$ 805,480
Property taxes, interest and penalties receivable	-	-	-	-	-
Prepays	-	-	-	-	-
Inventory	4,006	-	-	-	4,006
Due from other funds	-	401,312	-	139,172	540,484
Total assets	\$ 505,426	\$ 580,591	\$ 124,781	\$ 139,172	\$ 1,349,970
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 42,577	\$ 8,628	\$ 14,214	\$ -	\$ 65,419
Accrued payroll and withholdings	3,101	31,848	7,639	-	42,588
Due to other funds	424,000	-	52,842	-	476,842
Deferred property taxes, interest and penalties	-	-	-	-	-
Deferred revenue	10,072	540,115	50,086	-	600,273
Total liabilities	479,750	580,591	124,781	-	1,185,122
Fund balances					
Restricted	25,676	-	-	-	25,676
Committed	-	-	-	139,172	139,172
Total fund balances	25,676	-	-	139,172	164,848
Total liabilities and fund balance	\$ 505,426	\$ 580,591	\$ 124,781	\$ 139,172	\$ 1,349,970

OXBOW UNIFIED UNION
SCHOOL DISTRICT

SCHEDULE II

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

YEAR ENDED JUNE 30, 20120

	Special Revenue Funds				Totals
	Food Service	Grants Fund	Vocational Grants Fund	Capital Improvements Fund	
REVENUES					
State and Federal grants	\$ 698,873	\$ 435,049	\$ 396,488	\$ -	\$ 1,530,410
Sales	69,183	-	-	-	69,183
Donated commodities	24,221	-	-	-	24,221
Miscellaneous income	217	-	-	-	217
Total revenues	<u>792,494</u>	<u>435,049</u>	<u>396,488</u>	<u>-</u>	<u>1,624,031</u>
EXPENDITURES					
Current					
Food service expenditures	729,841	-	-	-	729,841
Program expenditures	-	435,049	219,239	-	654,288
Capital outlays and maintenance	-	-	177,249	394,637	571,886
Total expenditures	<u>729,841</u>	<u>435,049</u>	<u>396,488</u>	<u>394,637</u>	<u>1,956,015</u>
EXCESS REVENUES (EXPENDITURES)	<u>62,653</u>	<u>-</u>	<u>-</u>	<u>(394,637)</u>	<u>(331,984)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from bonds	-	-	-	249,269	249,269
Transfers in	126,962	-	-	-	126,962
Total other financing sources(uses)	<u>126,962</u>	<u>-</u>	<u>-</u>	<u>249,269</u>	<u>376,231</u>
NET CHANGE IN FUND BALANCE	189,615	-	-	(145,368)	44,247
FUND BALANCES - July 1, 2019	<u>(163,939)</u>	<u>-</u>	<u>-</u>	<u>284,540</u>	<u>120,601</u>
FUND BALANCES - June 30, 2020	<u>\$ 25,676</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,172</u>	<u>\$ 164,848</u>

OXBOW UNIFIED UNION
SCHOOL DISTRICT

SCHEDULE III

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2020

	Approved Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
State and local education	\$ 11,630,181	\$ 11,450,553	\$ (179,628)
Special education	919,438	614,689	(304,749)
After school program	35,000	41,003	6,003
Tuition	606,969	626,260	19,291
Transportation aid	183,000	189,843	6,843
Tax penalty and interest	-	23,903	23,903
Solar credits	-	2,893	2,893
Misc grants	-	29,303	29,303
Local share	1,890	10,135	8,245
Tech center on behalf payment	-	249,584	249,584
Billed overhead	284,901	284,901	-
Interest income/net investment income	1,400	7,173	5,773
Miscellaneous Income	8,500	16,391	7,891
Total revenues	13,671,279	13,546,631	(124,648)
EXPENDITURES			
Current expenditures			
Direct Instruction	4,856,098	4,727,253	128,845
Special education	1,224,006	1,025,236	198,770
EEE programs	5,193	38,343	(33,150)
Guidance	630,386	578,838	51,548
Health services	251,109	277,534	(26,425)
After school program	43,084	30,976	12,108
Professional development	89,663	65,997	23,666
Library services	186,926	160,318	26,608
Technology & communications	397,026	354,892	42,134
School Board	48,253	69,277	(21,024)
Assessments	2,095,611	2,180,740	(85,129)
Athletics	205,255	168,445	36,810
Student activities	39,945	28,020	11,925
Principal's office	842,670	862,406	(19,736)
Fiscal services	-	60	(60)
Facilities	1,686,312	1,705,757	(19,445)
Transportation	138,000	37,825	100,175
Tech center tuition	392,150	409,609	(17,459)
Interest	161,254	82,160	79,094
Principal	226,000	226,000	-
	13,518,941	13,029,686	489,255

OXBOW UNIFIED UNION
SCHOOL DISTRICT

SCHEDULE III

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2020

Total expenditures	<u>13,518,941</u>	<u>13,029,686</u>	<u>489,255</u>
EXCESS REVENUES (EXPENDITURES)	152,338	516,945	364,607
OTHER FINANCING SOURCES (USES)			
Transfer out - Capital projects fund	-	-	-
Transfer in (out)	<u>(126,962)</u>	<u>(126,962)</u>	<u>-</u>
Total other financing sources (uses)	<u>(126,962)</u>	<u>(126,962)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 25,376</u></u>	<u><u>389,983</u></u>	<u><u>\$ 364,607</u></u>
FUND BALANCE - JULY 1, 2019		101,748	
Prior Period Adjustment		118,724	
FUND BALANCE - JULY 1, 2019 (RESTATED)		<u>220,472</u>	
FUND BALANCE - JUNE 30, 2020		<u><u>\$ 610,455</u></u>	

OXBOW UNIFIED UNION
SCHOOL DISTRICT

SCHEDULE IV

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - TECHNICAL EDUCATION FUND

YEAR ENDED JUNE 30, 2020

	Approved Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
State and local education	\$ 670,757	\$ 639,383	\$ (31,374)
Special education	48,000	65,584	17,584
Tuition	922,929	827,583	(95,346)
Vocational programs revenue	12,000	83,463	71,463
Intergovernmental revenues	408,165	389,892	(18,273)
Miscellaneous Income	-	2,732	2,732
On behalf payments	18,000	-	(18,000)
Total revenues	2,079,851	2,008,637	(71,214)
EXPENDITURES			
Current expenditures			
Program expenditures	1,250,169	1,385,321	(135,152)
Support Services	739,033	609,203	129,830
Assessments	71,218	69,565	1,653
Interest	19,431	-	19,431
Total expenditures	2,079,851	2,064,089	150,914
EXCESS REVENUES (EXPENDITURES)	-	(55,452)	79,700
NET CHANGE IN FUND BALANCE	\$ -	(55,452)	\$ 79,700
FUND BALANCE - JULY 1, 2019		(77,854)	
FUND BALANCE - JUNE 30, 2020		\$ (133,306)	

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

AS OF MEASUREMENT DATE JUNE 30,

	2019	2018	2017
Total Plan Net Pension Liability	\$ 1,560,624,850	\$ 1,510,705,475	\$ 1,482,403,515
School District's Proportion of the Net Pension Liability	0.73932%	0.77311%	0.74986%
School District's Proportionate Share of the Net Pension Liability	\$ 11,538,083	\$ 11,679,359	\$ 11,115,954
School District's Covered Employee Payroll	\$ 5,080,146	\$ 5,226,468	\$ 4,955,114
Proportionate Share of the Net Pension Liability as a Percentage of Covered - Employee Payroll	227.1211%	223.4656%	224.3330%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.96% as of June 30, 2019	54.81% as of June 30, 2018	53.98% as of June 30, 2017

Notes to Schedule:

Benefit Changes: None.

Significant Actuarial Assumptions: Refer to Note 13 for a description of the significant actuarial assumptions and other relevant information of the plan.

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

To the Board of Directors
Oxbow Unified Union School District
Bradford, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oxbow Unified Union School District (the "School District"), as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated April 1, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance

with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Wade White & Assoc., LLC

Registration number VT092.0000684
April 1, 2021