

# Audited Financial Statements

## Harwood Union High School

June 30, 2016



*Proven Expertise and Integrity*

HARWOOD UNION HIGH SCHOOL

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JUNE 30, 2016

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## INDEPENDENT AUDITORS' REPORT

School Board  
Harwood Union High School  
Waitsfield, 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 the Harwood Union High School, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Harwood Union High School'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.

### Auditors' 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 of 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.

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

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 Harwood Union High School as of June 30, 2016, 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, budgetary comparison information and pension information on pages 4 through 11 and 58 through 61 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 Harwood Union High School's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis – Budget and Actual – General Fund Revenues, Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis – Budget and Actual – General Fund Revenues, Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the

basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are 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 November 4, 2016, on our consideration of the Harwood Union High School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is 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 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 Harwood Union High School's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
Vermont Registration No. 092.0000697  
November 4, 2016

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**(UNAUDITED)**

The following management's discussion and analysis of the Harwood Union High School's financial performance provides an overview of the High School's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the High School's financial statements.

**Financial Statement Overview**

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

**Basic Financial Statements**

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

**Government-Wide Financial Statements**

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

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

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



Both of the above mentioned financial statements have one separate column for the one type of High School activity. The type of activity presented for the High School is:

- *Governmental activities* – The activities in this section are mostly supported by intergovernmental revenues (federal and state grants). All of the High School's basic services are reported in governmental activities, which include regular education, special education/speech, buildings/grounds maintenance, administration, and information technology.

### **Fund Financial Statements**

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

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

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

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

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

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

### **Notes to the Financial Statements**

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

### **Required Supplementary Information**

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

### **Other Supplementary Information**

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

### **Government-Wide Financial Analysis**

Our analysis below focuses on the net position, and changes in net position of the High School's governmental activities. The High School's total net position for governmental activities increased by \$521,746 from \$5,946,464 to \$6,468,210.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased for governmental activities to a balance of \$184,589 at the end of this year.

**Table 1**  
**Harwood Union High School**  
**Net Position**  
**June 30,**

|  | <b>Governmental Activities</b> |                            |
|--|--------------------------------|----------------------------|
|  | <b>2016</b>                    | <b>2015<br/>(Restated)</b> |
| <b>Assets:</b>                         |                                |                            |
| Current Assets                         | \$ 1,714,570                   | \$ 964,171                 |
| Capital Assets                         | 6,765,604                      | 6,861,782                  |
| Total Assets                           | 8,480,174                      | 7,825,953                  |
| <b>Deferred Outflows of Resources:</b> |                                |                            |
| Deferred Outflows Related to Pensions  | 198,631                        | 59,040                     |
| Total Deferred Outflows of Resources   | 198,631                        | 59,040                     |
| <b>Liabilities:</b>                    |                                |                            |
| Current Liabilities                    | 1,230,277                      | 795,768                    |
| Long-term Obligations Outstanding      | 970,902                        | 983,625                    |
| Total Liabilities                      | 2,201,179                      | 1,779,393                  |
| <b>Deferred Inflows of Resources:</b>  |                                |                            |
| Deferred Revenues                      | 2,800                          | 32,895                     |
| Deferred Inflows Related to Pensions   | 6,616                          | 126,241                    |
| Total Deferred Inflows of Resources    | 9,416                          | 159,136                    |
| <b>Net Position:</b>                   |                                |                            |
| Net Investment in Capital Assets       | 5,814,540                      | 5,576,636                  |
| Restricted                             | 469,081                        | 294,587                    |
| Unrestricted (Deficit)                 | 184,589                        | 75,241                     |
| Total Net Position                     | \$ 6,468,210                   | \$ 5,946,464               |

### Revenues and Expenses

The prior year comparatives have not been presented as there were several reclassifications in line items due to presentation of budget changes.

**Table 2**  
**Harwood Union High School**  
**Change in Net Position**  
**For the Year Ended June 30,**

|   | <b>Governmental<br/>Activities</b> |
|---|------------------------------------|
|   | <b>2016</b>                        |
| <b>Revenues</b>   |                                    |
| <i>Program Revenues:</i>  |                                    |
| Charges for services  | \$ 499,348                         |
| Operating grants and contributions                              | 1,012,057                          |
| <i>General Revenues:</i>  |                                    |
| Grants and contributions not restricted to<br>specific programs | 14,412,836                         |
| Miscellaneous   | 443,851                            |
| <b>Total Revenues</b>   | <b>16,368,092</b>                  |
| <b>Expenses</b>   |                                    |
| Regular education - all programs                                | 5,335,515                          |
| Student support services  | 93,887                             |
| Guidance program  | 358,487                            |
| School nurse (health office)                                    | 157,608                            |
| Student assistance counselor                                    | 37,644                             |
| Media center (library)  | 106,506                            |
| Information technology  | 398,354                            |
| Board of education  | 33,206                             |
| Board treasurer   | 915                                |
| Washington West general assessment                              | 305,956                            |
| Administration  | 577,815                            |
| WWSU fiscal service assessment                                  | 181,897                            |
| Board financial audit   | 6,800                              |
| Buildings/grounds maintenance                                   | 876,286                            |
| Transportation  | 451,665                            |
| Special education/speech  | 3,550,015                          |
| School-wide   | 103,171                            |
| Next step   | 277,945                            |
| Driver education  | 115,139                            |
| Student athletics/co-curricular program                         | 555,098                            |
| High school completion  | 64,528                             |
| On-behalf payments  | 835,368                            |
| Program expenditures  | 1,088,635                          |
| Interest on long-term debt                                      | 26,405                             |
| Capital outlay  | 26,689                             |
| Unallocated depreciation  | 280,812                            |
| <b>Total Expenses</b>   | <b>15,846,346</b>                  |
| <br>Change in Net Position                                      | <br>521,746                        |
| <br>Net Position - July 1, Restated                             | <br>5,946,464                      |
| <br>Net Position - June 30                                      | <br>\$ 6,468,210                   |

## Financial Analysis of the High School's Fund Statements

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

**Table 3**  
**Harwood Union High School**  
**Fund Balances - Governmental Funds**  
**June 30,**

|                           | <b>2016</b> | <b>2015<br/>(Restated)</b> |
|---------------------------|-------------|----------------------------|
| Major Funds:              |             |                            |
| General Fund:             |             |                            |
| Nonspendable              | \$ 12,545   | \$ -                       |
| Committed                 | -           | 65,235                     |
| Unassigned                | 236,725     | -                          |
| Medicaid Fund:            |             |                            |
| Restricted                | 153,276     | 129,525                    |
| Maintenance Reserve Fund: |             |                            |
| Committed                 | 148,335     | 148,057                    |
| Total Major Funds         | \$ 550,881  | \$ 342,817                 |
| Nonmajor Funds:           |             |                            |
| Special Revenue Funds:    |             |                            |
| Nonspendable              | \$ 3,663    | \$ 3,665                   |
| Restricted                | 158,821     | 103,209                    |
| Unassigned                | (6,192)     | (25,763)                   |
| Capital Projects Funds:   |             |                            |
| Committed                 | 4,515       | 4,515                      |
| Permanent Funds:          |             |                            |
| Nonspendable              | 83,633      | 83,633                     |
| Restricted                | 1,379       | 1,234                      |
| Unassigned                | (1,210)     | (1,354)                    |
| Debt Service Fund:        |             |                            |
| Restricted                | 71,972      | 56,954                     |
| Total Nonmajor Funds      | \$ 316,581  | \$ 226,093                 |

The general fund total fund balance increased by \$184,035 from the prior fiscal year. The medicaid fund total fund balance increased by \$23,751 from the prior fiscal year. The maintenance reserve fund balance increased by \$278 from the prior fiscal year. Total nonmajor fund balances increased by \$90,488 from the prior fiscal year.

### **Budgetary Highlights**

There was no significant difference between the original and final budget for the general fund.

The general fund actual revenues were over budgeted revenues by \$383,520 primarily due to receipts exceeding budgeted amounts for extraordinary reimbursement and tuition as well as an unbudgeted on-behalf payment made to the technical center by the State of Vermont.

The general fund actual expenditures were over budget by \$71,797 primarily due to actual exceeding budgeted amounts for special education/speech and an unbudgeted expenditure for school-wide.

### **Capital Asset and Long-Term Debt Activity**

#### **Capital Assets**

As of June 30, 2016, the High School's capital assets decreased by \$96,178. This decrease was the result of capital additions of \$189,675 less current year depreciation expense of \$285,853.

**Table 4  
Harwood Union High School  
Capital Assets (Net of Depreciation)  
June 30,**

|                            | <b>2016</b>  | <b>2015<br/>(Restated)</b> |
|----------------------------|--------------|----------------------------|
| Construction in progress   | \$ 20,000    | \$ -                       |
| Land improvements          | 176,234      | 122,441                    |
| Buildings and improvements | 4,419,383    | 4,501,952                  |
| Infrastructure             | 1,703,297    | 1,742,773                  |
| Furniture and fixtures     | 5,842        | 6,494                      |
| Machinery and equipment    | 400,120      | 439,248                    |
| Vehicles                   | 40,728       | 48,874                     |
| Total                      | \$ 6,765,604 | \$ 6,861,782               |

## **Debt**

At June 30, 2016, the High School had \$882,869 in bonds and notes payable versus \$1,137,066 in the prior fiscal year. Other obligations include capital leases payable, accrued compensated absences and net pension liability. Refer to Note 6 of Notes to Financial Statements for more detailed information.

### **Currently Known Facts, Decisions, or Conditions**

#### **Economic Factors and Next Year's Budgets and Rates**

The 2016-2017 budget could be severely impacted by the reduction of funding from the State. There is no indication of reduced funding from the State for 2016-2017 as of the date this report was issued.

The Harwood Union Middle/High School District will no longer be operational as of June 30, 2017 in accordance with the Article of Agreement forming the Harwood Unified Union School District, which will become operational on July 1, 2017.

#### **Contacting the High School's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the High School's finances and to show the High School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Michelle J. Baker, Director of Finance & Operations, at Washington West Supervisory Union located at 340 Mad River Park, Suite 7, Waitsfield, VT 05673.

## HARWOOD UNION HIGH SCHOOL

STATEMENT OF NET POSITION  
JUNE 30, 2016

|  | Governmental<br>Activities |
|--|----------------------------|
| <b>ASSETS</b>  |                            |
| Current assets:  |                            |
| Cash and cash equivalents  | \$ 1,224,501               |
| Investments  | 152,290                    |
| Accounts receivable (net of allowance for uncollectibles)                    | 1,236                      |
| Due from other governments   | 320,335                    |
| Prepaid items  | 12,545                     |
| Inventory  | 3,663                      |
| Total current assets   | <u>1,714,570</u>           |
| Noncurrent assets:   |                            |
| Construction in progress not being depreciated                               | 20,000                     |
| Land improvements, net of accumulated depreciation                           | 176,234                    |
| Buildings and improvements, net of accumulated depreciation                  | 4,419,383                  |
| Infrastructure, net of accumulated depreciation                              | 1,703,297                  |
| Furniture and fixtures, net of accumulated depreciation                      | 5,842                      |
| Machinery and equipment, net of accumulated depreciation                     | 400,120                    |
| Vehicles, net of accumulated depreciation                                    | 40,728                     |
| Total noncurrent assets  | <u>6,765,604</u>           |
| <b>TOTAL ASSETS</b>  | <u>8,480,174</u>           |
| DEFERRED OUTFLOWS OF RESOURCES   |                            |
| Deferred outflows related to pensions  | 198,631                    |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                                  | <u>198,631</u>             |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                       | <u>\$ 8,678,805</u>        |
| <b>LIABILITIES</b>   |                            |
| Current liabilities:   |                            |
| Accounts payable   | \$ 137,874                 |
| Accrued expenses   | 546,232                    |
| Due to other governments   | 160,202                    |
| Retirement incentive program   | 54,665                     |
| Current portion of long-term obligations                                     | 331,304                    |
| Total current liabilities  | <u>1,230,277</u>           |
| Noncurrent liabilities:  |                            |
| Noncurrent portion of long-term obligations:                                 |                            |
| Retirement incentive program   | 23,812                     |
| Bonds payable  | 199,000                    |
| Notes payable  | 421,187                    |
| Accrued compensated absences   | 1,280                      |
| Net pension liability  | 325,623                    |
| Total noncurrent liabilities   | <u>970,902</u>             |
| <b>TOTAL LIABILITIES</b>   | <u>2,201,179</u>           |
| DEFERRED INFLOWS OF RESOURCES  |                            |
| Deferred revenues  | 2,800                      |
| Deferred inflows related to pensions   | 6,616                      |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                   | <u>9,416</u>               |
| <b>NET POSITION</b>  |                            |
| Net investment in capital assets   | 5,814,540                  |
| Restricted:  |                            |
| Medicaid fund  | 153,276                    |
| Special revenue funds  | 158,821                    |
| Permanent funds  | 85,012                     |
| Debt service fund  | 71,972                     |
| Unrestricted (deficit)   | 184,589                    |
| <b>TOTAL NET POSITION</b>  | <u>6,468,210</u>           |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES<br/>AND NET POSITION</b> | <u>\$ 8,678,805</u>        |

See accompanying independent auditors' report and notes to financial statements.



HARWOOD UNION HIGH SCHOOL  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

| Functions/Programs                      | Expenses     | Program Revenues     |                                  |                                | Net (Expense)                     |
|---|--------------|----------------------|----------------------------------|--------------------------------|-----------------------------------|
|   |              | Charges for Services | Operating Grants & Contributions | Capital Grants & Contributions | Revenue & Changes in Net Position |
|   |              |                      |                                  |                                | Total                             |
|   |              |                      |                                  |                                | Governmental Activities           |
| Governmental activities:                |              |                      |                                  |                                |                                   |
| Regular education - all programs        | \$ 5,335,515 | \$ 113,467           | \$ -                             | \$ -                           | \$ (5,222,048)                    |
| Student support services                | 93,887       | -                    | -                                | -                              | (93,887)                          |
| Guidance program                        | 358,487      | -                    | -                                | -                              | (358,487)                         |
| School nurse (health office)            | 157,608      | -                    | -                                | -                              | (157,608)                         |
| Student assistance counselor            | 37,644       | -                    | -                                | -                              | (37,644)                          |
| Media center (library)                  | 106,506      | -                    | -                                | -                              | (106,506)                         |
| Information technology                  | 398,354      | -                    | -                                | -                              | (398,354)                         |
| Board of education                      | 33,206       | -                    | -                                | -                              | (33,206)                          |
| Board treasurer                         | 915          | -                    | -                                | -                              | (915)                             |
| Washington West general assessment      | 305,956      | -                    | -                                | -                              | (305,956)                         |
| Administration                          | 577,815      | -                    | -                                | -                              | (577,815)                         |
| WWSU fiscal service assessment          | 181,897      | -                    | -                                | -                              | (181,897)                         |
| Board financial audit                   | 6,800        | -                    | -                                | -                              | (6,800)                           |
| Buildings/grounds maintenance           | 876,286      | -                    | -                                | -                              | (876,286)                         |
| Transportation                          | 451,665      | -                    | 176,689                          | -                              | (274,976)                         |
| Special education/speech                | 3,550,015    | -                    | -                                | -                              | (3,550,015)                       |
| School-wide                             | 103,171      | -                    | -                                | -                              | (103,171)                         |
| Next step                               | 277,945      | -                    | -                                | -                              | (277,945)                         |
| Driver education                        | 115,139      | -                    | -                                | -                              | (115,139)                         |
| Student athletics/co-curricular program | 555,098      | -                    | -                                | -                              | (555,098)                         |
| High school completion                  | 64,528       | -                    | -                                | -                              | (64,528)                          |
| On-behalf payments                      | 835,368      | -                    | 835,368                          | -                              | -                                 |
| Program expenditures                    | 1,088,635    | 385,881              | -                                | -                              | (702,754)                         |
| Capital outlay                          | 26,689       | -                    | -                                | -                              | (26,689)                          |
| Interest on long-term debt              | 26,405       | -                    | -                                | -                              | (26,405)                          |
| Unallocated depreciation*               | 280,812      | -                    | -                                | -                              | (280,812)                         |
| Total governmental activities           | 15,846,346   | 499,348              | 1,012,057                        | -                              | (14,334,941)                      |

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

STATEMENT B (CONTINUED)  
HARWOOD UNION HIGH SCHOOL

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

|   | <u>Governmental<br/>Activities</u> |
|---|------------------------------------|
| Changes in net position:  |                                    |
| Net (expense) revenue   | <u>(14,334,941)</u>                |
| General revenues:   |                                    |
| Grants and contributions not restricted<br>to specific programs | 14,412,836                         |
| Miscellaneous   | 443,851                            |
| Total general revenues  | <u>14,856,687</u>                  |
| Change in net position  | 521,746                            |
| NET POSITION - JULY 1, RESTATED                                 | <u>5,946,464</u>                   |
| NET POSITION - JUNE 30  | <u>\$ 6,468,210</u>                |

See accompanying independent auditors' report and notes to financial statements.

## STATEMENT C

## HARWOOD UNION HIGH SCHOOL

BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2016

|  | General<br>Fund     | Medicaid          | Maintenance<br>Reserve | All<br>Nonmajor<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|-------------------|------------------------|--------------------------|--------------------------------|
| <b>ASSETS</b>  |                     |                   |                        |                          |                                |
| Cash and cash equivalents  | \$ 1,073,855        | \$ -              | \$ 149,041             | \$ 1,605                 | \$ 1,224,501                   |
| Investments  | -                   | -                 | -                      | 152,290                  | 152,290                        |
| Accounts receivable (net of<br>allowance for uncollectibles)                                 | 1,236               | -                 | -                      | -                        | 1,236                          |
| Due from other governments   | 248,683             | 28,228            | -                      | 43,424                   | 320,335                        |
| Due from other funds   | 23,596              | 125,048           | -                      | 140,258                  | 288,902                        |
| Prepaid items  | 12,545              | -                 | -                      | -                        | 12,545                         |
| Inventory  | -                   | -                 | -                      | 3,663                    | 3,663                          |
| <b>TOTAL ASSETS</b>  | <b>\$ 1,359,915</b> | <b>\$ 153,276</b> | <b>\$ 149,041</b>      | <b>\$ 341,240</b>        | <b>\$ 2,003,472</b>            |
| <b>LIABILITIES</b>   |                     |                   |                        |                          |                                |
| Accounts payable   | \$ 136,115          | \$ -              | \$ 530                 | \$ 1,229                 | \$ 137,874                     |
| Accrued expenses   | 546,232             | -                 | -                      | -                        | 546,232                        |
| Due to other governments   | 160,192             | -                 | 10                     | -                        | 160,202                        |
| Due to other funds   | 265,306             | -                 | 166                    | 23,430                   | 288,902                        |
| <b>TOTAL LIABILITIES</b>   | <b>1,107,845</b>    | <b>-</b>          | <b>706</b>             | <b>24,659</b>            | <b>1,133,210</b>               |
| <b>DEFERRED INFLOWS OF<br/>RESOURCES</b>   |                     |                   |                        |                          |                                |
| Deferred revenues  | 2,800               | -                 | -                      | -                        | 2,800                          |
| <b>TOTAL DEFERRED INFLOWS<br/>OF RESOURCES</b>   | <b>2,800</b>        | <b>-</b>          | <b>-</b>               | <b>-</b>                 | <b>2,800</b>                   |
| <b>FUND BALANCES (DEFICITS)</b>  |                     |                   |                        |                          |                                |
| Nonspendable   | 12,545              | -                 | -                      | 87,296                   | 99,841                         |
| Restricted   | -                   | 153,276           | -                      | 232,172                  | 385,448                        |
| Committed  | -                   | -                 | 148,335                | 4,515                    | 152,850                        |
| Assigned   | -                   | -                 | -                      | -                        | -                              |
| Unassigned   | 236,725             | -                 | -                      | (7,402)                  | 229,323                        |
| <b>TOTAL FUND BALANCES (DEFICITS)</b>  | <b>249,270</b>      | <b>153,276</b>    | <b>148,335</b>         | <b>316,581</b>           | <b>867,462</b>                 |
| <b>TOTAL LIABILITIES, DEFERRED<br/>INFLOWS OF RESOURCES<br/>AND FUND BALANCES (DEFICITS)</b> | <b>\$ 1,359,915</b> | <b>\$ 153,276</b> | <b>\$ 149,041</b>      | <b>\$ 341,240</b>        | <b>\$ 2,003,472</b>            |

See accompanying independent auditors' report and notes to financial statements.

## HARWOOD UNION HIGH SCHOOL

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2016

|   | Total<br>Governmental<br>Funds |
|---|--------------------------------|
|   | Funds                          |
| Total Fund Balances   | \$ 867,462                     |
| Amounts reported for governmental activities in the Statement of Net Position are different because:  |                                |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation | 6,765,604                      |
| Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds                              | 198,631                        |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:  |                                |
| Bonds payable   | (444,000)                      |
| Notes payable   | (438,869)                      |
| Capital leases payable  | (68,195)                       |
| Accrued compensated absences  | (1,707)                        |
| Net pension liability   | (325,623)                      |
| For governmental funds, the liability for retirement incentive payable is not recorded. The expense is recorded when incurred.                          | (78,477)                       |
| Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds                               | (6,616)                        |
| Net position of governmental activities   | \$ 6,468,210                   |

See accompanying independent auditors' report and notes to financial statements.

## HARWOOD UNION HIGH SCHOOL

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

|   | General<br>Fund   | Medicaid          | Maintenance<br>Reserve | All<br>Nonmajor<br>Funds | Total<br>Governmental<br>Funds |
|---|-------------------|-------------------|------------------------|--------------------------|--------------------------------|
| <b>REVENUES</b>   |                   |                   |                        |                          |                                |
| Intergovernmental revenues                              | \$ 14,205,364     | \$ -              | \$ -                   | \$ 384,161               | \$ 14,589,525                  |
| Charges for services                                    | -                 | -                 | -                      | 385,881                  | 385,881                        |
| Tuition   | 113,467           | -                 | -                      | -                        | 113,467                        |
| Investment income                                       | 14,392            | -                 | 89                     | 1,582                    | 16,063                         |
| Unrealized gains on investments                         | -                 | -                 | -                      | 3,366                    | 3,366                          |
| State on-behalf payments                                | 835,368           | -                 | -                      | -                        | 835,368                        |
| Miscellaneous   | 48,412            | 110,531           | -                      | 265,479                  | 424,422                        |
| <b>TOTAL REVENUES</b>                                   | <b>15,217,003</b> | <b>110,531</b>    | <b>89</b>              | <b>1,040,469</b>         | <b>16,368,092</b>              |
| <b>EXPENDITURES</b>                                     |                   |                   |                        |                          |                                |
| Current:  |                   |                   |                        |                          |                                |
| Regular education - all programs                        | 5,320,805         | -                 | -                      | -                        | 5,320,805                      |
| Student support services                                | 93,887            | -                 | -                      | -                        | 93,887                         |
| Guidance program  | 358,487           | -                 | -                      | -                        | 358,487                        |
| School nurse (health office)                            | 157,608           | -                 | -                      | -                        | 157,608                        |
| Student assistance counselor                            | 37,644            | -                 | -                      | -                        | 37,644                         |
| Media center (library)                                  | 106,506           | -                 | -                      | -                        | 106,506                        |
| Information technology                                  | 437,323           | -                 | -                      | -                        | 437,323                        |
| Board of education                                      | 33,206            | -                 | -                      | -                        | 33,206                         |
| Board treasurer   | 915               | -                 | -                      | -                        | 915                            |
| Washington West general assessment                      | 305,956           | -                 | -                      | -                        | 305,956                        |
| Administration  | 577,815           | -                 | -                      | -                        | 577,815                        |
| WWSU fiscal service assessment                          | 181,897           | -                 | -                      | -                        | 181,897                        |
| Board financial audit                                   | 6,800             | -                 | -                      | -                        | 6,800                          |
| Buildings/grounds maintenance                           | 917,202           | -                 | -                      | -                        | 917,202                        |
| Transportation  | 451,665           | -                 | -                      | -                        | 451,665                        |
| Special education/speech                                | 3,550,015         | -                 | -                      | -                        | 3,550,015                      |
| School-wide   | 103,171           | -                 | -                      | -                        | 103,171                        |
| Next step   | 277,945           | -                 | -                      | -                        | 277,945                        |
| Driver education  | 115,139           | -                 | -                      | -                        | 115,139                        |
| Student athletics/co-curricular program                 | 555,098           | -                 | -                      | -                        | 555,098                        |
| High school completion                                  | 64,528            | -                 | -                      | -                        | 64,528                         |
| On-behalf payments                                      | 835,368           | -                 | -                      | -                        | 835,368                        |
| Program expenditures                                    | -                 | 86,780            | -                      | 996,814                  | 1,083,594                      |
| Capital outlay  | 71,553            | -                 | 144,811                | -                        | 216,364                        |
| Debt service:   |                   |                   |                        |                          |                                |
| Principal   | 254,197           | -                 | -                      | -                        | 254,197                        |
| Interest  | 26,405            | -                 | -                      | -                        | 26,405                         |
| <b>TOTAL EXPENDITURES</b>                               | <b>14,841,135</b> | <b>86,780</b>     | <b>144,811</b>         | <b>996,814</b>           | <b>16,069,540</b>              |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>375,868</b>    | <b>23,751</b>     | <b>(144,722)</b>       | <b>43,655</b>            | <b>298,552</b>                 |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                   |                   |                        |                          |                                |
| Transfers in  | -                 | -                 | 145,000                | 46,833                   | 191,833                        |
| Transfers (out)   | (191,833)         | -                 | -                      | -                        | (191,833)                      |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>             | <b>(191,833)</b>  | <b>-</b>          | <b>145,000</b>         | <b>46,833</b>            | <b>-</b>                       |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b>184,035</b>    | <b>23,751</b>     | <b>278</b>             | <b>90,488</b>            | <b>298,552</b>                 |
| <b>FUND BALANCES (DEFICITS) - JULY 1, RESTATED</b>      | <b>65,235</b>     | <b>129,525</b>    | <b>148,057</b>         | <b>226,093</b>           | <b>568,910</b>                 |
| <b>FUND BALANCES (DEFICITS) - JUNE 30</b>               | <b>\$ 249,270</b> | <b>\$ 153,276</b> | <b>\$ 148,335</b>      | <b>\$ 316,581</b>        | <b>\$ 867,462</b>              |

See accompanying independent auditors' report and notes to financial statements.

## HARWOOD UNION HIGH SCHOOL

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2016

|   |                          |
|---|--------------------------|
| Net change in fund balances - total governmental funds (Statement E)  | <u>\$ 298,552</u>        |
| Amounts reported for governmental activities in the Statement of Activities<br>(Statement B) are different because:   |                          |
| Governmental funds report capital outlays as expenditures while governmental activities<br>report depreciation expense allocated to those expenditures over the life of the assets:     |                          |
| Capital asset acquisitions  | 189,675                  |
| Depreciation expense  | <u>(285,853)</u>         |
|   | <u>(96,178)</u>          |
| Deferred outflows of resources are a consumption of net position by the<br>government that are applicable to a future reporting period and therefore are<br>not reported in the funds.  | <u>139,591</u>           |
| Repayment of long-term debt principal is an expenditure in the governmental<br>funds, but the repayment reduces long-term liabilities in the Statement of Net Position                  | <u>334,082</u>           |
| Deferred inflows of resources are an acquisition of net position by the<br>government that are applicable to a future reporting period and therefore are<br>not reported in the funds.  | <u>119,625</u>           |
| Some expenses reported in the Statement of Activities do not require the use of<br>current financial resources and therefore are not reported as expenditures in<br>governmental funds: |                          |
| Retirement incentive payable  | 13,316                   |
| Accrued compensated absences  | 301                      |
| Net pension liability   | <u>(287,543)</u>         |
|   | <u>(273,926)</u>         |
| Change in net position of governmental activities (Statement B)   | <u><u>\$ 521,746</u></u> |

See accompanying independent auditors' report and notes to financial statements.

## HARWOOD UNION HIGH SCHOOL

STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2016

|                            | Agency Funds                | Private-Purpose<br>Trust Funds |
|----------------------------|-----------------------------|--------------------------------|
|                            | Student<br>Activities       | Scholarship<br>Activities      |
|                            | <u>                    </u> | <u>                    </u>    |
| ASSETS                     |                             |                                |
| Cash and cash equivalents  | \$ 105,319                  | \$ 16,152                      |
| Due from other governments | -                           | 9,765                          |
|                            | <u>                    </u> | <u>                    </u>    |
| TOTAL ASSETS               | <u>\$ 105,319</u>           | <u>\$ 25,917</u>               |
| <br>                       |                             |                                |
| LIABILITIES                |                             |                                |
| Due to other governments   | \$ -                        | \$ 13,200                      |
| Deposits held for others   | 105,319                     | -                              |
|                            | <u>                    </u> | <u>                    </u>    |
| TOTAL LIABILITIES          | <u>\$ 105,319</u>           | <u>13,200</u>                  |
| <br>                       |                             |                                |
| NET POSITION               |                             |                                |
| Restricted                 |                             | <u>12,717</u>                  |
| TOTAL NET POSITION         |                             | <u>\$ 25,917</u>               |

See accompanying independent auditors' report and notes to financial statements.

## HARWOOD UNION HIGH SCHOOL

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2016

|                                 | Private-Purpose<br>Trust Funds<br><u>Scholarship<br/>Activities</u> |
|---------------------------------|---|
| ADDITIONS                       |   |
| Contributions                   | \$ 6,262  |
| Investment income               | 12  |
| Total additions                 | <u>6,274</u>  |
| DEDUCTIONS                      |   |
| Distributions                   | 5,227   |
| Service fees                    | 41  |
| Total deductions                | <u>5,268</u>  |
| Change in net position          | 1,006   |
| NET POSITION - JULY 1, RESTATED | <u>11,711</u>   |
| NET POSITION - JUNE 30          | <u>\$ 12,717</u>  |

See accompanying independent auditors' report and notes to financial statements.



HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Reporting Entity***

Harwood Union High School was incorporated under the laws in the State of Vermont. The High School operates under the Board of Directors-superintendent form of government and provides the following services: education, transportation, administration and other services.

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

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

***Implementation of New Accounting Standards***

During the year ended June 30, 2016, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 72, "*Fair Value Measurement and Application*". The objective of the Statement is to expand comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will improve fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". The objective of the Statement is to improve financial reporting by instituting a single framework for the presentation of information about pensions, thereby expanding the comparability of pension-related information reported by state and local governments. Management has determined that this Statement is not applicable.

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 76, “*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*”. The objective of this Statement is to identify-in the context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 79, “*Certain External Investment Pools and Pool Participants*”. This Statement establishes specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

This Statement also establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. Management has determined the impact of this Statement is not material to the financial statements.

***Government-Wide and Fund Financial Statements***

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

Both the government-wide and fund financial statements categorize primary activities as governmental.

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide Statement of Activities reports both the gross and net cost of each of the High School's functions (instruction, administration, etc.). The functions are also supported by general government revenues (support from the High School, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

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

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

**Measurement Focus - Basic Financial Statements & Fund Financial Statements**

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

1. Governmental Funds:

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

HARWOOD UNION HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Funds

- a. The General Fund is the general operating fund of the High School. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Medicaid Fund is used to account for medically related services provided to students in accordance with an Individual Education Plan (IEP). The High School bills Medicaid directly for services provided and receives reimbursements from the State of Vermont, Agency of Education for the claims submitted to Medicaid.
- c. The Maintenance Reserve Fund is used to account for the financial resources to be used for the acquisition or construction of major capital facilities or equipment.

Nonmajor Funds

- d. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- e. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- f. Permanent Funds are used to account for assets that are legally restricted for the purpose of providing scholarships to benefit the High School students.
- g. Debt Service Fund is used to accumulate deposits remitted into a sinking fund, which will be used for the payment of the Qualified School Construction bond at maturity.

2. Fiduciary Funds:

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

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The High School's fiduciary funds are presented in the fiduciary fund financial statements by type (agency and private-purpose trust). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

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

**Basis of Accounting**

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

1. Accrual

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

2. Modified Accrual

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

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Budget**

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

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

|                                  |                     |
|----------------------------------|---------------------|
| Revenues per budgetary basis     | \$14,510,666        |
| Add: On-behalf payments          | <u>706,337</u>      |
| Total GAAP basis                 | <u>\$15,217,003</u> |
| <br>                             |                     |
| Expenditures per budgetary basis | \$14,326,631        |
| Add: On-behalf basis             | <u>706,337</u>      |
| Total GAAP basis                 | <u>\$15,032,968</u> |

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

1. Early in the first half of the year the High School prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the participating towns was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the participating towns.
4. The High School does not adopt budgets for Special Revenue Funds.

**Deposits and Investments**

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

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Harwood Union High School has no formal investment policy but instead follows the State of Vermont Statutes.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

**Inventories**

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

**Interfund Receivables and Payables**

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

**Transactions Between Funds**

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

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Allowance for Uncollectible Accounts**

The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2016.

**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 market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

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

Infrastructure assets include a wood chip plant, water main, water tank replacement, and water well. The High School has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

|                         |               |
|-------------------------|---------------|
| Land improvements       | 10 - 40 years |
| Buildings               | 25 - 50 years |
| Building improvements   | 10 - 50 years |
| Infrastructure          | 10 - 50 years |
| Machinery and equipment | 3 - 30 years  |

**Long-term Obligations**

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists of bonds payable, notes payable, capital leases payable, accrued compensated absences and net pension liability.



HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Pensions**

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

**Net Position**

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

**Fund Balance**

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

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

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Assigned – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the School Board.

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

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

**Deferred Outflows and Inflows of Resources**

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

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The High School has only one type of item, deferred revenues, which is reported in both the statement of net position and

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

government funds balance sheet. Deferred inflows related to pensions, which arises only under an accrual basis of accounting, qualifies for reporting in this category. Accordingly, this item is reported in the statement of net position. All items in this category are deferred and recognized as inflows of resources in the period that the amounts become available.

**Program Revenues**

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

**Encumbrance Accounting**

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

**Use of Estimates**

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

**Deposits:**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the High School will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The High School does not have a policy covering custodial credit risk. However, the High School maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF. At June 30, 2016, the High School's cash balance of \$1,345,972

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

was comprised of bank balances of \$1,716,279. All of the bank deposits were either fully covered by federal depository insurance, and consequently were not exposed to custodial credit risk, were collateralized by securities held by the financial institution in the High School's name, or were covered by the Securities Investor Protection Corporation (SIPC).

| <u>Account Type</u>       | <u>Bank<br/>Balance</u> |
|---------------------------|-------------------------|
| Checking accounts         | \$ 49,955               |
| Money market accounts     | 277,055                 |
| Repurchase accounts       | 1,389,146               |
| Cash and cash equivalents | 123                     |
|                           | <u>\$ 1,716,279</u>     |

**Investments:**

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

At June 30, 2016, the High School's investments balance of \$152,290 were either fully covered by federal depository insurance, and consequently were not exposed to custodial credit risk, or were covered by the Securities Investor Protection Corporation (SIPC).

The High School had the following investments and maturities at June 30, 2016:

| <u>Investment Type</u>               | <u>Fair<br/>Value</u> | <u>N/A</u>       | <u>Less than<br/>1 Year</u> | <u>1 - 5 Years</u> | <u>Over<br/>5 Years</u> |
|--------------------------------------|-----------------------|------------------|-----------------------------|--------------------|-------------------------|
| Certificates of deposit              | \$ 80,441             | \$ -             | \$ -                        | \$ 80,441          | \$ -                    |
| Fixed income securities (US T Notes) | 59,740                | -                | -                           | -                  | 59,740                  |
| Fixed income securities (US T Bond)  | 12,109                | 12,109           | -                           | -                  | -                       |
|                                      | <u>\$ 152,290</u>     | <u>\$ 12,109</u> | <u>\$ -</u>                 | <u>\$ 80,441</u>   | <u>\$ 59,740</u>        |

Credit risk – Statutes for the State of Vermont authorize the High School to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

statutory limits, financial institutions, mutual funds and repurchase agreements. The High School does not have an investment policy on credit risk.

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

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2016 consisted of the following individual fund receivables and payables:

|                                 | Receivables<br>(Due from) | Payables<br>(Due to) |
|---------------------------------|---------------------------|----------------------|
| General Fund                    | \$ 23,596                 | \$ 265,306           |
| Medicaid Fund                   | 125,048                   | -                    |
| Maintenance Reserve Fund        | -                         | 166                  |
| Nonmajor Special Revenue Funds  | 132,376                   | 23,424               |
| Nonmajor Capital Projects Funds | 4,515                     | -                    |
| Nonmajor Permanent Funds        | 3,367                     | 6                    |
|                                 | <u>\$ 288,902</u>         | <u>\$ 288,902</u>    |

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2016:

|                                       | Balance<br>7/1/15<br>(Restated) | Additions          | Disposals   | Balance<br>6/30/16  |
|---------------------------------------|---------------------------------|--------------------|-------------|---------------------|
| <u>Governmental activities:</u>       |                                 |                    |             |                     |
| Non-depreciated assets:               |                                 |                    |             |                     |
| Construction in progress              | \$ -                            | \$ 20,000          | \$ -        | \$ 20,000           |
|                                       | <u>-</u>                        | <u>20,000</u>      | <u>-</u>    | <u>20,000</u>       |
| Depreciated assets:                   |                                 |                    |             |                     |
| Land improvements                     | 438,626                         | 60,295             | -           | 498,921             |
| Buildings and improvements            | 9,670,016                       | 66,706             | -           | 9,736,722           |
| Infrastructure                        | 1,973,844                       | -                  | -           | 1,973,844           |
| Furniture and fixtures                | 13,044                          | -                  | -           | 13,044              |
| Machinery and equipment               | 1,053,007                       | 42,674             | -           | 1,095,681           |
| Vehicles                              | 95,165                          | -                  | -           | 95,165              |
|                                       | <u>13,243,702</u>               | <u>169,675</u>     | <u>-</u>    | <u>13,413,377</u>   |
| Less: accumulated depreciation        |                                 |                    |             |                     |
| Land improvements                     | (316,185)                       | (6,502)            | -           | (322,687)           |
| Buildings and improvements            | (5,168,064)                     | (149,275)          | -           | (5,317,339)         |
| Infrastructure                        | (231,071)                       | (39,476)           | -           | (270,547)           |
| Furniture and fixtures                | (6,550)                         | (652)              | -           | (7,202)             |
| Machinery and equipment               | (613,759)                       | (81,802)           | -           | (695,561)           |
| Vehicles                              | (46,291)                        | (8,146)            | -           | (54,437)            |
|                                       | <u>(6,381,920)</u>              | <u>(285,853)</u>   | <u>-</u>    | <u>(6,667,773)</u>  |
| Net capital assets                    | <u>\$ 6,861,782</u>             | <u>\$ (96,178)</u> | <u>\$ -</u> | <u>\$ 6,765,604</u> |
| <br><u>Current year depreciation:</u> |                                 |                    |             |                     |
| School wide                           |                                 |                    |             | \$ 280,812          |
| Food Service                          |                                 |                    |             | 5,041               |
| Total depreciation expense            |                                 |                    |             | <u>\$ 285,853</u>   |

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 5 - SHORT-TERM DEBT

On July 1, 2015, the High School issued a tax and revenue anticipation note to provide liquidity for governmental operations financed by property taxes. The tax and revenue anticipation note allowed principal draws up to \$1,500,000 at 1.19% interest with a maturity date of June 30, 2016.

Short-term debt activity for the year ended June 30, 2016, is as follows:

|                       | Balance<br>7/1/15 | Additions           | Reductions            | Balance<br>6/30/16 |
|-----------------------|-------------------|---------------------|-----------------------|--------------------|
| Tax anticipation note | \$ -              | \$ 1,500,000        | \$ (1,500,000)        | \$ -               |
| <b>Totals</b>         | <b>\$ -</b>       | <b>\$ 1,500,000</b> | <b>\$ (1,500,000)</b> | <b>\$ -</b>        |

Interest expense for short-term debt activity during the year totaled \$5,933.

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2016:

|                                 | Balance<br>7/1/15<br>(Restated) | Additions           | Deletions             | Balance<br>6/30/16  | Current<br>Portion |
|---------------------------------|---------------------------------|---------------------|-----------------------|---------------------|--------------------|
| <u>Governmental activities:</u> |                                 |                     |                       |                     |                    |
| Bonds payable                   | \$ 689,000                      | \$ -                | \$ (245,000)          | \$ 444,000          | \$ 245,000         |
| Notes payable                   | 448,066                         | -                   | (9,197)               | 438,869             | 17,682             |
| Capital leases payable          | 148,080                         | -                   | (79,885)              | 68,195              | 68,195             |
| Accrued compensated absences    | 2,008                           | -                   | (301)                 | 1,707               | 427                |
| Net pension liability           | 38,080                          | 1,169,213           | (881,670)             | 325,623             | -                  |
|                                 | <b>\$ 1,325,234</b>             | <b>\$ 1,169,213</b> | <b>\$ (1,216,053)</b> | <b>\$ 1,278,394</b> | <b>\$ 331,304</b>  |

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Governmental activities

Bonds Payable:

\$490,000, Vermont Municipal Bond Bank 2015 Series 3 Refunding Bond due in principal installments of \$245,000 through November of 2016. Interest ranging from 6.073% to 6.093% payable semi-annually through November of 2016, with savings allocations ranging from \$1,641 to \$14,461 rebated through November of 2016. \$ 245,000

\$199,000, Merchants Bank Qualified School Construction Bond due in one principal installment of \$199,000 in March of 2027 with interest at 1.00% per annum through March of 2027. Deposits of \$11,000 remitted annually into a sinking fund through March of 2027. Interest of 1.00%, applied to the sinking fund balance, also remitted annually into the sinking fund through March of 2027. The sinking fund balance is irrevocably pledged to secure the principal payment of the bond at maturity. 199,000

Total Bonds Payable 444,000

Notes Payable:

\$62,028, Vermont Environmental Protection Agency Drinking Water State Revolving Fund capital improvement note due in annual principal, interest and administrative fee installments of \$4,169 through September of 2031. Interest of 1.00% and administrative fees of 2.00% payable annually through September 2031. Originally authorized to borrow \$144,250. On December 1, 2009, executed the loan for \$101,029. On February 1, 2011 an amendment was issued, increasing the loan balance by \$43,221 to \$144,250. On September 4, 2012, \$82,223 was forgiven through an ARRA subsidy, decreasing the loan balance to \$62,028. 52,370

\$48,450, Vermont Environmental Protection Agency Drinking Water State Revolving Fund water construction loan due in annual principal, interest and administrative fee installments of \$3,257 through November of 2031. Interest of 1.00% and administrative fees of 2.00% payable annually through November of 2031. Originally authorized to borrow \$80,750. On February 18, 2015 an amendment was issued, decreasing the loan balance by \$7,300 to \$73,450. On February 2, 2015, \$25,000 was forgiven, decreasing the loan balance to \$48,450. 40,906

\$25,000, Vermont Environmental Protection Agency Drinking Water State Revolving Fund water construction loan due in annual principal, interest and administrative fee installments of \$1,680 through September of 2032. Interest of 1.00% and administrative fees of 2.00% payable annually through September of 2032. Originally authorized to borrow \$50,000. On February 2, 2015, \$25,000 of the loan was forgiven, decreasing the loan balance to \$25,000. 22,124



HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued):

\$323,469, Vermont Environmental Protection Agency Drinking Water State Revolving Fund water construction loan due in annual principal, interest and administrative fee installments of \$21,742 through September of 2034 with the last payment of \$21,742 on September of 2035. Interest of 1.00% and administrative fees of 2.00% payable annually through September of 2035. Originally authorized to borrow \$323,469.

|                               |                   |
|-------------------------------|-------------------|
|                               | <u>323,469</u>    |
| Total Notes Payable           | <u>438,869</u>    |
| Total Bonds and Notes Payable | <u>\$ 882,869</u> |

The following is a summary of outstanding bonds and notes principal and interest requirements for the fiscal years ending June 30:

| <u>Year</u> | <u>Principal</u>  | <u>Interest</u>   | <u>Total<br/>Debt Service</u> |
|-------------|-------------------|-------------------|-------------------------------|
| 2017        | \$ 262,682        | \$ 6,717          | \$ 269,399                    |
| 2018        | 18,213            | 14,626            | 32,839                        |
| 2019        | 18,759            | 14,079            | 32,838                        |
| 2020        | 19,322            | 13,516            | 32,838                        |
| 2021        | 19,902            | 12,937            | 32,839                        |
| 2022-2026   | 108,830           | 55,362            | 164,192                       |
| 2027-2031   | 325,164           | 30,068            | 355,232                       |
| 2032-2036   | 109,997           | 9,500             | 119,497                       |
|             | <u>\$ 882,869</u> | <u>\$ 156,805</u> | <u>\$ 1,039,674</u>           |

HARWOOD UNION HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 6 - LONG-TERM DEBT (CONTINUED)

A summary of the outstanding capital leases payable are as follows:

|   |                      |
|---|----------------------|
| Capital lease payable to Hewlett-Packard Financial Services Company, interest at a rate of 4.17%, four annual payments of principal and interest of \$26,552. Maturity in July of 2016. | \$ 25,493            |
| Capital lease payable to TCF Equipment Finance, interest at a rate of 3.413%, three annual payments of principal and interest of \$11,622. Maturity in February of 2017.                | 11,233               |
| Capital lease payable to Gorham Leasing Group, interest at a rate of 3.771%, annual payments of principal and interest of \$18,530. Maturity in July of 2016.                           | 17,853               |
| Capital lease payable to Ford Motor Credit Company LLC, interest at a rate of 5.95%, four annual payments of principal and interest of \$14,427. Maturity in January of 2017.           | <u>13,616</u>        |
| <br>Total Capital Leases Payable  | <br><u>\$ 68,195</u> |

The following is a summary of outstanding capital lease requirements for the fiscal year ending June 30:

| Year Ending<br>June 30:                        |                         |
|--|-------------------------|
| 2017   | \$ 71,134               |
| Total minimum lease payment                    | <u>71,134</u>           |
| Less amount representing interest              | <u>(2,939)</u>          |
| Present value of future minimum lease payments | <u><u>\$ 68,195</u></u> |

NOTE 7 - OPERATING LEASE

On October 9, 2013, Harwood Union High School entered into an agreement with LEAF Capital Funding, LLC for the lease of one copier. Payments of \$14,201 are due annually. Terms under the initial lease are still in effect until a 90-day notice of termination is provided by either party to the lease agreement.

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 8 - RETIREMENT INCENTIVES

This program is offered to any teacher in the High School who has taught the equivalent of 20 full-time years at the High School as of June 30, 2016 and accepted the offer by November 13, 2015. Pursuant to the Master Agreement, retiring teachers were paid up to 45 unused sick days at their per diem rate during June of 2016.

Also, teachers who elected to take this retirement incentive shall receive a severance cash payment equal to 30 days at their per diem rate. The severance cash payment shall be made in two (2) equal annual installments during the first two (2) years following retirement.

The liability to the High School as of June 30, 2016 is as follows:

|      | <u>Cash<br/>Payment</u> | <u>Total</u>     |
|------|-------------------------|------------------|
| 2017 | \$ 54,665               | \$ 54,665        |
| 2018 | <u>23,812</u>           | <u>23,812</u>    |
|      | <u>\$ 78,477</u>        | <u>\$ 78,477</u> |

NOTE 9 - OVERSPENT APPROPRIATIONS

For the year ended June 30, 2016, the High School had the following overspent appropriations:

|  |                   |
|--|-------------------|
| Regular education - physical education                               | \$ 53,243         |
| Regular education - technology program<br>(formally industrial arts) | 11,259            |
| Regular education - science program                                  | 37,524            |
| School nurse (health office)   | 35,728            |
| Board treasurer  | 215               |
| Pupil bus transportation - contracted transportation                 | 29,697            |
| Special education/speech   | 231,693           |
| School wide  | 103,171           |
| Student athletics/co-curricular program                              | 14,888            |
| High school completion - FY2015 deficit                              | 64,528            |
| Capital outlay   | 14,980            |
| Transfers to other funds   | 5,833             |
|  | <u>\$ 602,759</u> |

HARWOOD UNION HIGH SCHOOL  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2016

NOTE 10 - NONSPENDABLE FUND BALANCES

At June 30, 2016, the High School had the following nonspendable fund balances:

|   |                  |
|---|------------------|
| General fund:                               |                  |
| Prepaid items                               | \$ 12,545        |
| Nonmajor special revenue funds (Schedule E) | 3,663            |
| Nonmajor permanent funds (Schedule I)       | 83,633           |
|   | <u>\$ 99,841</u> |

NOTE 11 - RESTRICTED FUND BALANCES

At June 30, 2016, the High School had the following restricted fund balances:

|   |                   |
|---|-------------------|
| Medicaid fund                               | \$ 153,276        |
| Nonmajor special revenue funds (Schedule E) | 158,821           |
| Nonmajor permanent funds (Schedule I)       | 1,379             |
| Nonmajor debt service fund (Schedule K)     | 71,972            |
|   | <u>\$ 385,448</u> |

NOTE 12 - COMMITTED FUND BALANCES

At June 30, 2016, the High School had the following committed fund balances:

|  |                   |
|--|-------------------|
| Maintenance reserve fund                     | \$ 148,335        |
| Nonmajor capital projects funds (Schedule G) | 4,515             |
|  | <u>\$ 152,850</u> |

NOTE 13 – DEFICIT FUND BALANCES

At June 30, 2016, the High School had the following deficit fund balances:

|                                 |                 |
|---------------------------------|-----------------|
| Nonmajor special revenue funds: |                 |
| Co-curricular sports camps      | \$ 4,682        |
| Speak out grant VPA             | 1,510           |
|                                 | <u>\$ 6,192</u> |

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 14- DEFINED BENEFIT PENSION PLANS

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

**Plan Description**

All of the teachers employed by the High School participate in the Vermont State Teachers' Retirement System ("VSTRS"), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, covering nearly all public day school and nonsectarian private High School teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State of Vermont that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2016, the retirement system consisted of 288 participating employers.

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

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

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

**Benefits Provided**

The VSTRS provides retirement, and disability benefits, annual cost-of-living adjustments, health care and death benefits to plan members and beneficiaries. There are two levels of contributions and benefits in the System: Group A-for public school teachers employed within the State of Vermont prior to July 1, 1981 and elected to remain in Group A; and Group C- for public school teachers employed within the State

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTNUED)

of Vermont on or after July 1, 1990. Group C also includes those teachers hired prior to July 1, 1990 and were in Group B on July 1, 1990. When Act 74 became effective on June 30, 2010, Group C was further bifurcated into Groups #1 and #2. Group #1 contains members who were at least 57 years of age or had at least 25 years of service, and Group #2 contains members who were less than 57 years of age and had less than 25 years of service.

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

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

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTNUED)

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

| <b>VSTRS</b>     | <b>Group A</b>                                  | <b>Group C –<br/>Group # 1</b>                  | <b>Group C –<br/>Group # 2</b>                  |
|------------------|---|---|---|
| Medical Benefits | Health subsidy based on member's service credit | Health subsidy based on member's service credit | Health subsidy based on member's service credit |
| Dental           | Members pays full premium                       | Members pays full premium                       | Members pays full premium                       |

**Contributions**

VSTRS is a cost-sharing public employee retirement system with one exception: all risks and costs are not shared by the High School but are the liability of the State of Vermont. VSTRS is funded through State and employee contributions and trust fund investment earnings; and the High School has no legal obligation for paying benefits. Required contributions to the System are made by the State of Vermont based upon a valuation report prepared by the System's actuary, which varies by plan group. The Vermont State Teachers Retirement System estimates the contributions on behalf of the High School's employees included in the teacher's retirement plan which approximates \$706,337 or 12.84% of total payroll for employees covered under the plan.

Employee contribution rates by plan group follow:

| <b>VSTRS</b>           | <b>Group A</b>       | <b>Group C –<br/>Group # 1</b>   | <b>Group C –<br/>Group # 2</b>   |
|------------------------|----------------------|--|--|
| Employee Contributions | 2.5% of gross salary | 5.0% of gross salary with 5 or more years of service as of 7/1/14; 6.0% of gross salary if less than 5 years of service as of 7/1/14 | 5.0% of gross salary with 5 or more years of service as of 7/1/14; 6.0% of gross salary if less than 5 years of service as of 7/1/14 |

Employee contributions totaled \$286,900 during the year and were paid by the High School to the State of Vermont. The High School has no other liability under the plan. The High School's total payroll for all employees covered under this plan was \$5,501,068 for the year ended June 30, 2016.

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTNUED)

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

**Plan Description**

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. The plan was established effective July 1, 1975, and is governed by *Title 24, V.S.A. Chapter 125*. It is designed for High Schools and other municipal employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. Employees of the High School other than Teachers are eligible to participate in the VMERS providing they work on a regular basis for not less than 30 hours a week and for not less than 1,040 hours for the school year.

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

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

[http://finance.vermont.gov/reports\\_and\\_publications/cafr](http://finance.vermont.gov/reports_and_publications/cafr).

**Benefits Provided**

The pension plan is divided into four membership groups:

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



HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTNUED)

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

| <b>VMERS</b>   | <b>Group A</b>   | <b>Group B</b>   | <b>Group C</b>   | <b>Group D</b>   |
|--|--|--|--|--|
| Normal service retirement eligibility                      | Age 65 with 5 years of service, or age 55 with 35 years of service | Age 62 with 5 years of service, or age 55 with 30 years of service               | Age 55 with 5 years of service   | Age 55 with 5 years of service   |
| Average Final Compensation (AFC)                           | Highest 5 consecutive years  | Highest 3 consecutive years  | Highest 3 consecutive years  | Highest 2 consecutive years  |
| Benefit formula – normal service Retirement (no reduction) | 1.4% x creditable service x AFC                                    | 1.7% x creditable service x AFC + previous service; 1.4% x Group A service x AFC | 2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC | 2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC; 2.5% x Group C service x AFC |
| Maximum Benefit Payable                                    | 60% of AFC   | 60% of AFC   | 50% of AFC   | 50% of AFC   |
| Post-Retirement COLA                                       | 50% of CPI, up to 2% per year                                      | 50% of CPI, up to 3% per year  | 50% of CPI, up to 3% per year  | 50% of CPI, up to 3% per year  |
| Early Retirement Eligibility                               | Age 55 with 5 years of service                                     | Age 55 with 5 years of service   | N/A  | Age 55 with 20 years of service  |
| Early Retirement Eligibility                               | 6% per year from age 65 **   | 6% per year from age 62 **   | N/A  | No reduction   |

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

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

**Contributions**

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTNUED)

the financial integrity of the fund, and to certify the rates of contributions payable by employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group are as follows:

| <b>VMERS</b>           | <b>Group A</b>       | <b>Group B</b>  | <b>Group C</b>  | <b>Group D</b>  |
|------------------------|----------------------|---|---|---|
| Employee Contributions | 2.5% of gross salary | 4.75% of gross salary to 6/30/15; 4.875% of gross salary after 7/1/15 | 9.625% of gross salary to 12/31/14; 9.75% of gross salary to 6/30/15; 9.875% of gross salary after 7/1/15 | 11.125% of gross salary to 6/30/15; 11.35% of gross salary after 7/1/15 |
| Employer Contributions | 4% of gross salary   | 5.375% of gross salary to 6/30/15; 5.50% of gross salary after 7/1/15 | 6.875% of gross salary to 12/31/14; 7% of gross salary to 6/30/15; 7.125% of gross salary after 7/1/15    | 9.75% of gross salary to 6/30/15; 9.85% of gross salary after 7/1/15    |

Employee contributions are withheld pre income tax by the High School and are remitted to the State of Vermont. Such withholdings for the years ended June 30, 2016, and 2015 totaled \$52,341 and \$52,175, respectively. The High School contributed \$59,052 and \$59,040 for the years ended June 30, 2016 and 2015, respectively. The High School's total payroll for the year ended June 30, 2016 for all employees covered under this plan was \$1,073,664.

**Pension Liabilities**

*VSTRS Plan*

The State is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of member employers. Therefore, these employers are considered to be in a special funding situation as defined in GASB No. 68 and the State is treated as a nonemployer to VSTRS. Since the High School does not contribute directly to VSTRS, no net pension liability was recorded at June 30, 2016. The State's portion of the collective net pension liability that was associated with the High School was as follows:

HARWOOD UNION HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTNUED)

|  |    |                  |
|--|----|------------------|
| High School's proportionate share of the net pension liability                           | \$ | -                |
| State's proportionate share of the net pension liability associated with the High School |    | <u>9,747,391</u> |
| Total  | \$ | <u>9,747,391</u> |

The State of Vermont’s proportionate share of the net pension liability associated with the High School is equal to the collective net pension liability, actuarially measured as of June 30, 2015, multiplied by the High School’s proportionate share percentage. The High School’s proportionate share percentage was based on its reported salaries to the total reported salaries for all participating employers. At June 30, 2015, the High School’s proportion was 0.82152%, which was a decrease of .01068% from its proportion measured as of June 30, 2014.

*VMERS Plan*

At June 30, 2016, the High School reported a liability of \$325,623 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The High School’s proportion of the net pension liabilities were based on a projection of the High School’s long-term share of contributions to each pension plan relative to the projected contributions of all participating towns, actuarially determined.

At June 30, 2015, the High School’s proportion was 0.42236% for VMERS, which was an increase of 0.00516% from its proportion measured as of June 30, 2014 for VMERS.

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

For the year ended June 30, 2016, the High School recognized pension revenue of \$822,630 and expense of \$822,630 for support provided by the State of Vermont for the VSTRS plan. In the same period, the High School recognized pension expense of \$87,379 for the VMERS plan. At June 30, 2016, the High School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTNUED)

|  | VSTRS                             |                                  | VMERS                             |                                  |
|--|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
| Differences between expected and actual experience   | \$ -                              | \$ -                             | \$ 10,293                         | \$ -                             |
| Changes of assumptions   | -                                 | -                                | 64,848                            | -                                |
| Net difference between projected and actual earnings on pension plan investments                     | -                                 | -                                | 62,908                            | -                                |
| Changes in proportion and differences between contributions and proportionate share of contributions | -                                 | -                                | 1,530                             | 6,616                            |
| Contributions subsequent to the measurement date   | -                                 | -                                | 59,052                            | -                                |
| Total  | <u>\$ -</u>                       | <u>\$ -</u>                      | <u>\$ 198,631</u>                 | <u>\$ 6,616</u>                  |

\$59,052 reported as deferred outflows of resources related to pensions resulting from High School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

|                     | VSTRS | VMERS     |
|---------------------|-------|-----------|
| Year ended June 30: |       |           |
| 2016                | \$ -  | \$ 25,260 |
| 2017                | -     | 25,260    |
| 2018                | -     | 25,260    |
| 2019                | -     | 57,182    |
| 2020                | -     | -         |
| 2021                | -     | -         |
| Thereafter          | -     | -         |

**Significant Actuarial Assumptions and Methods**

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using the actuarial assumptions outlined below. These assumptions were selected on the basis of the experience study that was performed for the five-year period ending June 30, 2010:

*Investment Rate of Return:* For both plans, a select-and-ultimate interest rate set is used, specified below. The interest rate is restarted every year:

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTNUED)

|               |                          |
|---------------|--------------------------|
| Year 1: 6.25% | Year 10: 8.50%           |
| Year 2: 6.75% | Year 11: 8.50%           |
| Year 3: 7.00% | Year 12: 8.50%           |
| Year 4: 7.50% | Year 13: 8.50%           |
| Year 5: 7.75% | Year 14: 8.50%           |
| Year 6: 8.25% | Year 15: 8.50%           |
| Year 7: 8.25% | Year 16: 8.75%           |
| Year 8: 8.25% | Year 17 and later: 9.00% |
| Year 9: 8.50% |                          |

*Salary Increases:* Representative values of the assumed annual rates of future salary increases for the VSTRS plan are as follows:

| Age | Annual Rate of Salary Increase |
|-----|--------------------------------|
| 25  | 8.40%                          |
| 30  | 7.05%                          |
| 35  | 6.15%                          |
| 40  | 5.45%                          |
| 45  | 4.95%                          |
| 50  | 4.60%                          |
| 55  | 4.35%                          |
| 60  | 4.25%                          |
| 64  | 4.25%                          |

Salary increases for the VMERS plan are 5.00% per year, including inflation.

*Deaths After Retirement:* For the VSTRS plan, the 1995 Buck Mortality Tables are used, with a three-year set-back for males and one-year for females, for retirees, terminated vested members and beneficiaries; the RP-2000 Disabled Life Table with projection to 2016 using Scale AA for disabled retirees. The tables used contain a margin to reflect anticipated mortality improvement after the valuation date.

Mortality rates for active participants in the VMERS plan were based on 50% of the probabilities in the 1995 Buck Mortality Tables for males and females, non-disabled retirees and terminated vested participants were based on the 1995 Buck Mortality Tables with no set-back for males and a one-year set-back for females, disabled retirees were based on the RP-2000 Disabled Life Tables, and the 1995 Buck Mortality Tables for males and females was applied to beneficiaries.

*Inflation:* the separately stated assumptions for investment return, salary increases and cost of living adjustments for both plans are consistent with an expected annual inflation rate of 3.00% to 3.25% per year.

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTNUED)

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

*Cost-of-Living Adjustments:* For the VSTRS plan, adjustments are assumed to occur on January 1 following one year of retirement at the rate of 3% per annum for Group A members and 1.5% per annum for Group C members (beginning at age 62 for Group C members who elect reduced early retirement).

Cost-of-Living adjustments to benefits of terminated vested and retired participants were assumed to occur at the rate of 1.5% per annum for Group A members and 1.8% per annum for members of Groups B, C and D of the VMERS plan.

*Actuarial Cost Method:* For both plans is the Entry Age Normal – Level Percentage of Pay.

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

The *long-term expected rate of return* on both plan investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variable and the asset classes. These best estimate ranges were combined to produce forecasts of the short, intermediate, and longer term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles. To reflect this in the rate-of-return assumption, a Select and Ultimate assumption setting approach, which is cited in Section 3.8.4 of Actuarial Standard of Practice No. 27 as an alternative to a single assumed rate of return, is employed.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2015 are summarized in the following table:

HARWOOD UNION HIGH SCHOOL  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2016

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTNUED)

| <u>Asset Class</u> | <u>Target<br/>Allocation</u> | <u>Long-term<br/>Expected<br/>Real Rate of<br/>Return</u> |
|--------------------|------------------------------|---|
| Equity             | 31.50%                       | 8.61%   |
| Fixed income       | 33.00%                       | 1.91%   |
| Alternative        | 15.50%                       | 6.93%   |
| Multi-strategy     | <u>20.00%</u>                | 4.88%   |
| Total              | <u><u>100.00%</u></u>        |   |

Nominal long-term expected rates of return for these asset classes are equal to the sum of the above expected long-term real rates and the expected long-term inflation rate of 3.0%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.95% for the VSTRS plan and 7.95% for the VMERS plan. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

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

The following presents the High School's proportionate share of the net pension liability calculated using the discount rate of 7.95% for the VSTRS plan and 7.95% for the VMERS plan, as well as what the High School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.95%) or 1 percentage point higher (8.95%) than the current rate:

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTNUED)

|   | 1%<br>Decrease | Discount<br>Rate | 1%<br>Increase |
|---|----------------|------------------|----------------|
| <u>VSTRS:</u>   |                |                  |                |
| Discount rate   | 6.95%          | 7.95%            | 8.95%          |
| High School's proportionate share of<br>the net pension liability | \$ -           | \$ -             | \$ -           |
| <u>VMERS:</u>   |                |                  |                |
| Discount rate   | 6.95%          | 7.95%            | 8.95%          |
| High School's proportionate share of<br>the net pension liability | \$ 650,411     | \$ 325,623       | \$ 53,358      |

**Pension Plan Fiduciary Net Position**

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

NOTE 15 - RISK MANAGEMENT

The High School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the High School carries commercial insurance or participates in a public entity and self-insured risk pool.

Based on the coverage provided by the insurance purchased, the High School is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2016. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

In addition, the High School is a member of the Vermont School Boards Association. The Association has set up two insurance Trusts; Vermont School Boards Insurance Trust, Inc. (VSBIT) for worker compensation, multi-line intermunicipal school program, and unemployment compensation program, and the Vermont Education Health Initiative (VEHI) for medical benefits. VSBIT and VEHI are nonprofit corporations



HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 15 - RISK MANAGEMENT (CONTINUED)

formed to provide insurance and risk management programs for Vermont High Schools and is owned by the participating High Schools. The Trusts are not licensed insurance carriers and members are not protected by the Vermont Insurance Guaranty Association.

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

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

To provide worker's compensation coverage, VSBIT has established a separate trust of funds from member contributions to pay administrative costs and workers compensation coverage. Contributions are based upon formulas applied to payroll expense. At the end of the coverage period, the members will be assessed or refunded any difference between estimated contributions and actual expenses.

Multi-Line Intermunicipal School Program provides coverage for property; inland marine and boiler and machinery; crime; commercial general liability; automobile/garagekeepers; and educators legal liability. Annual contributions are based upon appropriate rates applicable to each member; such rates are set based on recommendations of a qualified actuary, plus a proportionate share of all operational and administrative cost including excess reinsurance premiums incurred by the trust. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and VSBIT is unable to meet its required obligations, the program will be terminated with each member assessed their proportionate share of the deficit.

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 16 - CONTINGENCIES

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

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

NOTE 17 - RELATED ORGANIZATION

On behalf of Harwood Union High School, Washington West Supervisory Union entered into a transportation agreement with First Student through June 30, 2018. Annually, Washington West Supervisory Union charges the High School an assessment for their share of the transportation expenditure.

The High School has an ongoing financial responsibility to Washington West Supervisory Union as defined in GASB 14, paragraph 71. Through Washington West Supervisory Union's assessment process, the High School's assessment can be increased to cover a share of any prior year deficits and decreased to share in any prior year surpluses. Separate financial statements on Washington West Supervisory Union are available from Washington West Supervisory Union.

NOTE 18 - COMPARATIVE DATA/RECLASSIFICATIONS

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

NOTE 19 - RESTATEMENTS

The beginning fund balance of the special revenue funds, the beginning fund balance of the permanent funds, the beginning net position of the governmental activities, the beginning net position of the business-type activities, and the beginning net position of the private-purpose trust funds for scholarship activities and have been restated as of July 1, 2015.

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 19 – RESTATEMENTS (CONTINUED)

The beginning fund balance of the special revenue funds restatement results from the elimination of deferred revenue for Next Step Vermont Student of \$169, the Rowland grant of \$2,303 and Medicaid of \$129,525. Also, the Food Service Program fund was presented as part of governmental activities in fiscal year 2016. Prior to fiscal year 2016 the Food Service Program fund was presented as a business-type activity. This change in classification of the Food Service Program fund resulted in an increase in the beginning fund balance of the special revenue funds of \$16,775.

The beginning fund balance of the permanent funds restatement results from a change in presentation of the Josh Douglass fund as a private-purpose trust fund for scholarship activities in 2016. Prior to fiscal year 2016 the John Douglass fund was presented as a permanent fund. This change in classification of the Josh Douglass fund resulted in a decrease in the beginning fund balance of the permanent funds of \$5,225 and an increase in the beginning net position of the private-purpose trust fund for scholarship activities of \$5,225.

The beginning net position of the governmental activities restatement results from the restatements presented in the two preceding paragraphs as well as a decrease in capital leases payable of \$11,527 and increases in accumulated depreciation of \$31,018, net capital assets, related to the reclassification of the Food Service Program fund as a special revenue fund, of \$87,416 and accrued compensated absences of \$2,008. The beginning accumulated depreciation, capital leases payable, Food Service Program capital assets and associated accumulated depreciation and accrued compensated absences balances were restated to reflect their actual balances at the beginning of the year.

The beginning fund balance of the special revenue funds has increased by \$148,772, the beginning fund balance of the permanent funds has decreased by \$5,225, and the net position of the governmental activities has increased by \$209,464. The beginning net position of the business-type activities has decreased to \$0 and the beginning net position of the private-purpose trust funds for scholarship activities has increased by \$5,225.

NOTE 20 - SUBSEQUENT EVENTS

On July 1, 2016, the High School issued a tax/revenue anticipation note to provide liquidity for governmental operations financed by property taxes. The tax/revenue anticipation note allows principal draws of up to \$1,000,000 with interest at 2.75% per annum and will mature on June 30, 2017.

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 20 - SUBSEQUENT EVENTS (CONTINUED)

On June 7, 2016 the voters in all of the Schools Districts of the Washington West Supervisory Union (WWSU) voted to approve forming a Unified District, to be known as the Harwood Unified Union High School. The new governance structure will become fully operational on July 1, 2017. During the year of transition, a newly formed board will begin working on the budget for the 2017-2018 fiscal year. A single budget for the operations of a coordinated PK-12 system will be presented to voters on Town Meeting

Day in March of 2017. On July 1, 2017, the seven boards of WWSU will be replaced with one 14-member board overseeing the unified district, with one blended tax rate adjusted for Common Level Appraisal in each Town.

## Required Supplementary Information

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

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

HARWOOD UNION HIGH SCHOOL

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
 BUDGET AND ACTUAL – GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2016

|   | Budgeted Amounts   |                    | Actual<br>Amounts | Variance<br>Positive<br>(Negative) |
|---|--------------------|--------------------|-------------------|------------------------------------|
|   | Original           | Final              |                   |                                    |
| Budgetary Fund Balance, July 1          | \$ 65,235          | \$ 65,235          | \$ 65,235         | \$ -                               |
| Resources (Inflows):                    |                    |                    |                   |                                    |
| Intergovernmental:                      |                    |                    |                   |                                    |
| State support                           | 11,815,375         | 11,815,375         | 11,686,360        | (129,015)                          |
| Other                                   | 2,191,273          | 2,191,273          | 2,519,004         | 327,731                            |
| Tuition                                 | 30,000             | 30,000             | 113,467           | 83,467                             |
| Investment income                       | 50,000             | 50,000             | 14,392            | (35,608)                           |
| On-behalf payments - tech center        | -                  | -                  | 129,031           | 129,031                            |
| Miscellaneous                           | 40,498             | 40,498             | 48,412            | 7,914                              |
| Transfers from other funds              | -                  | -                  | -                 | -                                  |
| Amounts Available for Appropriation     | <u>14,192,381</u>  | <u>14,192,381</u>  | <u>14,575,901</u> | <u>383,520</u>                     |
| Charges to Appropriations (Outflows):   |                    |                    |                   |                                    |
| Current:                                |                    |                    |                   |                                    |
| Regular education - all programs        | 5,512,113          | 5,512,113          | 5,320,805         | 191,308                            |
| Student support services                | 96,002             | 96,002             | 93,887            | 2,115                              |
| Guidance program                        | 364,217            | 364,217            | 358,487           | 5,730                              |
| School nurse (health office)            | 121,880            | 121,880            | 157,608           | (35,728)                           |
| Student assistance counselor            | 38,347             | 38,347             | 37,644            | 703                                |
| Media center (library)                  | 132,367            | 132,367            | 106,506           | 25,861                             |
| Information technology                  | 459,425            | 459,425            | 437,323           | 22,102                             |
| Board of education                      | 65,179             | 65,179             | 33,206            | 31,973                             |
| Board treasurer                         | 700                | 700                | 915               | (215)                              |
| Washington West general assessment      | 305,956            | 305,956            | 305,956           | -                                  |
| Administration                          | 610,148            | 610,148            | 577,815           | 32,333                             |
| WWSU fiscal service assessment          | 181,897            | 181,897            | 181,897           | -                                  |
| Board financial audit                   | 6,800              | 6,800              | 6,800             | -                                  |
| Buildings/grounds maintenance           | 970,899            | 970,899            | 917,202           | 53,697                             |
| Transportation                          | 421,968            | 421,968            | 451,665           | (29,697)                           |
| Special education/speech                | 3,318,322          | 3,318,322          | 3,550,015         | (231,693)                          |
| School-wide                             | -                  | -                  | 103,171           | (103,171)                          |
| Next step                               | 308,005            | 308,005            | 277,945           | 30,060                             |
| Driver education                        | 120,934            | 120,934            | 115,139           | 5,795                              |
| Student athletics/co-curricular program | 540,210            | 540,210            | 555,098           | (14,888)                           |
| High school completion                  | -                  | -                  | 64,528            | (64,528)                           |
| On-behalf payments                      | 129,031            | 129,031            | 129,031           | -                                  |
| Capital Outlay                          | 56,573             | 56,573             | 71,553            | (14,980)                           |
| Debt service:                           |                    |                    |                   |                                    |
| Principal                               | 255,378            | 255,378            | 254,197           | 1,181                              |
| Interest                                | 52,483             | 52,483             | 26,405            | 26,078                             |
| Transfers to other funds                | 186,000            | 186,000            | 191,833           | (5,833)                            |
| Total Charges to Appropriations         | <u>14,254,834</u>  | <u>14,254,834</u>  | <u>14,326,631</u> | <u>(71,797)</u>                    |
| Budgetary Fund Balance, June 30         | <u>\$ (62,453)</u> | <u>\$ (62,453)</u> | <u>\$ 249,270</u> | <u>\$ 311,723</u>                  |
| Utilization of committed fund balance   | <u>\$ 127,688</u>  | <u>\$ 127,688</u>  | <u>\$ -</u>       | <u>\$ (127,688)</u>                |

See accompanying independent auditors' report and notes to financial statements.

## HARWOOD UNION HIGH SCHOOL

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

|  | <u>2016</u>         | <u>2015</u>         |
|--|---------------------|---------------------|
| <u>VSTRS:</u>  |                     |                     |
| Proportion of the net pension liability  | 0.00%               | 0.00%               |
| Proportionate share of the net pension liability   | \$ -                | \$ -                |
| State's proportionate share of the net pension liability associated with the High School         | <u>9,747,391</u>    | <u>7,976,017</u>    |
| Total  | <u>\$ 9,747,391</u> | <u>\$ 7,976,017</u> |
| Covered-employee payroll   | \$ 5,501,068        | \$ 5,348,951        |
| Proportionate share of the net pension liability as a percentage of its covered-employee payroll | 0.00%               | 0.00%               |
| Plan fiduciary net position as a percentage of the total pension liability                       | 58.22%              | 64.02%              |
| <u>VMERS:</u>  |                     |                     |
| Proportion of the net pension liability  | 0.03%               | 0.03%               |
| Proportionate share of the net pension liability   | \$ 325,623          | \$ 38,079           |
| Covered-employee payroll   | \$ 1,073,664        | \$ 1,098,424        |
| Proportionate share of the net pension liability as a percentage of its covered-employee payroll | 30.33%              | 3.47%               |
| Plan fiduciary net position as a percentage of the total pension liability                       | 87.42%              | 98.32%              |

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

See accompanying independent auditors' report and notes to financial statements.

HARWOOD UNION HIGH SCHOOL

SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS\*

|  | <u>2016</u>     | <u>2015</u>     |
|--|-----------------|-----------------|
| <u>VSTRS:</u>  |                 |                 |
| Contractually required contribution                                  | \$ -            | \$ -            |
| Contributions in relation to the contractually required contribution | <u>-</u>        | <u>-</u>        |
| Contribution deficiency (excess)                                     | <u>\$ -</u>     | <u>\$ -</u>     |
| Covered-employee payroll   | \$ 5,501,068    | \$ 5,348,951    |
| Contributions as a percentage of covered-employee payroll            | 0.00%           | 0.00%           |
| <u>VMERS:</u>  |                 |                 |
| Contractually required contribution                                  | \$ 59,052       | \$ 59,040       |
| Contributions in relation to the contractually required contribution | <u>(59,052)</u> | <u>(59,040)</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>     | <u>\$ -</u>     |
| Covered-employee payroll   | \$ 1,073,664    | \$ 1,098,424    |
| Contributions as a percentage of covered-employee payroll            | 5.50%           | 5.37%           |

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



HARWOOD UNION HIGH SCHOOL

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016

**Changes of Assumptions**

The discount rate used to measure the net pension liability was lowered from 8.15% to 7.95%, due to the adoption by the Board of Trustees of a 7.95% expected future rate of return on assets for funding purposes.

## Other Supplementary Information

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

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

HARWOOD UNION HIGH SCHOOL

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
 BUDGET AND ACTUAL – GENERAL FUND REVENUES  
 FOR THE YEAR ENDED JUNE 30, 2016

|   | Original<br>Budget   | Final<br>Budget      | Actual<br>Amounts    | Variance<br>Positive<br>(Negative) |
|---|----------------------|----------------------|----------------------|------------------------------------|
| Resources (Inflows):  |                      |                      |                      |                                    |
| Intergovernmental Revenues:   |                      |                      |                      |                                    |
| State Education Spending Grant  | \$ 11,815,375        | \$ 11,815,375        | \$ 11,686,360        | \$ (129,015)                       |
| Transportation Aid  | 166,270              | 166,270              | 176,689              | 10,419                             |
| Vocational Transportation Reimbursement                               | 39,000               | 39,000               | 42,929               | 3,929                              |
| Mainstream Block Grant  | 250,475              | 250,475              | 250,475              | -                                  |
| General SPED Reimbursement  | 1,374,197            | 1,374,197            | 1,317,271            | (56,926)                           |
| Extraordinary Reimbursement   | 117,331              | 117,331              | 282,102              | 164,771                            |
| IDEA B  | 160,000              | 160,000              | 197,933              | 37,933                             |
| Title I and CFG SCW Funding   | 50,000               | 50,000               | 103,172              | 53,172                             |
| Drivers Education   | 5,000                | 5,000                | 5,348                | 348                                |
| Erate   | 16,000               | 16,000               | 15,694               | (306)                              |
| Unenrolled Students Tech Center                                       | -                    | -                    | 2,798                | 2,798                              |
| High School Completion  | -                    | -                    | 69,131               | 69,131                             |
| State Medicaid Grant  | -                    | -                    | 750                  | 750                                |
| School Improvement Grant  | -                    | -                    | 44,958               | 44,958                             |
| Co-Curricular Reimbursement from<br>Waterbury-Duxbury School District | 13,000               | 13,000               | 9,754                | (3,246)                            |
| Tuition   | 30,000               | 30,000               | 113,467              | 83,467                             |
| On-behalf Payment - Tech Center                                       | -                    | -                    | 129,031              | 129,031                            |
| Interest Income   | 50,000               | 50,000               | 14,392               | (35,608)                           |
| Miscellaneous:  |                      |                      |                      |                                    |
| Admission Fees  | 14,000               | 14,000               | -                    | (14,000)                           |
| Burnham Trust   | 4,500                | 4,500                | -                    | (4,500)                            |
| Bus Barn Rental   | 21,998               | 21,998               | 18,142               | (3,856)                            |
| Facility Fee  | -                    | -                    | 9,751                | 9,751                              |
| Gate Receipts/Sporting Fees   | -                    | -                    | 15,432               | 15,432                             |
| Middle School Ski Program   | -                    | -                    | 4,170                | 4,170                              |
| Other Receipts  | -                    | -                    | 917                  | 917                                |
| Transfer From Other Funds   | -                    | -                    | -                    | -                                  |
| Amounts Available for Appropriation                                   | <u>\$ 14,127,146</u> | <u>\$ 14,127,146</u> | <u>\$ 14,510,666</u> | <u>\$ 383,520</u>                  |

See accompanying independent auditors' report and notes to financial statements.

SCHEDULE B

HARWOOD UNION HIGH SCHOOL

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016

|  | Original<br>Budget | Final<br>Budget | Actual         | Variance<br>Positive<br>(Negative) |
|--|--------------------|-----------------|----------------|------------------------------------|
| Regular education -                          |                    |                 |                |                                    |
| Salaries                                     | \$ 264,432         | \$ 264,432      | \$ 288,251     | \$ (23,819)                        |
| Benefits                                     | 191,031            | 191,031         | 149,238        | 41,793                             |
| Contracted services                          | 73,000             | 73,000          | 58,906         | 14,094                             |
| Tuition - Vermont                            | 20,600             | 20,600          | 1,072          | 19,528                             |
| Supplies & materials                         | 30,790             | 30,790          | 20,515         | 10,275                             |
|  | <u>579,853</u>     | <u>579,853</u>  | <u>517,982</u> | <u>61,871</u>                      |
| Regular education - art program -            |                    |                 |                |                                    |
| Salaries                                     | 164,569            | 164,569         | 174,533        | (9,964)                            |
| Benefits                                     | 70,359             | 70,359          | 54,180         | 16,179                             |
| Equipment repairs/maintenance                | 10,500             | 10,500          | 8,273          | 2,227                              |
| Supplies & materials                         | 28,368             | 28,368          | 27,985         | 383                                |
| Equipment                                    | 8,733              | 8,733           | 8,218          | 515                                |
| Dues/subscriptions                           | 500                | 500             | -              | 500                                |
|  | <u>283,029</u>     | <u>283,029</u>  | <u>273,189</u> | <u>9,840</u>                       |
| Regular education - english -                |                    |                 |                |                                    |
| Salaries                                     | 494,961            | 494,961         | 510,590        | (15,629)                           |
| Benefits                                     | 190,204            | 190,204         | 172,714        | 17,490                             |
| Contracted services                          | 2,000              | 2,000           | 3,189          | (1,189)                            |
| Equipment repairs/maintenance                | 1,000              | 1,000           | -              | 1,000                              |
| Field trips                                  | 3,700              | 3,700           | 2,714          | 986                                |
| Supplies & materials                         | 24,084             | 24,084          | 18,916         | 5,168                              |
|  | <u>715,949</u>     | <u>715,949</u>  | <u>708,123</u> | <u>7,826</u>                       |
| Regular education - world language program - |                    |                 |                |                                    |
| Salaries                                     | 343,326            | 343,326         | 349,993        | (6,667)                            |
| Benefits                                     | 129,562            | 129,562         | 132,410        | (2,848)                            |
| Contracted services                          | 9,900              | 9,900           | 1,835          | 8,065                              |
| Equipment repairs/maintenance                | 100                | 100             | -              | 100                                |
| Field trips                                  | 1,900              | 1,900           | 445            | 1,455                              |
| Supplies & materials                         | 7,633              | 7,633           | 3,336          | 4,297                              |
|  | <u>492,421</u>     | <u>492,421</u>  | <u>488,019</u> | <u>4,402</u>                       |
| Regular education - physical education -     |                    |                 |                |                                    |
| Salaries                                     | 127,552            | 127,552         | 182,498        | (54,946)                           |
| Benefits                                     | 35,059             | 35,059          | 37,962         | (2,903)                            |
| Equipment repairs/maintenance                | 610                | 610             | 177            | 433                                |
| Supplies & materials                         | 1,446              | 1,446           | 865            | 581                                |
| Equipment                                    | 8,496              | 8,496           | 5,039          | 3,457                              |
| Dues/subscriptions                           | 135                | 135             | -              | 135                                |
|  | <u>173,298</u>     | <u>173,298</u>  | <u>226,541</u> | <u>(53,243)</u>                    |

SCHEDULE B (CONTINUED)  
HARWOOD UNION HIGH SCHOOL

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016

|   | Original<br>Budget | Final<br>Budget | Actual         | Variance<br>Positive<br>(Negative) |
|---|--------------------|-----------------|----------------|------------------------------------|
| Health education program/FAMCS through FY2016 -                     |                    |                 |                |                                    |
| Salaries  | 147,749            | 147,749         | 163,046        | (15,297)                           |
| Benefits  | 46,295             | 46,295          | 44,119         | 2,176                              |
| Contracted services   | 1,500              | 1,500           | 490            | 1,010                              |
| Equipment repairs/maintenance                                       | 3,570              | 3,570           | 95             | 3,475                              |
| Field trips   | 1,925              | 1,925           | 525            | 1,400                              |
| Supplies & materials  | 12,667             | 12,667          | 3,430          | 9,237                              |
| Equipment   | 720                | 720             | 2,967          | (2,247)                            |
| Dues/subscriptions  | 421                | 421             | -              | 421                                |
|   | <u>214,847</u>     | <u>214,847</u>  | <u>214,672</u> | <u>175</u>                         |
| Regular education - technology program (formally industrial arts) - |                    |                 |                |                                    |
| Salaries  | 113,840            | 113,840         | 114,974        | (1,134)                            |
| Benefits  | 34,186             | 34,186          | 44,630         | (10,444)                           |
| Supplies & materials  | 9,675              | 9,675           | 9,354          | 321                                |
| Equipment   | 5,000              | 5,000           | 5,002          | (2)                                |
|   | <u>162,701</u>     | <u>162,701</u>  | <u>173,960</u> | <u>(11,259)</u>                    |
| Regular education - mathematics program -                           |                    |                 |                |                                    |
| Salaries  | 553,566            | 553,566         | 477,334        | 76,232                             |
| Benefits  | 223,377            | 223,377         | 184,150        | 39,227                             |
| Supplies & materials  | 18,373             | 18,373          | 32,893         | (14,520)                           |
| Dues/subscriptions  | 140                | 140             | -              | 140                                |
|   | <u>795,456</u>     | <u>795,456</u>  | <u>694,377</u> | <u>101,079</u>                     |
| Regular education - performing arts -                               |                    |                 |                |                                    |
| Salaries  | 185,647            | 185,647         | 186,324        | (677)                              |
| Benefits  | 80,789             | 80,789          | 69,335         | 11,454                             |
| Contracted services   | 2,000              | 2,000           | 1,996          | 4                                  |
| Equipment repairs/maintenance                                       | 4,650              | 4,650           | 4,542          | 108                                |
| Field trips   | 4,505              | 4,505           | 4,693          | (188)                              |
| Supplies & materials  | 11,550             | 11,550          | 11,580         | (30)                               |
| Equipment   | 3,200              | 3,200           | 3,200          | -                                  |
| Dues/subscriptions  | 600                | 600             | 746            | (146)                              |
|   | <u>292,941</u>     | <u>292,941</u>  | <u>282,416</u> | <u>10,525</u>                      |
| Regular education - science program -                               |                    |                 |                |                                    |
| Salaries  | 484,573            | 484,573         | 547,501        | (62,928)                           |
| Benefits  | 181,892            | 181,892         | 168,564        | 13,328                             |
| Equipment repairs/maintenance                                       | 850                | 850             | 543            | 307                                |
| Field trips   | 1,650              | 1,650           | 227            | 1,423                              |
| Supplies & materials  | 25,500             | 25,500          | 15,354         | 10,146                             |
| Dues/subscriptions  | 200                | 200             | -              | 200                                |
|   | <u>694,665</u>     | <u>694,665</u>  | <u>732,189</u> | <u>(37,524)</u>                    |

SCHEDULE B (CONTINUED)  
HARWOOD UNION HIGH SCHOOL

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016

|   | Original<br>Budget | Final<br>Budget | Actual         | Variance<br>Positive<br>(Negative) |
|---|--------------------|-----------------|----------------|------------------------------------|
| Regular education - social studies program -    |                    |                 |                |                                    |
| Salaries  | 526,532            | 526,532         | 522,892        | 3,640                              |
| Benefits  | 195,075            | 195,075         | 162,764        | 32,311                             |
| Contracted services                             | 800                | 800             | 275            | 525                                |
| Field trips                                     | 1,900              | 1,900           | 926            | 974                                |
| Supplies & materials                            | 11,584             | 11,584          | 6,534          | 5,050                              |
|   | <u>735,891</u>     | <u>735,891</u>  | <u>693,391</u> | <u>42,500</u>                      |
| Regular education - HUB program -               |                    |                 |                |                                    |
| Salaries  | 62,789             | 62,789          | 63,832         | (1,043)                            |
| Benefits  | 55,948             | 55,948          | 25,374         | 30,574                             |
| Field trips, transportation                     | 6,900              | 6,900           | 2,465          | 4,435                              |
| Supplies & materials                            | 610                | 610             | 1,125          | (515)                              |
| Dues/subscriptions                              | 300                | 300             | -              | 300                                |
|   | <u>126,547</u>     | <u>126,547</u>  | <u>92,796</u>  | <u>33,751</u>                      |
| Regular education - community learning center - |                    |                 |                |                                    |
| Salaries  | 157,512            | 157,512         | 156,901        | 611                                |
| Benefits  | 75,960             | 75,960          | 57,821         | 18,139                             |
| Contracted services                             | -                  | -               | 1,255          | (1,255)                            |
| Field trips, property insurance, telephone      | 2,600              | 2,600           | 447            | 2,153                              |
| Supplies & materials                            | 7,143              | 7,143           | 6,190          | 953                                |
| Equipment                                       | 1,300              | 1,300           | 536            | 764                                |
|   | <u>244,515</u>     | <u>244,515</u>  | <u>223,150</u> | <u>21,365</u>                      |
| Student support services -                      |                    |                 |                |                                    |
| Salaries  | 67,349             | 67,349          | 72,467         | (5,118)                            |
| Benefits  | 28,653             | 28,653          | 21,420         | 7,233                              |
|   | <u>96,002</u>      | <u>96,002</u>   | <u>93,887</u>  | <u>2,115</u>                       |
| Guidance program -                              |                    |                 |                |                                    |
| Salaries  | 256,229            | 256,229         | 264,838        | (8,609)                            |
| Benefits  | 95,118             | 95,118          | 84,470         | 10,648                             |
| Contracted services                             | 350                | 350             | 700            | (350)                              |
| Equipment repairs/maintenance                   | 300                | 300             | -              | 300                                |
| Field trips                                     | 600                | 600             | 200            | 400                                |
| Supplies & materials                            | 5,970              | 5,970           | 2,956          | 3,014                              |
| Equipment                                       | 5,000              | 5,000           | 4,750          | 250                                |
| Dues/subscriptions                              | 650                | 650             | 573            | 77                                 |
|   | <u>364,217</u>     | <u>364,217</u>  | <u>358,487</u> | <u>5,730</u>                       |
| School nurse (health office) -                  |                    |                 |                |                                    |
| Salaries  | 93,911             | 93,911          | 129,953        | (36,042)                           |
| Benefits  | 26,169             | 26,169          | 26,153         | 16                                 |
| Equipment repairs/maintenance                   | -                  | -               | 61             | (61)                               |
| Supplies & materials                            | 1,800              | 1,800           | 1,441          | 359                                |
|   | <u>121,880</u>     | <u>121,880</u>  | <u>157,608</u> | <u>(35,728)</u>                    |

SCHEDULE B (CONTINUED)  
HARWOOD UNION HIGH SCHOOL

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016

|   | Original<br>Budget | Final<br>Budget | Actual         | Variance<br>Positive<br>(Negative) |
|---|--------------------|-----------------|----------------|------------------------------------|
| Student assistance counselor -          |                    |                 |                |                                    |
| Salaries                                | 34,861             | 34,861          | 34,626         | 235                                |
| Benefits                                | 3,486              | 3,486           | 3,018          | 468                                |
|   | <u>38,347</u>      | <u>38,347</u>   | <u>37,644</u>  | <u>703</u>                         |
| Media center (library) -                |                    |                 |                |                                    |
| Salaries                                | 69,763             | 69,763          | 58,407         | 11,356                             |
| Benefits                                | 32,704             | 32,704          | 25,809         | 6,895                              |
| Equipment repairs/maintenance           | 2,500              | 2,500           | -              | 2,500                              |
| Supplies & materials                    | 27,400             | 27,400          | 12,666         | 14,734                             |
| Dues/subscriptions                      | -                  | -               | 9,624          | (9,624)                            |
|   | <u>132,367</u>     | <u>132,367</u>  | <u>106,506</u> | <u>25,861</u>                      |
| Information technology -                |                    |                 |                |                                    |
| Salaries                                | 146,555            | 146,555         | 121,666        | 24,889                             |
| Benefits                                | 88,604             | 88,604          | 71,858         | 16,746                             |
| Contracted services                     | 11,880             | 11,880          | 25,146         | (13,266)                           |
| Equipment repairs/maintenance           | 4,800              | 4,800           | 1,367          | 3,433                              |
| Supplies & materials                    | 38,000             | 38,000          | 44,548         | (6,548)                            |
| Equipment                               | 169,586            | 169,586         | 172,738        | (3,152)                            |
|   | <u>459,425</u>     | <u>459,425</u>  | <u>437,323</u> | <u>22,102</u>                      |
| Board of education -                    |                    |                 |                |                                    |
| Salaries (Board Secretary)              | 8,456              | 8,456           | 981            | 7,475                              |
| Benefits                                | 12,633             | 12,633          | 75             | 12,558                             |
| Board reimbursement                     | 3,500              | 3,500           | 3,500          | -                                  |
| Contracted services                     | 15,340             | 15,340          | 4,896          | 10,444                             |
| Equipment repairs/maintenance           | 20,600             | 20,600          | 18,243         | 2,357                              |
| Supplies & materials                    | 2,150              | 2,150           | 1,160          | 990                                |
| Dues/subscriptions                      | 2,500              | 2,500           | 2,623          | (123)                              |
| Miscellaneous                           | -                  | -               | 1,728          | (1,728)                            |
|   | <u>65,179</u>      | <u>65,179</u>   | <u>33,206</u>  | <u>31,973</u>                      |
| Board treasurer -                       |                    |                 |                |                                    |
| Treasurer/clerks salaries               | 700                | 700             | 900            | (200)                              |
| Benefits                                | -                  | -               | 15             | (15)                               |
|   | <u>700</u>         | <u>700</u>      | <u>915</u>     | <u>(215)</u>                       |
| Washington West SU - general assessment | <u>305,956</u>     | <u>305,956</u>  | <u>305,956</u> | <u>-</u>                           |

SCHEDULE B (CONTINUED)  
HARWOOD UNION HIGH SCHOOL

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016

|   | Original<br>Budget | Final<br>Budget  | Actual           | Variance<br>Positive<br>(Negative) |
|---|--------------------|------------------|------------------|------------------------------------|
| Administration -  |                    |                  |                  |                                    |
| Salaries  | 357,968            | 357,968          | 358,554          | (586)                              |
| Benefits  | 136,080            | 136,080          | 134,774          | 1,306                              |
| Contracted services                                     | 27,600             | 27,600           | 18,968           | 8,632                              |
| Postage, printing, field trips                          | 31,500             | 31,500           | 25,938           | 5,562                              |
| Supplies & materials                                    | 21,800             | 21,800           | 18,004           | 3,796                              |
| Equipment   | 23,200             | 23,200           | 17,297           | 5,903                              |
| Dues/subscriptions                                      | 12,000             | 12,000           | 4,280            | 7,720                              |
|   | <u>610,148</u>     | <u>610,148</u>   | <u>577,815</u>   | <u>32,333</u>                      |
| Washington West SU - fiscal service<br>assessment       | <u>181,897</u>     | <u>181,897</u>   | <u>181,897</u>   | <u>-</u>                           |
| Board financial audit                                   | <u>6,800</u>       | <u>6,800</u>     | <u>6,800</u>     | <u>-</u>                           |
| Buildings/grounds maintenance -                         |                    |                  |                  |                                    |
| Salaries  | 235,851            | 235,851          | 256,718          | (20,867)                           |
| Benefits  | 130,630            | 130,630          | 117,099          | 13,531                             |
| Contracted services                                     | 90,000             | 90,000           | 44,132           | 45,868                             |
| Equipment repairs/short term maintenance                | 151,927            | 151,927          | 179,530          | (27,603)                           |
| Property insurance/telephone                            | 78,494             | 78,494           | 68,463           | 10,031                             |
| Supplies & materials                                    | 244,890            | 244,890          | 214,766          | 30,124                             |
| Equipment   | 39,107             | 39,107           | 36,494           | 2,613                              |
|   | <u>970,899</u>     | <u>970,899</u>   | <u>917,202</u>   | <u>53,697</u>                      |
| Pupil bus transportation - contracted<br>transportation | <u>421,968</u>     | <u>421,968</u>   | <u>451,665</u>   | <u>(29,697)</u>                    |
| Special education/speech -                              |                    |                  |                  |                                    |
| Salaries  | 1,356,283          | 1,356,283        | 1,315,896        | 40,387                             |
| Benefits  | 605,634            | 605,634          | 565,120          | 40,514                             |
| Contracted services                                     | 263,955            | 263,955          | 169,805          | 94,150                             |
| Equipment repairs/maintenance                           | 2,000              | 2,000            | 77               | 1,923                              |
| Tuition   | 869,394            | 869,394          | 1,168,393        | (298,999)                          |
| Supplies & materials                                    | 7,500              | 7,500            | 9,083            | (1,583)                            |
| Equipment   | 20,556             | 20,556           | 10,191           | 10,365                             |
| Transportation  | 193,000            | 193,000          | 311,450          | (118,450)                          |
|   | <u>3,318,322</u>   | <u>3,318,322</u> | <u>3,550,015</u> | <u>(231,693)</u>                   |
| School-wide -   |                    |                  |                  |                                    |
| Salaries  | -                  | -                | 65,575           | (65,575)                           |
| Benefits  | -                  | -                | 21,903           | (21,903)                           |
| Contracted services                                     | -                  | -                | 15,693           | (15,693)                           |
|   | <u>-</u>           | <u>-</u>         | <u>103,171</u>   | <u>(103,171)</u>                   |



SCHEDULE B (CONTINUED)  
HARWOOD UNION HIGH SCHOOL

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016

|  | Original<br>Budget   | Final<br>Budget      | Actual               | Variance<br>Positive<br>(Negative) |
|--|----------------------|----------------------|----------------------|------------------------------------|
| Next step -  |                      |                      |                      |                                    |
| Salaries   | 132,588              | 132,588              | 132,669              | (81)                               |
| Benefits   | 31,509               | 31,509               | 22,188               | 9,321                              |
| Contracted services/vocational tuition                               | 142,158              | 142,158              | 122,190              | 19,968                             |
| Equipment repairs  | 300                  | 300                  | -                    | 300                                |
| Supplies & materials   | 1,450                | 1,450                | 898                  | 552                                |
|  | <u>308,005</u>       | <u>308,005</u>       | <u>277,945</u>       | <u>30,060</u>                      |
| Driver education -   |                      |                      |                      |                                    |
| Salaries   | 70,687               | 70,687               | 72,603               | (1,916)                            |
| Benefits   | 28,889               | 28,889               | 25,913               | 2,976                              |
| Contracted services  | 16,200               | 16,200               | 14,400               | 1,800                              |
| Equipment repairs/maintenance  | 1,350                | 1,350                | 424                  | 926                                |
| Supplies & materials   | 3,300                | 3,300                | 1,612                | 1,688                              |
| Equipment (car lease)  | 283                  | 283                  | 137                  | 146                                |
| Dues/subscriptions   | 225                  | 225                  | 50                   | 175                                |
|  | <u>120,934</u>       | <u>120,934</u>       | <u>115,139</u>       | <u>5,795</u>                       |
| Debt service -   |                      |                      |                      |                                    |
| Debt - interest expense  | 28,483               | 28,483               | 8,605                | 19,878                             |
| Debt - principal expense   | 255,378              | 255,378              | 254,197              | 1,181                              |
|  | <u>283,861</u>       | <u>283,861</u>       | <u>262,802</u>       | <u>21,059</u>                      |
| Short term debt - debt - short term lending<br>tax anticipation note | <u>24,000</u>        | <u>24,000</u>        | <u>17,800</u>        | <u>6,200</u>                       |
| Student athletics/co-curricular program -                            |                      |                      |                      |                                    |
| Salaries   | 300,063              | 300,063              | 310,645              | (10,582)                           |
| Benefits   | 68,494               | 68,494               | 64,039               | 4,455                              |
| Contracted services  | 4,800                | 4,800                | 2,070                | 2,730                              |
| Equipment repairs  | 23,500               | 23,500               | 30,873               | (7,373)                            |
| Transportation   | 53,370               | 53,370               | 56,967               | (3,597)                            |
| Supplies & materials   | 22,550               | 22,550               | 19,571               | 2,979                              |
| Equipment repairs  | 4,900                | 4,900                | 3,963                | 937                                |
| Dues & fees  | 7,200                | 7,200                | 14,604               | (7,404)                            |
| Non athletics  | 55,333               | 55,333               | 52,366               | 2,967                              |
|  | <u>540,210</u>       | <u>540,210</u>       | <u>555,098</u>       | <u>(14,888)</u>                    |
| High school completion - FY2015 deficit                              | <u>-</u>             | <u>-</u>             | <u>64,528</u>        | <u>(64,528)</u>                    |
| On-behalf payments - vocational center                               | <u>129,031</u>       | <u>129,031</u>       | <u>129,031</u>       | <u>-</u>                           |
| Capital outlay   | <u>56,573</u>        | <u>56,573</u>        | <u>71,553</u>        | <u>(14,980)</u>                    |
| Transfers to other funds -   |                      |                      |                      |                                    |
| Maintenance reserve fund   | 145,000              | 145,000              | 145,000              | -                                  |
| Special revenue funds  | 30,000               | 30,000               | 35,833               | (5,833)                            |
| Debt service reserve   | 11,000               | 11,000               | 11,000               | -                                  |
|  | <u>186,000</u>       | <u>186,000</u>       | <u>191,833</u>       | <u>(5,833)</u>                     |
| <b>TOTAL DEPARTMENTAL OPERATIONS</b>                                 | <u>\$ 14,254,834</u> | <u>\$ 14,254,834</u> | <u>\$ 14,326,631</u> | <u>\$ (71,797)</u>                 |

See accompanying independent auditors' report and notes to financial statements.

## HARWOOD UNION HIGH SCHOOL

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016

|   | Special<br>Revenue<br>Funds | Capital<br>Projects<br>Funds | Permanent<br>Funds | Debt<br>Service<br>Fund | Total Nonmajor<br>Governmental<br>Funds |
|---|-----------------------------|------------------------------|--------------------|-------------------------|---|
| <b>ASSETS</b>   |                             |                              |                    |                         |   |
| Cash and cash equivalents                                 | \$ 1,482                    | \$ -                         | \$ -               | \$ 123                  | \$ 1,605                                |
| Investments   | -                           | -                            | 80,441             | 71,849                  | 152,290                                 |
| Due from other governments                                | 43,424                      | -                            | -                  | -                       | 43,424                                  |
| Due from other funds                                      | 132,376                     | 4,515                        | 3,367              | -                       | 140,258                                 |
| Inventory   | 3,663                       | -                            | -                  | -                       | 3,663                                   |
| <b>TOTAL ASSETS</b>                                       | <b>\$ 180,945</b>           | <b>\$ 4,515</b>              | <b>\$ 83,808</b>   | <b>\$ 71,972</b>        | <b>\$ 341,240</b>                       |
| <b>LIABILITIES</b>  |                             |                              |                    |                         |   |
| Accounts payable  | \$ 1,229                    | \$ -                         | \$ -               | \$ -                    | \$ 1,229                                |
| Due to other funds  | 23,424                      | -                            | 6                  | -                       | 23,430                                  |
| <b>TOTAL LIABILITIES</b>                                  | <b>24,653</b>               | <b>-</b>                     | <b>6</b>           | <b>-</b>                | <b>24,659</b>                           |
| <b>FUND BALANCES (DEFICITS)</b>                           |                             |                              |                    |                         |   |
| Nonspendable - inventory & principal                      | 3,663                       | -                            | 83,633             | -                       | 87,296                                  |
| Restricted  | 158,821                     | -                            | 1,379              | 71,972                  | 232,172                                 |
| Committed   | -                           | 4,515                        | -                  | -                       | 4,515                                   |
| Assigned  | -                           | -                            | -                  | -                       | -                                       |
| Unassigned  | (6,192)                     | -                            | (1,210)            | -                       | (7,402)                                 |
| <b>TOTAL FUND BALANCES (DEFICITS)</b>                     | <b>156,292</b>              | <b>4,515</b>                 | <b>83,802</b>      | <b>71,972</b>           | <b>316,581</b>                          |
| <b>TOTAL LIABILITIES AND FUND<br/>BALANCES (DEFICITS)</b> | <b>\$ 180,945</b>           | <b>\$ 4,515</b>              | <b>\$ 83,808</b>   | <b>\$ 71,972</b>        | <b>\$ 341,240</b>                       |

See accompanying independent auditors' report and notes to financial statements.

SCHEDULE D

HARWOOD UNION HIGH SCHOOL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

|   | Special<br>Revenue<br>Funds | Capital<br>Projects<br>Funds | Permanent<br>Funds | Debt<br>Service<br>Fund | Total Nonmajor<br>Governmental<br>Funds |
|---|-----------------------------|------------------------------|--------------------|-------------------------|---|
| <b>REVENUES</b>   |                             |                              |                    |                         |   |
| Intergovernmental                                       | \$ 384,161                  | \$ -                         | \$ -               | \$ -                    | \$ 384,161                              |
| Charges for services                                    | 385,881                     | -                            | -                  | -                       | 385,881                                 |
| Investment income                                       | -                           | -                            | 289                | 1,293                   | 1,582                                   |
| Unrealized gains on investments                         | -                           | -                            | -                  | 3,366                   | 3,366                                   |
| Other income  | 265,479                     | -                            | -                  | -                       | 265,479                                 |
| <b>TOTAL REVENUES</b>                                   | <b>1,035,521</b>            | <b>-</b>                     | <b>289</b>         | <b>4,659</b>            | <b>1,040,469</b>                        |
| <b>EXPENDITURES</b>                                     |                             |                              |                    |                         |   |
| Other   | 996,173                     | -                            | -                  | 641                     | 996,814                                 |
| <b>TOTAL EXPENDITURES</b>                               | <b>996,173</b>              | <b>-</b>                     | <b>-</b>           | <b>641</b>              | <b>996,814</b>                          |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>39,348</b>               | <b>-</b>                     | <b>289</b>         | <b>4,018</b>            | <b>43,655</b>                           |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                             |                              |                    |                         |   |
| Transfers in  | 35,833                      | -                            | -                  | 11,000                  | 46,833                                  |
| Transfers (out)   | -                           | -                            | -                  | -                       | -                                       |
| <b>TOTAL OTHER FINANCING SOURCES<br/>(USES)</b>         | <b>35,833</b>               | <b>-</b>                     | <b>-</b>           | <b>11,000</b>           | <b>46,833</b>                           |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b>75,181</b>               | <b>-</b>                     | <b>289</b>         | <b>15,018</b>           | <b>90,488</b>                           |
| <b>FUND BALANCES (DEFICITS) - JULY 1,<br/>RESTATED</b>  | <b>81,111</b>               | <b>4,515</b>                 | <b>83,513</b>      | <b>56,954</b>           | <b>226,093</b>                          |
| <b>FUND BALANCES (DEFICITS) - JUNE 30</b>               | <b>\$ 156,292</b>           | <b>\$ 4,515</b>              | <b>\$ 83,802</b>   | <b>\$ 71,972</b>        | <b>\$ 316,581</b>                       |

See accompanying independent auditors' report and notes to financial statements.

## Special Revenue Funds

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

HARWOOD UNION HIGH SCHOOL

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2016

|   | Umatter       | Child<br>Care<br>Grant | Achievement<br>Community<br>Award | Air<br>Quality<br>Grant | Next Step<br>Vermont<br>Student | SPED State<br>Placed<br>Students |
|---|---------------|------------------------|-----------------------------------|-------------------------|---------------------------------|----------------------------------|
| <b>ASSETS</b>   |               |                        |                                   |                         |                                 |                                  |
| Cash and cash equivalents                                 | \$ -          | \$ -                   | \$ -                              | \$ -                    | \$ -                            | \$ -                             |
| Due from other governments                                | -             | -                      | -                                 | -                       | -                               | 8,817                            |
| Due from other funds                                      | 750           | 2,935                  | 2,500                             | 2,000                   | 169                             | -                                |
| Inventory   | -             | -                      | -                                 | -                       | -                               | -                                |
| <b>TOTAL ASSETS</b>                                       | <b>\$ 750</b> | <b>\$ 2,935</b>        | <b>\$ 2,500</b>                   | <b>\$ 2,000</b>         | <b>\$ 169</b>                   | <b>\$ 8,817</b>                  |
| <b>LIABILITIES</b>  |               |                        |                                   |                         |                                 |                                  |
| Accounts payable  | \$ -          | \$ -                   | \$ -                              | \$ -                    | \$ -                            | \$ -                             |
| Due to other funds  | -             | -                      | -                                 | -                       | -                               | 5,412                            |
| <b>TOTAL LIABILITIES</b>                                  | <b>-</b>      | <b>-</b>               | <b>-</b>                          | <b>-</b>                | <b>-</b>                        | <b>5,412</b>                     |
| <b>FUND BALANCES (DEFICITS)</b>                           |               |                        |                                   |                         |                                 |                                  |
| Nonspendable - inventory                                  | -             | -                      | -                                 | -                       | -                               | -                                |
| Restricted  | 750           | 2,935                  | 2,500                             | 2,000                   | 169                             | 3,405                            |
| Committed   | -             | -                      | -                                 | -                       | -                               | -                                |
| Assigned  | -             | -                      | -                                 | -                       | -                               | -                                |
| Unassigned  | -             | -                      | -                                 | -                       | -                               | -                                |
| <b>TOTAL FUND BALANCES (DEFICITS)</b>                     | <b>750</b>    | <b>2,935</b>           | <b>2,500</b>                      | <b>2,000</b>            | <b>169</b>                      | <b>3,405</b>                     |
| <b>TOTAL LIABILITIES AND FUND<br/>BALANCES (DEFICITS)</b> | <b>\$ 750</b> | <b>\$ 2,935</b>        | <b>\$ 2,500</b>                   | <b>\$ 2,000</b>         | <b>\$ 169</b>                   | <b>\$ 8,817</b>                  |

HARWOOD UNION HIGH SCHOOL

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2016

|   | Burnham Trust   | Co-Curricular Sports Camps | Speak Out Grant VPA | Food Service Program | High School Transformation Grant | SAT Continuing Ed Course |
|---|-----------------|----------------------------|---------------------|----------------------|----------------------------------|--------------------------|
| <b>ASSETS</b>   |                 |                            |                     |                      |                                  |                          |
| Cash and cash equivalents                             | \$ -            | \$ -                       | \$ -                | \$ -                 | \$ -                             | \$ -                     |
| Due from other governments                            | -               | -                          | -                   | 27,109               | 1,090                            | -                        |
| Due from other funds                                  | 5,245           | -                          | -                   | -                    | -                                | 2,793                    |
| Inventory   | -               | -                          | -                   | 3,663                | -                                | -                        |
| <b>TOTAL ASSETS</b>                                   | <b>\$ 5,245</b> | <b>\$ -</b>                | <b>\$ -</b>         | <b>\$ 30,772</b>     | <b>\$ 1,090</b>                  | <b>\$ 2,793</b>          |
| <b>LIABILITIES</b>                                    |                 |                            |                     |                      |                                  |                          |
| Accounts payable                                      | \$ -            | \$ -                       | \$ -                | \$ 1,229             | \$ -                             | \$ -                     |
| Due to other funds                                    | -               | 4,682                      | 1,510               | 5,746                | 1,090                            | -                        |
| <b>TOTAL LIABILITIES</b>                              | <b>-</b>        | <b>4,682</b>               | <b>1,510</b>        | <b>6,975</b>         | <b>1,090</b>                     | <b>-</b>                 |
| <b>FUND BALANCES (DEFICITS)</b>                       |                 |                            |                     |                      |                                  |                          |
| Nonspendable - inventory                              | -               | -                          | -                   | 3,663                | -                                | -                        |
| Restricted  | 5,245           | -                          | -                   | 20,134               | -                                | 2,793                    |
| Committed   | -               | -                          | -                   | -                    | -                                | -                        |
| Assigned  | -               | -                          | -                   | -                    | -                                | -                        |
| Unassigned  | -               | (4,682)                    | (1,510)             | -                    | -                                | -                        |
| <b>TOTAL FUND BALANCES (DEFICITS)</b>                 | <b>5,245</b>    | <b>(4,682)</b>             | <b>(1,510)</b>      | <b>23,797</b>        | <b>-</b>                         | <b>2,793</b>             |
| <b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b> | <b>\$ 5,245</b> | <b>\$ -</b>                | <b>\$ -</b>         | <b>\$ 30,772</b>     | <b>\$ 1,090</b>                  | <b>\$ 2,793</b>          |

HARWOOD UNION HIGH SCHOOL

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2016

|   | NEA Learn<br>Leadership<br>Grant | VPA Standard<br>Leadership<br>Project | Central<br>Health &<br>Learning | China<br>Program | Music           | Athletic<br>Fundraiser |
|---|----------------------------------|---------------------------------------|---------------------------------|------------------|-----------------|------------------------|
| <b>ASSETS</b>   |                                  |                                       |                                 |                  |                 |                        |
| Cash and cash equivalents                                 | \$ -                             | \$ -                                  | \$ -                            | \$ -             | \$ -            | \$ -                   |
| Due from other governments                                | -                                | -                                     | -                               | -                | -               | -                      |
| Due from other funds                                      | 11                               | 941                                   | 760                             | -                | 4,536           | 17,789                 |
| Inventory   | -                                | -                                     | -                               | -                | -               | -                      |
| <b>TOTAL ASSETS</b>                                       | <b>\$ 11</b>                     | <b>\$ 941</b>                         | <b>\$ 760</b>                   | <b>\$ -</b>      | <b>\$ 4,536</b> | <b>\$ 17,789</b>       |
| <b>LIABILITIES</b>  |                                  |                                       |                                 |                  |                 |                        |
| Accounts payable  | \$ -                             | \$ -                                  | \$ -                            | \$ -             | \$ -            | \$ -                   |
| Due to other funds  | -                                | -                                     | -                               | -                | -               | -                      |
| <b>TOTAL LIABILITIES</b>                                  | <b>-</b>                         | <b>-</b>                              | <b>-</b>                        | <b>-</b>         | <b>-</b>        | <b>-</b>               |
| <b>FUND BALANCES (DEFICITS)</b>                           |                                  |                                       |                                 |                  |                 |                        |
| Nonspendable - inventory                                  | -                                | -                                     | -                               | -                | -               | -                      |
| Restricted  | 11                               | 941                                   | 760                             | -                | 4,536           | 17,789                 |
| Committed   | -                                | -                                     | -                               | -                | -               | -                      |
| Assigned  | -                                | -                                     | -                               | -                | -               | -                      |
| Unassigned  | -                                | -                                     | -                               | -                | -               | -                      |
| <b>TOTAL FUND BALANCES (DEFICITS)</b>                     | <b>11</b>                        | <b>941</b>                            | <b>760</b>                      | <b>-</b>         | <b>4,536</b>    | <b>17,789</b>          |
| <b>TOTAL LIABILITIES AND FUND<br/>BALANCES (DEFICITS)</b> | <b>\$ 11</b>                     | <b>\$ 941</b>                         | <b>\$ 760</b>                   | <b>\$ -</b>      | <b>\$ 4,536</b> | <b>\$ 17,789</b>       |

HARWOOD UNION HIGH SCHOOL

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2016

|   | Musical     | Tech Ed<br>Tool<br>Sale | Great<br>Schools<br>Partnership | Tobacco<br>Use<br>Grant | Arts In<br>School<br>(Music Grant) | Rowland<br>Grant |
|---|-------------|-------------------------|---------------------------------|-------------------------|------------------------------------|------------------|
| <b>ASSETS</b>   |             |                         |                                 |                         |                                    |                  |
| Cash and cash equivalents                                 | \$ -        | \$ -                    | \$ -                            | \$ -                    | \$ -                               | \$ -             |
| Due from other governments                                | -           | -                       | -                               | 6,408                   | -                                  | -                |
| Due from other funds                                      | -           | 525                     | 11,616                          | -                       | -                                  | 2,303            |
| Inventory   | -           | -                       | -                               | -                       | -                                  | -                |
| <b>TOTAL ASSETS</b>                                       | <b>\$ -</b> | <b>\$ 525</b>           | <b>\$ 11,616</b>                | <b>\$ 6,408</b>         | <b>\$ -</b>                        | <b>\$ 2,303</b>  |
| <b>LIABILITIES</b>  |             |                         |                                 |                         |                                    |                  |
| Accounts payable  | \$ -        | \$ -                    | \$ -                            | \$ -                    | \$ -                               | \$ -             |
| Due to other funds  | -           | -                       | -                               | 4,984                   | -                                  | -                |
| <b>TOTAL LIABILITIES</b>                                  | <b>-</b>    | <b>-</b>                | <b>-</b>                        | <b>4,984</b>            | <b>-</b>                           | <b>-</b>         |
| <b>FUND BALANCES (DEFICITS)</b>                           |             |                         |                                 |                         |                                    |                  |
| Nonspendable - inventory                                  | -           | -                       | -                               | -                       | -                                  | -                |
| Restricted  | -           | 525                     | 11,616                          | 1,424                   | -                                  | 2,303            |
| Committed   | -           | -                       | -                               | -                       | -                                  | -                |
| Assigned  | -           | -                       | -                               | -                       | -                                  | -                |
| Unassigned  | -           | -                       | -                               | -                       | -                                  | -                |
| <b>TOTAL FUND BALANCES (DEFICITS)</b>                     | <b>-</b>    | <b>525</b>              | <b>11,616</b>                   | <b>1,424</b>            | <b>-</b>                           | <b>2,303</b>     |
| <b>TOTAL LIABILITIES AND FUND<br/>BALANCES (DEFICITS)</b> | <b>\$ -</b> | <b>\$ 525</b>           | <b>\$ 11,616</b>                | <b>\$ 6,408</b>         | <b>\$ -</b>                        | <b>\$ 2,303</b>  |



HARWOOD UNION HIGH SCHOOL

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2016

|   | Rwanda           | Tadejewski<br>Estate<br>Donation | Track<br>In The<br>Woods | France<br>Trip | Rowland<br>Grant<br>Ibson/Berrings | Nellie Mae<br>Ed<br>Foundation |
|---|------------------|----------------------------------|--------------------------|----------------|------------------------------------|--------------------------------|
| <b>ASSETS</b>   |                  |                                  |                          |                |                                    |                                |
| Cash and cash equivalents                                 | \$ 1,482         | \$ -                             | \$ -                     | \$ -           | \$ -                               | \$ -                           |
| Due from other governments                                | -                | -                                | -                        | -              | -                                  | -                              |
| Due from other funds                                      | 11,673           | 496                              | 39,966                   | 295            | 8,713                              | 10,000                         |
| Inventory   | -                | -                                | -                        | -              | -                                  | -                              |
| <b>TOTAL ASSETS</b>                                       | <b>\$ 13,155</b> | <b>\$ 496</b>                    | <b>\$ 39,966</b>         | <b>\$ 295</b>  | <b>\$ 8,713</b>                    | <b>\$ 10,000</b>               |
| <b>LIABILITIES</b>  |                  |                                  |                          |                |                                    |                                |
| Accounts payable  | \$ -             | \$ -                             | \$ -                     | \$ -           | \$ -                               | \$ -                           |
| Due to other funds  | -                | -                                | -                        | -              | -                                  | -                              |
| <b>TOTAL LIABILITIES</b>                                  | <b>-</b>         | <b>-</b>                         | <b>-</b>                 | <b>-</b>       | <b>-</b>                           | <b>-</b>                       |
| <b>FUND BALANCES (DEFICITS)</b>                           |                  |                                  |                          |                |                                    |                                |
| Nonspendable - inventory                                  | -                | -                                | -                        | -              | -                                  | -                              |
| Restricted  | 13,155           | 496                              | 39,966                   | 295            | 8,713                              | 10,000                         |
| Committed   | -                | -                                | -                        | -              | -                                  | -                              |
| Assigned  | -                | -                                | -                        | -              | -                                  | -                              |
| Unassigned  | -                | -                                | -                        | -              | -                                  | -                              |
| <b>TOTAL FUND BALANCES (DEFICITS)</b>                     | <b>13,155</b>    | <b>496</b>                       | <b>39,966</b>            | <b>295</b>     | <b>8,713</b>                       | <b>10,000</b>                  |
| <b>TOTAL LIABILITIES AND FUND<br/>BALANCES (DEFICITS)</b> | <b>\$ 13,155</b> | <b>\$ 496</b>                    | <b>\$ 39,966</b>         | <b>\$ 295</b>  | <b>\$ 8,713</b>                    | <b>\$ 10,000</b>               |

HARWOOD UNION HIGH SCHOOL

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2016

|   | Water<br>Source<br>Development | Hall of<br>Fame<br>Co-Curricular | Jamieson<br>Memorial | Ray Drake<br>Scholarship | Great<br>Expectations<br>Mini Grant | Total             |
|---|--------------------------------|----------------------------------|----------------------|--------------------------|-------------------------------------|-------------------|
| <b>ASSETS</b>   |                                |                                  |                      |                          |                                     |                   |
| Cash and cash equivalents                                 | \$ -                           | \$ -                             | \$ -                 | \$ -                     | \$ -                                | \$ 1,482          |
| Due from other governments                                | -                              | -                                | -                    | -                        | -                                   | 43,424            |
| Due from other funds                                      | -                              | 4,820                            | 1,115                | 325                      | 100                                 | 132,376           |
| Inventory   | -                              | -                                | -                    | -                        | -                                   | 3,663             |
| <b>TOTAL ASSETS</b>                                       | <b>\$ -</b>                    | <b>\$ 4,820</b>                  | <b>\$ 1,115</b>      | <b>\$ 325</b>            | <b>\$ 100</b>                       | <b>\$ 180,945</b> |
| <b>LIABILITIES</b>  |                                |                                  |                      |                          |                                     |                   |
| Accounts payable  | \$ -                           | \$ -                             | \$ -                 | \$ -                     | \$ -                                | \$ 1,229          |
| Due to other funds  | -                              | -                                | -                    | -                        | -                                   | 23,424            |
| <b>TOTAL LIABILITIES</b>                                  | <b>-</b>                       | <b>-</b>                         | <b>-</b>             | <b>-</b>                 | <b>-</b>                            | <b>24,653</b>     |
| <b>FUND BALANCES (DEFICITS)</b>                           |                                |                                  |                      |                          |                                     |                   |
| Nonspendable - inventory                                  | -                              | -                                | -                    | -                        | -                                   | 3,663             |
| Restricted  | -                              | 4,820                            | 1,115                | 325                      | 100                                 | 158,821           |
| Committed   | -                              | -                                | -                    | -                        | -                                   | -                 |
| Assigned  | -                              | -                                | -                    | -                        | -                                   | -                 |
| Unassigned  | -                              | -                                | -                    | -                        | -                                   | (6,192)           |
| <b>TOTAL FUND BALANCES (DEFICITS)</b>                     | <b>-</b>                       | <b>4,820</b>                     | <b>1,115</b>         | <b>325</b>               | <b>100</b>                          | <b>156,292</b>    |
| <b>TOTAL LIABILITIES AND FUND<br/>BALANCES (DEFICITS)</b> | <b>\$ -</b>                    | <b>\$ 4,820</b>                  | <b>\$ 1,115</b>      | <b>\$ 325</b>            | <b>\$ 100</b>                       | <b>\$ 180,945</b> |

See accompanying independent auditors' report and notes to financial statements.

HARWOOD UNION HIGH SCHOOL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

|   | Umatter       | Child<br>Care<br>Grant | Achievement<br>Community<br>Award | Air<br>Quality<br>Grant | Next Step<br>Vermont<br>Student | SPED State<br>Placed<br>Students |
|---|---------------|------------------------|-----------------------------------|-------------------------|---------------------------------|----------------------------------|
| <b>REVENUES</b>   |               |                        |                                   |                         |                                 |                                  |
| Intergovernmental                                       | \$ -          | \$ -                   | \$ -                              | \$ -                    | \$ -                            | \$ 254,846                       |
| Charges for services                                    | -             | -                      | -                                 | -                       | -                               | -                                |
| Other income  | 250           | -                      | 2,500                             | -                       | -                               | -                                |
| <b>TOTAL REVENUES</b>                                   | <b>250</b>    | <b>-</b>               | <b>2,500</b>                      | <b>-</b>                | <b>-</b>                        | <b>254,846</b>                   |
| <b>EXPENDITURES</b>                                     |               |                        |                                   |                         |                                 |                                  |
| Other   | -             | -                      | -                                 | -                       | -                               | 254,846                          |
| <b>TOTAL EXPENDITURES</b>                               | <b>-</b>      | <b>-</b>               | <b>-</b>                          | <b>-</b>                | <b>-</b>                        | <b>254,846</b>                   |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>250</b>    | <b>-</b>               | <b>2,500</b>                      | <b>-</b>                | <b>-</b>                        | <b>-</b>                         |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |               |                        |                                   |                         |                                 |                                  |
| Transfers in  | -             | -                      | -                                 | -                       | -                               | -                                |
| Transfers (out)   | -             | -                      | -                                 | -                       | -                               | -                                |
| <b>TOTAL OTHER FINANCING SOURCES<br/>(USES)</b>         | <b>-</b>      | <b>-</b>               | <b>-</b>                          | <b>-</b>                | <b>-</b>                        | <b>-</b>                         |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b>250</b>    | <b>-</b>               | <b>2,500</b>                      | <b>-</b>                | <b>-</b>                        | <b>-</b>                         |
| <b>FUND BALANCES (DEFICITS) - JULY 1,<br/>RESTATED</b>  | <b>500</b>    | <b>2,935</b>           | <b>-</b>                          | <b>2,000</b>            | <b>169</b>                      | <b>3,405</b>                     |
| <b>FUND BALANCES (DEFICITS) - JUNE 30</b>               | <b>\$ 750</b> | <b>\$ 2,935</b>        | <b>\$ 2,500</b>                   | <b>\$ 2,000</b>         | <b>\$ 169</b>                   | <b>\$ 3,405</b>                  |

HARWOOD UNION HIGH SCHOOL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

|   | Burnham<br>Trust | Co-Curricular<br>Sports<br>Camps | Speak Out<br>Grant<br>VPA | Food<br>Service<br>Program | High School<br>Transformation<br>Grant | SAT<br>Continuing Ed<br>Course |
|---|------------------|----------------------------------|---------------------------|----------------------------|--|--------------------------------|
| REVENUES  |                  |                                  |                           |                            |  |                                |
| Intergovernmental                               | \$ -             | \$ -                             | \$ 2,392                  | \$ 125,833                 | \$ 1,090                               | \$ -                           |
| Charges for services                            | -                | -                                | -                         | 385,881                    | -                                      | -                              |
| Other income                                    | 9,244            | 12,035                           | -                         | 48,366                     | -                                      | 6,725                          |
| <b>TOTAL REVENUES</b>                           | <b>9,244</b>     | <b>12,035</b>                    | <b>2,392</b>              | <b>560,080</b>             | <b>1,090</b>                           | <b>6,725</b>                   |
| EXPENDITURES                                    |                  |                                  |                           |                            |  |                                |
| Other   | 3,999            | 17,508                           | 3,612                     | 565,058                    | 1,090                                  | 6,983                          |
| <b>TOTAL EXPENDITURES</b>                       | <b>3,999</b>     | <b>17,508</b>                    | <b>3,612</b>              | <b>565,058</b>             | <b>1,090</b>                           | <b>6,983</b>                   |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | 5,245            | (5,473)                          | (1,220)                   | (4,978)                    | -                                      | (258)                          |
| OTHER FINANCING SOURCES (USES)                  |                  |                                  |                           |                            |  |                                |
| Transfers in                                    | -                | -                                | -                         | 12,000                     | -                                      | -                              |
| Transfers (out)                                 | -                | -                                | -                         | -                          | -                                      | -                              |
| <b>TOTAL OTHER FINANCING SOURCES<br/>(USES)</b> | <b>-</b>         | <b>-</b>                         | <b>-</b>                  | <b>12,000</b>              | <b>-</b>                               | <b>-</b>                       |
| NET CHANGE IN FUND BALANCES                     | 5,245            | (5,473)                          | (1,220)                   | 7,022                      | -                                      | (258)                          |
| FUND BALANCES (DEFICITS) - JULY 1,<br>RESTATED  | -                | 791                              | (290)                     | 16,775                     | -                                      | 3,051                          |
| <b>FUND BALANCES (DEFICITS) - JUNE 30</b>       | <b>\$ 5,245</b>  | <b>\$ (4,682)</b>                | <b>\$ (1,510)</b>         | <b>\$ 23,797</b>           | <b>\$ -</b>                            | <b>\$ 2,793</b>                |

HARWOOD UNION HIGH SCHOOL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

|   | NEA Learn<br>Leadership<br>Grant | VPA Standard<br>Leadership<br>Project | Central<br>Health &<br>Learning | China<br>Program | Music           | Athletic<br>Fundraiser |
|---|----------------------------------|---------------------------------------|---------------------------------|------------------|-----------------|------------------------|
| REVENUES  |                                  |                                       |                                 |                  |                 |                        |
| Intergovernmental                               | \$ -                             | \$ -                                  | \$ -                            | \$ -             | \$ -            | \$ -                   |
| Charges for services                            | -                                | -                                     | -                               | -                | -               | -                      |
| Other income                                    | -                                | -                                     | -                               | -                | 4,372           | 12,824                 |
| <b>TOTAL REVENUES</b>                           | <b>-</b>                         | <b>-</b>                              | <b>-</b>                        | <b>-</b>         | <b>4,372</b>    | <b>12,824</b>          |
| EXPENDITURES                                    |                                  |                                       |                                 |                  |                 |                        |
| Other   | 552                              | -                                     | -                               | -                | 4,137           | 5,487                  |
| <b>TOTAL EXPENDITURES</b>                       | <b>552</b>                       | <b>-</b>                              | <b>-</b>                        | <b>-</b>         | <b>4,137</b>    | <b>5,487</b>           |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | (552)                            | -                                     | -                               | -                | 235             | 7,337                  |
| OTHER FINANCING SOURCES (USES)                  |                                  |                                       |                                 |                  |                 |                        |
| Transfers in                                    | -                                | -                                     | -                               | 19,082           | -               | -                      |
| Transfers (out)                                 | -                                | -                                     | -                               | -                | -               | -                      |
| <b>TOTAL OTHER FINANCING SOURCES<br/>(USES)</b> | <b>-</b>                         | <b>-</b>                              | <b>-</b>                        | <b>19,082</b>    | <b>-</b>        | <b>-</b>               |
| NET CHANGE IN FUND BALANCES                     | (552)                            | -                                     | -                               | 19,082           | 235             | 7,337                  |
| FUND BALANCES (DEFICITS) - JULY 1,<br>RESTATED  | 563                              | 941                                   | 760                             | (19,082)         | 4,301           | 10,452                 |
| <b>FUND BALANCES (DEFICITS) - JUNE 30</b>       | <b>\$ 11</b>                     | <b>\$ 941</b>                         | <b>\$ 760</b>                   | <b>\$ -</b>      | <b>\$ 4,536</b> | <b>\$ 17,789</b>       |

HARWOOD UNION HIGH SCHOOL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

|   | Musical        | Tech Ed<br>Tool<br>Sale | Great<br>Schools<br>Partnership | Tobacco<br>Use<br>Grant | Arts In<br>School<br>(Music Grant) | Rowland<br>Grant |
|---|----------------|-------------------------|---------------------------------|-------------------------|------------------------------------|------------------|
| <b>REVENUES</b>   |                |                         |                                 |                         |                                    |                  |
| Intergovernmental                                       | \$ -           | \$ -                    | \$ -                            | \$ -                    | \$ -                               | \$ -             |
| Charges for services                                    | -              | -                       | -                               | -                       | -                                  | -                |
| Other income  | 1,437          | -                       | -                               | 10,619                  | 2,500                              | -                |
| <b>TOTAL REVENUES</b>                                   | <b>1,437</b>   | <b>-</b>                | <b>-</b>                        | <b>10,619</b>           | <b>2,500</b>                       | <b>-</b>         |
| <b>EXPENDITURES</b>                                     |                |                         |                                 |                         |                                    |                  |
| Other   | -              | -                       | 13,384                          | 10,619                  | 2,500                              | -                |
| <b>TOTAL EXPENDITURES</b>                               | <b>-</b>       | <b>-</b>                | <b>13,384</b>                   | <b>10,619</b>           | <b>2,500</b>                       | <b>-</b>         |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>1,437</b>   | <b>-</b>                | <b>(13,384)</b>                 | <b>-</b>                | <b>-</b>                           | <b>-</b>         |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                |                         |                                 |                         |                                    |                  |
| Transfers in  | -              | -                       | -                               | -                       | -                                  | -                |
| Transfers (out)   | -              | -                       | -                               | -                       | -                                  | -                |
| <b>TOTAL OTHER FINANCING SOURCES<br/>(USES)</b>         | <b>-</b>       | <b>-</b>                | <b>-</b>                        | <b>-</b>                | <b>-</b>                           | <b>-</b>         |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b>1,437</b>   | <b>-</b>                | <b>(13,384)</b>                 | <b>-</b>                | <b>-</b>                           | <b>-</b>         |
| <b>FUND BALANCES (DEFICITS) - JULY 1,<br/>RESTATED</b>  | <b>(1,437)</b> | <b>525</b>              | <b>25,000</b>                   | <b>1,424</b>            | <b>-</b>                           | <b>2,303</b>     |
| <b>FUND BALANCES (DEFICITS) - JUNE 30</b>               | <b>\$ -</b>    | <b>\$ 525</b>           | <b>\$ 11,616</b>                | <b>\$ 1,424</b>         | <b>\$ -</b>                        | <b>\$ 2,303</b>  |

HARWOOD UNION HIGH SCHOOL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

|   | Rwanda    | Tadejewski<br>Estate<br>Donation | Track<br>In The<br>Woods | France<br>Trip | Rowland<br>Grant<br>Ibson/Berrings | Nellie Mae<br>Ed<br>Foundation |
|---|-----------|----------------------------------|--------------------------|----------------|------------------------------------|--------------------------------|
| REVENUES  |           |                                  |                          |                |                                    |                                |
| Intergovernmental                               | \$ -      | \$ -                             | \$ -                     | \$ -           | \$ -                               | \$ -                           |
| Charges for services                            | -         | -                                | -                        | -              | -                                  | -                              |
| Other income                                    | 101,079   | -                                | 39,966                   | 1,512          | -                                  | 10,000                         |
| TOTAL REVENUES                                  | 101,079   | -                                | 39,966                   | 1,512          | -                                  | 10,000                         |
| EXPENDITURES                                    |           |                                  |                          |                |                                    |                                |
| Other   | 87,721    | -                                | -                        | 1,217          | 14,169                             | -                              |
| TOTAL EXPENDITURES                              | 87,721    | -                                | -                        | 1,217          | 14,169                             | -                              |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | 13,358    | -                                | 39,966                   | 295            | (14,169)                           | 10,000                         |
| OTHER FINANCING SOURCES (USES)                  |           |                                  |                          |                |                                    |                                |
| Transfers in                                    | -         | -                                | -                        | -              | -                                  | -                              |
| Transfers (out)                                 | -         | -                                | -                        | -              | -                                  | -                              |
| TOTAL OTHER FINANCING SOURCES<br>(USES)         | -         | -                                | -                        | -              | -                                  | -                              |
| NET CHANGE IN FUND BALANCES                     | 13,358    | -                                | 39,966                   | 295            | (14,169)                           | 10,000                         |
| FUND BALANCES (DEFICITS) - JULY 1,<br>RESTATED  | (203)     | 496                              | -                        | -              | 22,882                             | -                              |
| FUND BALANCES (DEFICITS) - JUNE 30              | \$ 13,155 | \$ 496                           | \$ 39,966                | \$ 295         | \$ 8,713                           | \$ 10,000                      |

HARWOOD UNION HIGH SCHOOL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

|   | Water<br>Source<br>Development | Hall of<br>Fame<br>Co-Curricular | Jamieson<br>Memorial | Ray Drake<br>Scholarship | Great<br>Expectations<br>Mini Grant | Total            |
|---|--------------------------------|----------------------------------|----------------------|--------------------------|-------------------------------------|------------------|
| REVENUES  |                                |                                  |                      |                          |                                     |                  |
| Intergovernmental                               | \$ -                           | \$ -                             | \$ -                 | \$ -                     | \$ -                                | \$ 384,161       |
| Charges for services                            | -                              | -                                | -                    | -                        | -                                   | 385,881          |
| Other income                                    | -                              | 1,725                            | -                    | 325                      | -                                   | 265,479          |
| <b>TOTAL REVENUES</b>                           | <b>-</b>                       | <b>1,725</b>                     | <b>-</b>             | <b>325</b>               | <b>-</b>                            | <b>1,035,521</b> |
| EXPENDITURES                                    |                                |                                  |                      |                          |                                     |                  |
| Other   | -                              | 3,291                            | -                    | -                        | -                                   | 996,173          |
| <b>TOTAL EXPENDITURES</b>                       | <b>-</b>                       | <b>3,291</b>                     | <b>-</b>             | <b>-</b>                 | <b>-</b>                            | <b>996,173</b>   |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | -                              | (1,566)                          | -                    | 325                      | -                                   | 39,348           |
| OTHER FINANCING SOURCES (USES)                  |                                |                                  |                      |                          |                                     |                  |
| Transfers in                                    | 4,751                          | -                                | -                    | -                        | -                                   | 35,833           |
| Transfers (out)                                 | -                              | -                                | -                    | -                        | -                                   | -                |
| <b>TOTAL OTHER FINANCING SOURCES<br/>(USES)</b> | <b>4,751</b>                   | <b>-</b>                         | <b>-</b>             | <b>-</b>                 | <b>-</b>                            | <b>35,833</b>    |
| NET CHANGE IN FUND BALANCES                     | 4,751                          | (1,566)                          | -                    | 325                      | -                                   | 75,181           |
| FUND BALANCES (DEFICITS) - JULY 1,<br>RESTATED  | (4,751)                        | 6,386                            | 1,115                | -                        | 100                                 | 81,111           |
| FUND BALANCES (DEFICITS) - JUNE 30              | \$ -                           | \$ 4,820                         | \$ 1,115             | \$ 325                   | \$ 100                              | \$ 156,292       |

See accompanying independent auditors' report and notes to financial statements.



## Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

HARWOOD UNION HIGH SCHOOL

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2016

|   | DeLong<br>Property<br>Acquisition | Wood<br>Chip<br>Project | Family<br>Consumer<br>Science Reserve | Total           |
|---|-----------------------------------|-------------------------|---------------------------------------|-----------------|
| <b>ASSETS</b>   |                                   |                         |                                       |                 |
| Due from other funds                                  | \$ 2,698                          | \$ 1,759                | \$ 58                                 | \$ 4,515        |
| <b>TOTAL ASSETS</b>                                   | <b>\$ 2,698</b>                   | <b>\$ 1,759</b>         | <b>\$ 58</b>                          | <b>\$ 4,515</b> |
| <b>LIABILITIES</b>                                    |                                   |                         |                                       |                 |
| Due to other funds                                    | \$ -                              | \$ -                    | \$ -                                  | \$ -            |
| <b>TOTAL LIABILITIES</b>                              | <b>-</b>                          | <b>-</b>                | <b>-</b>                              | <b>-</b>        |
| <b>FUND BALANCES (DEFICITS)</b>                       |                                   |                         |                                       |                 |
| Nonspendable  | -                                 | -                       | -                                     | -               |
| Restricted  | -                                 | -                       | -                                     | -               |
| Committed   | 2,698                             | 1,759                   | 58                                    | 4,515           |
| Assigned  | -                                 | -                       | -                                     | -               |
| Unassigned  | -                                 | -                       | -                                     | -               |
| <b>TOTAL FUND BALANCES (DEFICITS)</b>                 | <b>2,698</b>                      | <b>1,759</b>            | <b>58</b>                             | <b>4,515</b>    |
| <b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b> | <b>\$ 2,698</b>                   | <b>\$ 1,759</b>         | <b>\$ 58</b>                          | <b>\$ 4,515</b> |

See accompanying independent auditors' report and notes to financial statements.

HARWOOD UNION HIGH SCHOOL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

|   | <u>DeLong<br/>Property<br/>Acquisition</u> | <u>Wood<br/>Chip<br/>Project</u> | <u>Family<br/>Consumer<br/>Science Reserve</u> | <u>Total</u>    |
|---|--|----------------------------------|--|-----------------|
| REVENUES  |  |                                  |  |                 |
| Interest income                                 | \$ -                                       | \$ -                             | \$ -   | \$ -            |
| TOTAL REVENUES                                  | <u>-</u>                                   | <u>-</u>                         | <u>-</u>                                       | <u>-</u>        |
| EXPENDITURES                                    |  |                                  |  |                 |
| Capital outlay                                  | -  | -                                | -  | -               |
| TOTAL EXPENDITURES                              | <u>-</u>                                   | <u>-</u>                         | <u>-</u>                                       | <u>-</u>        |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | <u>-</u>                                   | <u>-</u>                         | <u>-</u>                                       | <u>-</u>        |
| NET CHANGE IN FUND BALANCES                     | -  | -                                | -  | -               |
| FUND BALANCES (DEFICITS) - JULY 1               | <u>2,698</u>                               | <u>1,759</u>                     | <u>58</u>                                      | <u>4,515</u>    |
| FUND BALANCES (DEFICITS) - JUNE 30              | <u>\$ 2,698</u>                            | <u>\$ 1,759</u>                  | <u>\$ 58</u>                                   | <u>\$ 4,515</u> |

See accompanying independent auditors' report and notes to financial statements.

## Permanent Funds

Permanent funds are used to account for assets held by Harwood Union High School in trust or as an agent of individuals, private organizations, other governmental units and/or other funds. Unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Harwood Union High School students and/or staff. These funds have been established for purposes including the provision and/or maintenance of scholarships.

HARWOOD UNION HIGH SCHOOL

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS  
JUNE 30, 2016

|   | Harwood<br>Faculty<br>Award | James<br>Izor<br>Memorial | Kathy<br>MacKay<br>Award | Willis<br>Merusi<br>Trust | Rebekah<br>Scholarship |
|---|-----------------------------|---------------------------|--------------------------|---------------------------|------------------------|
| <b>ASSETS</b>   |                             |                           |                          |                           |                        |
| Investments   | \$ 5,000                    | \$ 11,137                 | \$ 4,098                 | \$ 10,000                 | \$ 5,000               |
| Due from other funds                                      | 54                          | 83                        | 2,244                    | 460                       | 232                    |
| <b>TOTAL ASSETS</b>                                       | <b>\$ 5,054</b>             | <b>\$ 11,220</b>          | <b>\$ 6,342</b>          | <b>\$ 10,460</b>          | <b>\$ 5,232</b>        |
| <b>LIABILITIES</b>  |                             |                           |                          |                           |                        |
| Due to other funds  | \$ -                        | \$ -                      | \$ -                     | \$ -                      | \$ -                   |
| <b>TOTAL LIABILITIES</b>                                  | <b>-</b>                    | <b>-</b>                  | <b>-</b>                 | <b>-</b>                  | <b>-</b>               |
| <b>FUND BALANCES (DEFICITS)</b>                           |                             |                           |                          |                           |                        |
| Nonspendable - principal                                  | 5,000                       | 11,000                    | 6,000                    | 10,000                    | 5,000                  |
| Restricted  | 54                          | 220                       | 342                      | 460                       | 232                    |
| Committed   | -                           | -                         | -                        | -                         | -                      |
| Assigned  | -                           | -                         | -                        | -                         | -                      |
| Unassigned  | -                           | -                         | -                        | -                         | -                      |
| <b>TOTAL FUND BALANCES (DEFICITS)</b>                     | <b>5,054</b>                | <b>11,220</b>             | <b>6,342</b>             | <b>10,460</b>             | <b>5,232</b>           |
| <b>TOTAL LIABILITIES AND FUND<br/>BALANCES (DEFICITS)</b> | <b>\$ 5,054</b>             | <b>\$ 11,220</b>          | <b>\$ 6,342</b>          | <b>\$ 10,460</b>          | <b>\$ 5,232</b>        |

HARWOOD UNION HIGH SCHOOL

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS  
 JUNE 30, 2016

|   | Richard<br>Wein<br>Memorial | Warren<br>Howland<br>Scholarship | Total                   |
|---|-----------------------------|----------------------------------|-------------------------|
| <b>ASSETS</b>   |                             |                                  |                         |
| Investments   | \$ 40,496                   | \$ 4,710                         | \$ 80,441               |
| Due from other funds                                      | 294                         | -                                | 3,367                   |
| <b>TOTAL ASSETS</b>                                       | <b><u>\$ 40,790</u></b>     | <b><u>\$ 4,710</u></b>           | <b><u>\$ 83,808</u></b> |
| <b>LIABILITIES</b>  |                             |                                  |                         |
| Due to other funds  | \$ -                        | \$ 6                             | \$ 6                    |
| <b>TOTAL LIABILITIES</b>                                  | <b><u>-</u></b>             | <b><u>6</u></b>                  | <b><u>6</u></b>         |
| <b>FUND BALANCES (DEFICITS)</b>                           |                             |                                  |                         |
| Nonspendable - principal                                  | 42,000                      | 4,633                            | 83,633                  |
| Restricted  | -                           | 71                               | 1,379                   |
| Committed   | -                           | -                                | -                       |
| Assigned  | -                           | -                                | -                       |
| Unassigned  | (1,210)                     | -                                | (1,210)                 |
| <b>TOTAL FUND BALANCES (DEFICITS)</b>                     | <b><u>40,790</u></b>        | <b><u>4,704</u></b>              | <b><u>83,802</u></b>    |
| <b>TOTAL LIABILITIES AND FUND<br/>BALANCES (DEFICITS)</b> | <b><u>\$ 40,790</u></b>     | <b><u>\$ 4,710</u></b>           | <b><u>\$ 83,808</u></b> |

See accompanying independent auditors' report and notes to financial statements.

HARWOOD UNION HIGH SCHOOL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

|   | Harwood<br>Faculty<br>Award | James<br>Izor<br>Memorial | Kathy<br>MacKay<br>Award | Willis<br>Merusi<br>Trust | Rebekah<br>Scholarship |
|---|-----------------------------|---------------------------|--------------------------|---------------------------|------------------------|
| REVENUES  |                             |                           |                          |                           |                        |
| Investment income                               | \$ 18                       | \$ 40                     | \$ 17                    | \$ 36                     | \$ 18                  |
| TOTAL REVENUES                                  | <u>18</u>                   | <u>40</u>                 | <u>17</u>                | <u>36</u>                 | <u>18</u>              |
| EXPENDITURES                                    |                             |                           |                          |                           |                        |
| Awards and scholarships                         | -                           | -                         | -                        | -                         | -                      |
| TOTAL EXPENDITURES                              | <u>-</u>                    | <u>-</u>                  | <u>-</u>                 | <u>-</u>                  | <u>-</u>               |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | <u>18</u>                   | <u>40</u>                 | <u>17</u>                | <u>36</u>                 | <u>18</u>              |
| OTHER FINANCING SOURCES (USES)                  |                             |                           |                          |                           |                        |
| Transfers in                                    | -                           | -                         | -                        | -                         | -                      |
| Transfers (out)                                 | -                           | -                         | -                        | -                         | -                      |
| TOTAL OTHER FINANCING SOURCES<br>(USES)         | <u>-</u>                    | <u>-</u>                  | <u>-</u>                 | <u>-</u>                  | <u>-</u>               |
| NET CHANGE IN FUND BALANCES                     | 18                          | 40                        | 17                       | 36                        | 18                     |
| FUND BALANCES (DEFICITS) - JULY 1,<br>RESTATED  | <u>5,036</u>                | <u>11,180</u>             | <u>6,325</u>             | <u>10,424</u>             | <u>5,214</u>           |
| FUND BALANCES (DEFICITS) - JUNE 30              | <u>\$ 5,054</u>             | <u>\$ 11,220</u>          | <u>\$ 6,342</u>          | <u>\$ 10,460</u>          | <u>\$ 5,232</u>        |

## HARWOOD UNION HIGH SCHOOL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

|   | Richard<br>Wein<br>Memorial | Warren<br>Howland<br>Scholarship | Total            |
|---|-----------------------------|----------------------------------|------------------|
| REVENUES  |                             |                                  |                  |
| Investment income                               | \$ 144                      | \$ 16                            | \$ 289           |
| TOTAL REVENUES                                  | <u>144</u>                  | <u>16</u>                        | <u>289</u>       |
| EXPENDITURES                                    |                             |                                  |                  |
| Awards and scholarships                         | -                           | -                                | -                |
| TOTAL EXPENDITURES                              | <u>-</u>                    | <u>-</u>                         | <u>-</u>         |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | <u>144</u>                  | <u>16</u>                        | <u>289</u>       |
| OTHER FINANCING SOURCES (USES)                  |                             |                                  |                  |
| Transfers in                                    | -                           | -                                | -                |
| Transfers (out)                                 | -                           | -                                | -                |
| TOTAL OTHER FINANCING SOURCES<br>(USES)         | <u>-</u>                    | <u>-</u>                         | <u>-</u>         |
| NET CHANGE IN FUND BALANCES                     | 144                         | 16                               | 289              |
| FUND BALANCES (DEFICITS) - JULY 1,<br>RESTATE   | <u>40,646</u>               | <u>4,688</u>                     | <u>83,513</u>    |
| FUND BALANCES (DEFICITS) - JUNE 30              | <u>\$ 40,790</u>            | <u>\$ 4,704</u>                  | <u>\$ 83,802</u> |

See accompanying independent auditors' report and notes to financial statements.



## Debt Service Fund

Debt Service Fund is established to accumulate deposits remitted into a sinking fund, for the payment of the Qualified School Construction bond at maturity.

HARWOOD UNION HIGH SCHOOL

COMBINING BALANCE SHEET – NONMAJOR DEBT SERVICE FUND  
 JUNE 30, 2016

|   | Debt<br>Service<br>Fund | Total                 |
|---|-------------------------|-----------------------|
|   | <u>          </u>       | <u>          </u>     |
| <b>ASSETS</b>   |                         |                       |
| Cash and cash equivalents                                 | \$      123             | \$      123           |
| Investments   | 71,849                  | 71,849                |
| <b>TOTAL ASSETS</b>                                       | <u>\$      71,972</u>   | <u>\$      71,972</u> |
| <b>LIABILITIES</b>  |                         |                       |
| Due to other funds  | \$          -           | \$          -         |
| <b>TOTAL LIABILITIES</b>                                  | <u>          -</u>      | <u>          -</u>    |
| <b>FUND BALANCES (DEFICITS)</b>                           |                         |                       |
| Nonspendable  | -                       | -                     |
| Restricted  | 71,972                  | 71,972                |
| Committed   | -                       | -                     |
| Assigned  | -                       | -                     |
| Unassigned  | -                       | -                     |
| <b>TOTAL FUND BALANCES (DEFICITS)</b>                     | <u>71,972</u>           | <u>71,972</u>         |
| <b>TOTAL LIABILITIES AND FUND BALANCES<br/>(DEFICITS)</b> | <u>\$      71,972</u>   | <u>\$      71,972</u> |

See accompanying independent auditors' report and notes to financial statements.

HARWOOD UNION HIGH SCHOOL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR DEBT SERVICE FUND  
 JUNE 30, 2016

|   | Debt<br>Service<br>Fund | Total             |
|---|-------------------------|-------------------|
|   | <u>          </u>       | <u>          </u> |
| REVENUES  |                         |                   |
| Investment income                               | \$ 1,293                | \$ 1,293          |
| Unrealized gains on investments                 | 3,366                   | 3,366             |
| TOTAL REVENUES                                  | <u>4,659</u>            | <u>4,659</u>      |
| EXPENDITURES                                    |                         |                   |
| Other   | 641                     | 641               |
| TOTAL EXPENDITURES                              | <u>641</u>              | <u>641</u>        |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | <u>4,018</u>            | <u>4,018</u>      |
| OTHER FINANCING SOURCES (USES)                  |                         |                   |
| Transfers in                                    | 11,000                  | 11,000            |
| Transfers (out)                                 | -                       | -                 |
| TOTAL OTHER FINANCING SOURCES (USES)            | <u>11,000</u>           | <u>11,000</u>     |
| NET CHANGE IN FUND BALANCES                     | 15,018                  | 15,018            |
| FUND BALANCES (DEFICITS) - JULY 1               | <u>56,954</u>           | <u>56,954</u>     |
| FUND BALANCES (DEFICITS) - JUNE 30              | <u>\$ 71,972</u>        | <u>\$ 71,972</u>  |

See accompanying independent auditors' report and notes to financial statements.

## General Capital Assets

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

HARWOOD UNION HIGH SCHOOL

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
 JUNE 30, 2016

|                                | Land and<br>Non-depreciable<br>Assets | Buildings,<br>Building Improvements<br>& Land Improvements | Furniture,<br>Fixtures,<br>Equipment<br>& Vehicles | Infrastructure      | Total               |
|--------------------------------|---------------------------------------|--|--|---------------------|---------------------|
| School-wide                    | \$ -                                  | \$ 10,137,522  | \$ 980,241   | \$ 1,973,844        | \$ 13,091,607       |
| Food service                   | -                                     | -  | 223,649  | -                   | 223,649             |
| Maintenance reserve            | 20,000                                | 98,121   | -  | -                   | 118,121             |
| Total General Capital Assets   | 20,000                                | 10,235,643   | 1,203,890  | 1,973,844           | 13,433,377          |
| Less: Accumulated Depreciation | -                                     | (5,640,026)  | (757,200)  | (270,547)           | (6,667,773)         |
| Net General Capital Assets     | <u>\$ 20,000</u>                      | <u>\$ 4,595,617</u>  | <u>\$ 446,690</u>                                  | <u>\$ 1,703,297</u> | <u>\$ 6,765,604</u> |

See accompanying independent auditors' report and notes to financial statements.

HARWOOD UNION HIGH SCHOOL

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED JUNE 30, 2016

|                                     | General<br>Capital<br>Assets<br>7/1/15 | Additions                 | Deletions          | General<br>Capital<br>Assets<br>6/30/16 |
|-------------------------------------|--|---------------------------|--------------------|---|
| School wide                         | \$ 13,040,946                          | \$ 50,661                 | \$ -               | \$ 13,091,607                           |
| Food service                        | 202,756                                | 20,893                    | -                  | 223,649                                 |
| Maintenance reserve                 | -                                      | 118,121                   | -                  | 118,121                                 |
| <b>Total General Capital Assets</b> | <b>13,243,702</b>                      | <b>189,675</b>            | <b>-</b>           | <b>13,433,377</b>                       |
| Less: Accumulated Depreciation      | <u>(6,381,920)</u>                     | <u>(285,853)</u>          | <u>-</u>           | <u>(6,667,773)</u>                      |
| <b>Net General Capital Assets</b>   | <b><u>\$ 6,861,782</u></b>             | <b><u>\$ (96,178)</u></b> | <b><u>\$ -</u></b> | <b><u>\$ 6,765,604</u></b>              |

See accompanying independent auditors' report and notes to financial statements.



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INDEPENDENT AUDITORS' 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

School Board  
Harwood Union High School  
Waitsfield, 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 the Harwood Union High School as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Harwood Union High School's basic financial statements, and have issued our report thereon dated November 4, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Harwood Union High School'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 Harwood Union High School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Harwood Union High School's internal control.

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

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

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Harwood Union High School'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.

*RHR Smith & Company*

Buxton, Maine  
Vermont Registration No. 092.0000697  
November 4, 2016