

Audited Financial Statements

Harwood Union High School

June 30, 2017



Proven Expertise and Integrity

HARWOOD UNION HIGH SCHOOL

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JUNE 30, 2017

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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, 2017, 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.

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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, 2017, 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 55 through 58 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 October 25, 2017, 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
October 25, 2017

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

(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, 2017. 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 \$725,311 from \$6,468,210 to \$7,193,521.

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 \$507,243 at the end of this year.

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

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Assets:		
Current Assets	\$ 2,078,411	\$ 1,714,570
Capital Assets	6,751,400	6,765,604
Total Assets	<u>8,829,811</u>	<u>8,480,174</u>
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	313,997	198,631
Total Deferred Outflows of Resources	<u>313,997</u>	<u>198,631</u>
Liabilities:		
Current Liabilities	824,841	1,230,277
Long-term Obligations Outstanding	1,108,169	970,902
Total Liabilities	<u>1,933,010</u>	<u>2,201,179</u>
Deferred Inflows of Resources:		
Deferred Revenues	1,600	2,800
Deferred Inflows Related to Pensions	15,677	6,616
Total Deferred Inflows of Resources	<u>17,277</u>	<u>9,416</u>
Net Position:		
Net Investment in Capital Assets	6,131,213	5,814,540
Restricted	555,065	469,081
Unrestricted	507,243	184,589
Total Net Position	<u>\$ 7,193,521</u>	<u>\$ 6,468,210</u>

Revenues and Expenses

Revenues for the High School increased by 3.19% over the prior year and expenses increased 2.01% from the prior year. The largest increase in revenues was in operating grants and contributions. The biggest increase in expenses was in on-behalf payments.

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

	Governmental	
	Activities	
	<u>2017</u>	<u>2016</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 514,353	\$ 499,348
Operating grants and contributions	1,733,748	1,012,057
<i>General Revenues:</i>		
Grants and contributions not restricted to specific programs	14,251,820	14,412,836
Miscellaneous	<u>389,775</u>	<u>443,851</u>
Total Revenues	<u>16,889,696</u>	<u>16,368,092</u>
Expenses		
Regular education - all programs	5,319,046	5,335,515
Student support services	105,515	93,887
Guidance program	344,830	358,487
School nurse (health office)	96,424	157,608
Student assistance counselor	38,981	37,644
Media center (library)	122,952	106,506
Information technology	417,203	398,354
Board of education	28,679	33,206
Board treasurer	600	915
Washington West general assessment	357,420	305,956
Administration	602,701	577,815
WWSU fiscal service assessment	185,986	181,897
Board financial audit	9,555	6,800
Buildings/grounds maintenance	987,779	876,286
Transportation	382,204	451,665
Special education/speech	3,243,586	3,550,015
School-wide	83,138	103,171
Next step	391,994	277,945
Driver education	117,300	115,139
Student athletics/co-curricular program	531,926	555,098
High school completion	-	64,528
On-behalf payments	1,536,871	835,368
Program expenditures	933,552	1,088,635
Interest on long-term debt	34,130	26,405
Capital outlay	14,499	26,689
Unallocated depreciation	<u>277,514</u>	<u>280,812</u>
Total Expenses	<u>16,164,385</u>	<u>15,846,346</u>
Change in Net Position	725,311	521,746
Net Position - July 1	<u>6,468,210</u>	<u>5,946,464</u>
Net Position - June 30	<u>\$ 7,193,521</u>	<u>\$ 6,468,210</u>

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,

	2017	2016
Major Funds:		
General Fund:		
Nonspendable	\$ 7,038	\$ 12,545
Unassigned	702,345	236,725
Medicaid Fund:		
Restricted	184,192	153,276
Maintenance Reserve Fund:		
Committed	28,279	148,335
Total Major Funds	\$ 921,854	\$ 550,881
Nonmajor Funds:		
Special Revenue Funds:		
Nonspendable	\$ 3,664	\$ 3,663
Restricted	205,342	158,821
Unassigned	(625)	(6,192)
Capital Projects Funds:		
Committed	4,457	4,515
Permanent Funds:		
Nonspendable	83,633	83,633
Restricted	1,519	1,379
Unassigned	(1,068)	(1,210)
Debt Service Fund:		
Restricted	80,379	71,972
Total Nonmajor Funds	\$ 377,301	\$ 316,581

The general fund total fund balance increased by \$460,113 from the prior fiscal year. The medicaid fund total fund balance increased by \$30,916 from the prior fiscal year. The maintenance reserve fund balance decreased by \$120,056 from the prior fiscal year. Total nonmajor fund balances increased by \$60,720 from the prior fiscal year.

Budgetary Highlights

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

The general fund actual revenues exceeded budgeted revenues by \$154,163 primarily due to receipts exceeding budgeted amounts for other intergovernmental revenues and tuition.

The general fund actual expenditures were below budget by \$305,950 primarily due to regular education - all programs, transportation, high school completion and guidance being significantly under budget.

Capital Asset and Long-Term Debt Activity

Capital Assets

As of June 30, 2017, the High School's capital assets decreased by \$14,204. This decrease was the result of capital additions of \$270,091 less current year depreciation expense of \$284,295.

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

	2017	2016
Construction in progress	\$ 20,000	\$ 20,000
Land improvements	260,467	176,234
Buildings and improvements	4,421,562	4,419,383
Infrastructure	1,663,821	1,703,297
Furniture and fixtures	5,190	5,842
Machinery and equipment	347,778	400,120
Vehicles	32,582	40,728
Total	\$ 6,751,400	\$ 6,765,604

Debt

At June 30, 2017, the High School had \$620,187 in bonds and notes payable versus \$882,869 in the prior fiscal year. Other obligations include 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 2017-2018 budget could be severely impacted by the reduction of funding from the State. There is no indication of reduced funding from the State for 2017-2018 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, 2017

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,489,493
Investments	152,753
Accounts receivable (net of allowance for uncollectibles)	53,519
Due from other governments	371,944
Prepaid items	7,038
Inventory	3,664
Total current assets	<u>2,078,411</u>
Noncurrent assets:	
Construction in progress not being depreciated	20,000
Land improvements, net of accumulated depreciation	260,467
Buildings and improvements, net of accumulated depreciation	4,421,562
Infrastructure, net of accumulated depreciation	1,663,821
Furniture and fixtures, net of accumulated depreciation	5,190
Machinery and equipment, net of accumulated depreciation	347,778
Vehicles, net of accumulated depreciation	32,582
Total noncurrent assets	<u>6,751,400</u>
TOTAL ASSETS	<u>8,829,811</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	313,997
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>313,997</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 9,143,808</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 202,883
Accrued expenses	566,439
Due to other governments	8,334
Retirement incentive program	28,470
Current portion of long-term obligations	18,715
Total current liabilities	<u>824,841</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Retirement incentive program	4,658
Bonds payable	199,000
Notes payable	402,974
Accrued compensated absences	1,506
Net pension liability	500,031
Total noncurrent liabilities	<u>1,108,169</u>
TOTAL LIABILITIES	<u>1,933,010</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred revenues	1,600
Deferred inflows related to pensions	15,677
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>17,277</u>
NET POSITION	
Net investment in capital assets	6,131,213
Restricted:	
Medicaid fund	184,192
Special revenue funds	205,342
Permanent funds	85,152
Debt service fund	80,379
Unrestricted (deficit)	507,243
TOTAL NET POSITION	<u>7,193,521</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 9,143,808</u>

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

HARWOOD UNION HIGH SCHOOL
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total Governmental Activities
Governmental activities:					
Regular education - all programs	\$ 5,319,046	\$ 118,943	\$ -	\$ -	\$ (5,200,103)
Student support services	105,515	-	-	-	(105,515)
Guidance program	344,830	-	-	-	(344,830)
School nurse (health office)	96,424	-	-	-	(96,424)
Student assistance counselor	38,981	-	-	-	(38,981)
Media center (library)	122,952	-	-	-	(122,952)
Information technology	417,203	-	-	-	(417,203)
Board of education	28,679	-	-	-	(28,679)
Board treasurer	600	-	-	-	(600)
Washington West general assessment	357,420	-	-	-	(357,420)
Administration	602,701	-	-	-	(602,701)
WWSU fiscal service assessment	185,986	-	-	-	(185,986)
Board financial audit	9,555	-	-	-	(9,555)
Buildings/grounds maintenance	987,779	-	-	-	(987,779)
Transportation	382,204	-	196,877	-	(185,327)
Special education/speech	3,243,586	-	-	-	(3,243,586)
School-wide	83,138	-	-	-	(83,138)
Next step	391,994	-	-	-	(391,994)
Driver education	117,300	-	-	-	(117,300)
Student athletics/co-curricular program	531,926	-	-	-	(531,926)
On-behalf payments	1,536,871	-	1,536,871	-	-
Program expenditures	933,552	395,410	-	-	(538,142)
Capital outlay	14,499	-	-	-	(14,499)
Interest on long-term debt	34,130	-	-	-	(34,130)
Unallocated depreciation*	277,514	-	-	-	(277,514)
Total governmental activities	<u>\$ 16,164,385</u>	<u>\$ 514,353</u>	<u>\$ 1,733,748</u>	<u>\$ -</u>	<u>(13,916,284)</u>

* 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, 2017

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(13,916,284)</u>
General revenues:	
Grants and contributions not restricted to specific programs	14,251,820
Miscellaneous	389,775
Total general revenues	<u>14,641,595</u>
Change in net position	725,311
NET POSITION - JULY 1	<u>6,468,210</u>
NET POSITION - JUNE 30	<u><u>\$ 7,193,521</u></u>

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

HARWOOD UNION HIGH SCHOOL

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Medicaid	Maintenance Reserve	All Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,443,495	\$ -	\$ 36,215	\$ 9,783	\$ 1,489,493
Investments	-	-	-	152,753	152,753
Accounts receivable (net of allowance for uncollectibles)	53,519	-	-	-	53,519
Due from other governments	305,116	35,937	-	30,891	371,944
Due from other funds	19,371	148,255	-	192,190	359,816
Prepaid items	7,038	-	-	-	7,038
Inventory	-	-	-	3,664	3,664
TOTAL ASSETS	\$ 1,828,539	\$ 184,192	\$ 36,215	\$ 389,281	\$ 2,438,227
LIABILITIES					
Accounts payable	\$ 202,338	\$ -	\$ -	\$ 545	\$ 202,883
Accrued expenses	566,439	-	-	-	566,439
Due to other governments	8,334	-	-	-	8,334
Due to other funds	340,445	-	7,936	11,435	359,816
TOTAL LIABILITIES	1,117,556	-	7,936	11,980	1,137,472
DEFERRED INFLOWS OF RESOURCES					
Deferred revenues	1,600	-	-	-	1,600
TOTAL DEFERRED INFLOWS OF RESOURCES	1,600	-	-	-	1,600
FUND BALANCES (DEFICITS)					
Nonspendable	7,038	-	-	87,297	94,335
Restricted	-	184,192	-	287,240	471,432
Committed	-	-	28,279	4,457	32,736
Assigned	-	-	-	-	-
Unassigned	702,345	-	-	(1,693)	700,652
TOTAL FUND BALANCES (DEFICITS)	709,383	184,192	28,279	377,301	1,299,155
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 1,828,539	\$ 184,192	\$ 36,215	\$ 389,281	\$ 2,438,227

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, 2017

	Total Governmental Funds
	Funds
Total Fund Balances	\$ 1,299,155
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	6,751,400
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	313,997
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(199,000)
Notes payable	(421,187)
Accrued compensated absences	(2,008)
Net pension liability	(500,031)
For governmental funds, the liability for retirement incentive payable is not recorded. The expense is recorded when incurred.	(33,128)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(15,677)
Net position of governmental activities	\$ 7,193,521

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, 2017

	General Fund	Medicaid	Maintenance Reserve	All Nonmajor Funds	Total Governmental Funds
REVENUES					
Intergovernmental revenues	\$ 14,171,165	\$ 123,065	\$ -	\$ 154,467	\$ 14,448,697
Charges for services	-	-	-	395,410	395,410
Tuition	118,943	-	-	-	118,943
Investment income	1,888	-	34	1,866	3,788
Unrealized gains on investments	-	-	-	8	8
State on-behalf payments	348,113	-	-	-	348,113
Miscellaneous	70,240	-	-	315,739	385,979
TOTAL REVENUES	<u>14,710,349</u>	<u>123,065</u>	<u>34</u>	<u>867,490</u>	<u>15,700,938</u>
EXPENDITURES					
Current:					
Regular education - all programs	5,295,991	-	-	-	5,295,991
Student support services	105,515	-	-	-	105,515
Guidance program	344,830	-	-	-	344,830
School nurse (health office)	96,424	-	-	-	96,424
Student assistance counselor	38,981	-	-	-	38,981
Media center (library)	122,952	-	-	-	122,952
Information technology	442,695	-	-	-	442,695
Board of education	28,679	-	-	-	28,679
Board treasurer	600	-	-	-	600
Washington West general assessment	357,420	-	-	-	357,420
Administration	602,701	-	-	-	602,701
WWSU fiscal service assessment	185,986	-	-	-	185,986
Board financial audit	9,555	-	-	-	9,555
Buildings/grounds maintenance	1,049,982	-	-	-	1,049,982
Transportation	382,204	-	-	-	382,204
Special education/speech	3,243,586	-	-	-	3,243,586
School-wide	83,138	-	-	-	83,138
Next step	391,994	-	-	-	391,994
Driver education	117,300	-	-	-	117,300
Student athletics/co-curricular program	531,926	-	-	-	531,926
On-behalf payments	348,113	-	-	-	348,113
Program expenditures	-	92,149	-	834,622	926,771
Capital outlay	-	-	265,090	-	265,090
Debt service:					
Principal	262,682	-	-	-	262,682
Interest	34,130	-	-	-	34,130
TOTAL EXPENDITURES	<u>14,077,384</u>	<u>92,149</u>	<u>265,090</u>	<u>834,622</u>	<u>15,269,245</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>632,965</u>	<u>30,916</u>	<u>(265,056)</u>	<u>32,868</u>	<u>431,693</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	11,158	-	145,000	39,010	195,168
Transfers (out)	(184,010)	-	-	(11,158)	(195,168)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(172,852)</u>	<u>-</u>	<u>145,000</u>	<u>27,852</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	460,113	30,916	(120,056)	60,720	431,693
FUND BALANCES - JULY 1	<u>249,270</u>	<u>153,276</u>	<u>148,335</u>	<u>316,581</u>	<u>867,462</u>
FUND BALANCES - JUNE 30	<u>\$ 709,383</u>	<u>\$ 184,192</u>	<u>\$ 28,279</u>	<u>\$ 377,301</u>	<u>\$ 1,299,155</u>

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, 2017

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 431,693</u>
<p>Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:</p>	
Capital asset acquisitions	270,091
Depreciation expense	<u>(284,295)</u>
	<u>(14,204)</u>
<p>Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds.</p>	
	<u>115,366</u>
<p>Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position</p>	
	<u>330,877</u>
<p>Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds.</p>	
	<u>(9,061)</u>
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:</p>	
Retirement incentive payable	45,349
Accrued compensated absences	(301)
Net pension liability	<u>(174,408)</u>
	<u>(129,360)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 725,311</u></u>

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

HARWOOD UNION HIGH SCHOOL

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2017

	<u>Agency Funds</u> Student Activities	<u>Private-Purpose Trust Funds</u> Scholarship Activities
ASSETS		
Cash and cash equivalents	\$ 87,018	\$ 12,053
Due from other governments	-	8,059
TOTAL ASSETS	<u>\$ 87,018</u>	<u>\$ 20,112</u>
LIABILITIES		
Due to other governments	\$ -	\$ 11,776
Deposits held for others	87,018	-
TOTAL LIABILITIES	<u>\$ 87,018</u>	<u>11,776</u>
NET POSITION		
Restricted		<u>8,336</u>
TOTAL NET POSITION		<u>\$ 20,112</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, 2017

	Private-Purpose Trust Funds <u>Scholarship Activities</u>
ADDITIONS	
Contributions	\$ 3,650
Investment income	<u>10</u>
Total additions	<u>3,660</u>
DEDUCTIONS	
Distributions	<u>8,041</u>
Total deductions	<u>8,041</u>
Change in net position	(4,381)
NET POSITION - JULY 1	<u>12,717</u>
NET POSITION - JUNE 30	<u><u>\$ 8,336</u></u>

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

HARWOOD UNION HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

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.

Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*". The objective of the Statement is to improve the disclosure of information about benefits other than pensions (other postemployment benefits or OPEB) included in financial statements of state and local governments. This Statement will improve financial reporting through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet specified criteria. Management has determined the impact of this Statement is not material to the financial statements.

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 77, "*Tax Abatement Disclosures*". The objective of the Statement is to improve disclosure of information about the nature and magnitude of tax abatements, making these transactions more transparent to financial statement users. As such, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 80, "*Blending Requirements for Certain Component Units*". The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 81, "*Irrevocable Split-Interest Agreements*". The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements - in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 82, "*Pension Issues*". The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and 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. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. 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.

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.

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

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.

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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. The 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.

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.

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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	\$14,373,394
Add: On-behalf payments	<u>348,113</u>
Total GAAP basis	<u>\$14,721,507</u>
Expenditures per budgetary basis	\$13,913,281
Add: On-behalf basis	<u>348,113</u>
Total GAAP basis	<u>\$14,261,394</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.

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$425,463 for the year ended June 30, 2017. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2017.

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.

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 a bond payable, notes payable, accrued compensated absences and net pension liability.

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

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

HARWOOD UNION HIGH SCHOOL
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2017, the High School’s cash balance of \$1,588,564 was comprised of bank balances of \$1,830,740. All of the bank deposits were either fully covered by federal depository insurance, and consequently were not exposed to custodial credit risk, or 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).

Account Type	Bank Balance
Checking accounts	\$ 32,659
Money market accounts	116,880
Repurchase accounts	1,673,134
Cash and cash equivalents	8,067
	\$ 1,830,740

HARWOOD UNION HIGH SCHOOL
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2017, the High School’s investments balance of \$152,753 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, 2017:

Investment Type	Fair Value	N/A	Less than 1 Year	1 - 5 Years	Over 5 Years
Certificates of deposit	\$ 80,442	\$ -	\$ -	\$ 80,442	\$ -
Fixed income securities (US T Notes)	72,311	-	-	25,490	46,821
	<u>\$ 152,753</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,932</u>	<u>\$ 46,821</u>

Fair Value Hierarchy

The High School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The High School has the following recurring fair value measurements as June 30, 2017:

HARWOOD UNION HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

	Fair Value Measurements Using			
	June 30, 2017 Total	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Debt securities:				
U.S. Agency Securities	\$ 72,311	\$ 72,311	\$ -	-
Total debt securities	<u>72,311</u>	<u>72,311</u>	<u>-</u>	<u>-</u>
 Total investments by fair value level	 72,311	 \$ 72,311	 \$ -	 \$ -
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	8,067			
Total cash equivalents measured at the NAV	<u>8,067</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 80,378</u>			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The High School has no Level 2 or 3 investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2017 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies. Certificates of deposit held with local financial institutions for \$80,442 are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value.

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 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.

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2017 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 19,371	\$ 340,445
Medicaid Fund	148,255	-
Maintenance Reserve Fund	-	7,936
Nonmajor Special Revenue Funds	184,090	11,435
Nonmajor Capital Projects Funds	4,457	-
Nonmajor Permanent Funds	3,643	-
	<u>\$ 359,816</u>	<u>\$ 359,816</u>

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2017:

	Balance 7/1/16	Additions	Disposals	Balance 6/30/17
<u>Governmental activities:</u>				
Non-depreciated assets:				
Construction in progress	\$ 20,000	\$ -	\$ -	\$ 20,000
	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Depreciated assets:				
Land improvements	498,921	93,750	-	592,671
Buildings and improvements	9,736,722	156,841	-	9,893,563
Infrastructure	1,973,844	-	-	1,973,844
Furniture and fixtures	13,044	-	-	13,044
Machinery and equipment	1,095,681	19,500	-	1,115,181
Vehicles	95,165	-	-	95,165
	<u>13,413,377</u>	<u>270,091</u>	<u>-</u>	<u>13,683,468</u>
Less: accumulated depreciation				
Land improvements	(322,687)	(9,517)	-	(332,204)
Buildings and improvements	(5,317,339)	(154,662)	-	(5,472,001)
Infrastructure	(270,547)	(39,476)	-	(310,023)
Furniture and fixtures	(7,202)	(652)	-	(7,854)
Machinery and equipment	(695,561)	(71,842)	-	(767,403)
Vehicles	(54,437)	(8,146)	-	(62,583)
	<u>(6,667,773)</u>	<u>(284,295)</u>	<u>-</u>	<u>(6,952,068)</u>
Net capital assets	<u>\$ 6,765,604</u>	<u>\$ (14,204)</u>	<u>\$ -</u>	<u>\$ 6,751,400</u>
<u>Current year depreciation:</u>				
School wide				\$ 277,514
Food Service				6,781
Total depreciation expense				<u>\$ 284,295</u>

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 - SHORT TERM DEBT

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 allowed principal draws of up to \$1,000,000 with interest at 2.75% per annum and will mature on June 30, 2017.

	Balance 7/1/16	Additions	Reductions	Balance 6/30/17
Tax anticipation note	\$ -	\$ 1,000,000	\$ (1,000,000)	\$ -

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2017:

	Balance 7/1/16	Additions	Deletions	Balance 6/30/17	Current Portion
<u>Governmental activities:</u>					
Bonds payable	\$ 444,000	\$ -	\$ (245,000)	\$ 199,000	\$ -
Notes payable	438,869	-	(17,682)	421,187	18,213
Capital leases payable	68,195	-	(68,195)	-	-
Accrued compensated absences	1,707	301	-	2,008	502
Net pension liability	325,623	507,080	(332,672)	500,031	-
	<u>\$ 1,278,394</u>	<u>\$ 507,381</u>	<u>\$ (663,549)</u>	<u>\$ 1,122,226</u>	<u>\$ 18,715</u>

HARWOOD UNION HIGH SCHOOL
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Governmental activities

Bond Payable:

\$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 Bond Payable

199,000

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.

49,772

\$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.

38,877

\$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.

21,107

\$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.

311,431

Total Notes Payable

421,187

Total Bond and Notes Payable

\$ 620,187

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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

Year	Principal	Interest	Total Debt Service
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	20,499	12,340	32,839
2023-2027	311,095	52,097	363,192
2028-2032	129,949	24,293	154,242
2033-2037	82,448	6,200	88,648
	<u>\$ 620,187</u>	<u>\$ 150,088</u>	<u>\$ 770,275</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.

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, 2017 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.

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 - RETIREMENT INCENTIVES (CONTINUED)

The liability to the High School as of June 30, 2017 is as follows:

	<u>Cash Payment</u>	<u>Total</u>
2018	\$ 28,470	\$ 28,470
2019	4,658	4,658
	<u>\$ 33,128</u>	<u>\$ 33,128</u>

NOTE 9 - OVERSPENT APPROPRIATIONS

For the year ended June 30, 2017, the High School had the following overspent appropriations:

Student support services	\$ 3,269
Student assistance counselor	8
Buildings/grounds maintenance	16,086
Special education/speech	55,063
School wide	83,138
Debt service - interest	4,243
	<u>\$ 161,807</u>

NOTE 10 - NONSPENDABLE FUND BALANCES

At June 30, 2017, the High School had the following nonspendable fund balances:

General fund:	
Prepaid items	\$ 7,038
Nonmajor special revenue funds (Schedule E)	3,664
Nonmajor permanent funds (Schedule I)	83,633
	<u>\$ 94,335</u>

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 - RESTRICTED FUND BALANCES

At June 30, 2017, the High School had the following restricted fund balances:

Medicaid fund	\$	184,192
Nonmajor special revenue funds (Schedule E)		205,342
Nonmajor permanent funds (Schedule I)		1,519
Nonmajor debt service fund (Schedule K)		80,379
	\$	<u>471,432</u>

NOTE 12 - COMMITTED FUND BALANCES

At June 30, 2017, the High School had the following committed fund balances:

Maintenance reserve fund	\$	28,279
Nonmajor capital projects funds (Schedule G)		4,457
	\$	<u>32,736</u>

NOTE 13 - DEFICIT FUND BALANCES

At June 30, 2017, the High School had the following deficit fund balances:

Nonmajor special revenue funds:		
Arts in school (music grant)	\$	<u>625</u>

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017, 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.

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, 2017

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:

VSTRS	Group A	Group C – Group # 1	Group C – Group # 2
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, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTNUED)

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

VSTRS	Group A	Group C – Group # 1	Group C – Group # 2
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 \$384,113 or 11.59% of total payroll for employees covered under the plan.

Employee contribution rates by plan group follow:

VSTRS	Group A	Group C – Group # 1	Group C – Group # 2
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 \$159,044 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 \$3,003,560 for the year ended June 30, 2017.

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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.

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, 2017

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:

VMERS	Group A	Group B	Group C	Group D
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, 2017

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:

VMERS	Group A	Group B	Group C	Group D
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, 2017, and 2016 totaled \$53,306 and \$52,341, respectively. The High School contributed \$60,140 and \$59,052 for the years ended June 30, 2017 and 2016, respectively. The High School's total payroll for the year ended June 30, 2017 for all employees covered under this plan was \$1,093,445.

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, 2017. 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, 2017

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>11,120,412</u>
Total	\$	<u>11,120,412</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, 2016, 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, 2016, the High School’s proportion was 0.8492%, which was an increase of 0.02768% from its proportion measured as of June 30, 2015.

VMERS Plan

At June 30, 2017, the High School reported a liability of \$500,031 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2016, 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, 2016, the High School’s proportion was 0.038854% for VMERS, which was an increase of 0.01105% from its proportion measured as of June 30, 2015 for VMERS.

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

For the year ended June 30, 2017, the High School recognized pension revenue of \$1,536,871 and expense of \$1,536,871 for support provided by the State of Vermont for the VSTRS plan. In the same period, the High School recognized pension expense of \$128,243 for the VMERS plan. At June 30, 2017, 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, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTNUED)

	VSTRS		VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ 10,272	\$ -
Changes of assumptions	-	-	80,303	-
Net difference between projected and actual earnings on pension plan investments	-	-	162,134	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	1,148	15,677
Contributions subsequent to the measurement date	-	-	60,140	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 313,997</u>	<u>\$ 15,677</u>

\$60,140 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, 2018. 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:		
2017	\$ -	\$ 60,221
2018	-	60,221
2019	-	89,763
2020	-	27,974
2021	-	-
Thereafter	-	-

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 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, 2014:

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTNUED)

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:

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	8.15%
30	6.84%
35	5.97%
40	5.29%
45	4.80%
50	4.46%
55	4.22%
60	4.12%
64	4.12%

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

Deaths After Retirement: The VSTRS plan used the RP-2000 Mortality Tables projected to 2029 using Scale BB for terminated vested members and beneficiaries and retirees; the RP-2000 Disabled Life Table with projection to 2020 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 for Groups A, B, C and D were based on the RP-2000 Tables for Employees and Healthy Annuitants projected 10 years from the valuation date with Scale BB. Groups A, B, and C with a 60% Blue Collar and 40% White Collar adjustment and Group D with a 100% Blue Collar adjustment. The post-retirement mortality assumption was chosen to recognize improved longevity experience after the valuation date.

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTNUED)

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.

Spouse's age assumptions used in the June 30, 2016 valuation set a husband's age at three years greater 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, 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 the VMERS 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.

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTNUED)

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equity	31.50%	8.54%
Fixed income	33.00%	2.36%
Alternative	15.50%	8.35%
Multi-strategy	20.00%	4.90%
Total	100.00%	

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, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTNUED)

	1% Decrease	Discount Rate	1% Increase
<u>VSTRS:</u>			
Discount rate	6.95%	7.95%	8.95%
High School's proportionate share of the net pension liability	\$ -	\$ -	\$ -
<u>VMERS:</u>			
Discount rate	6.95%	7.95%	8.95%
High School's proportionate share of the net pension liability	\$ 830,102	\$ 500,031	\$ 223,665

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 Vermont State Teacher's Retirement System (VSTRS) and the Vermont Municipal Employees' Retirement System (VMERS) or its participating employers. VSTRS and 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 can be viewed on the State's Department of Finance & Management website at:

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, 2017. 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

HARWOOD UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 15 - RISK MANAGEMENT (CONTINUED)

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 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, 2017

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 - SUBSEQUENT EVENTS

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 became fully operational on July 1, 2017. During the year of transition, a newly formed board began working on the budget for the 2017-2018 fiscal year. A single budget for the operations of a coordinated PK-12 system was presented to voters on Town Meeting Day in March of 2017. On July 1, 2017, the seven boards of WWSU was 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, 2017

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 249,270	\$ 249,270	\$ 249,270	\$ -
Resources (Inflows):				
Intergovernmental:				
State support	12,000,800	12,000,800	11,884,837	(115,963)
Other	2,036,103	2,036,103	2,170,365	134,262
Tuition	96,000	96,000	118,943	22,943
Investment income	50,000	50,000	1,888	(48,112)
On-behalf payments - tech center	-	-	115,963	115,963
Miscellaneous	36,328	36,328	70,240	33,912
Transfers from other funds	-	-	11,158	11,158
Amounts Available for Appropriation	<u>14,468,501</u>	<u>14,468,501</u>	<u>14,622,664</u>	<u>154,163</u>
Charges to Appropriations (Outflows):				
Current:				
Regular education - all programs	5,445,517	5,445,517	5,295,991	149,526
Student support services	102,246	102,246	105,515	(3,269)
Guidance program	383,036	383,036	344,830	38,206
School nurse (health office)	106,813	106,813	96,424	10,389
Student assistance counselor	38,973	38,973	38,981	(8)
Media center (library)	130,912	130,912	122,952	7,960
Information technology	450,571	450,571	442,695	7,876
Board of education	53,179	53,179	28,679	24,500
Board treasurer	700	700	600	100
Washington West general assessment	357,723	357,723	357,420	303
Administration	640,137	640,137	602,701	37,436
WWSU fiscal service assessment	186,144	186,144	185,986	158
Board financial audit	7,000	7,000	9,555	(2,555)
Buildings/grounds maintenance	1,033,896	1,033,896	1,049,982	(16,086)
Transportation	436,736	436,736	382,204	54,532
Special education/speech	3,188,523	3,188,523	3,243,586	(55,063)
School-wide	-	-	83,138	(83,138)
Next step	438,314	438,314	391,994	46,320
Driver education	128,617	128,617	117,300	11,317
Student athletics/co-curricular program	548,661	548,661	531,926	16,735
High school completion	62,433	62,433	-	62,433
Debt service:				
Principal	263,213	263,213	262,682	531
Interest	29,887	29,887	34,130	(4,243)
Transfers to other funds	186,000	186,000	184,010	1,990
Total Charges to Appropriations	<u>14,219,231</u>	<u>14,219,231</u>	<u>13,913,281</u>	<u>305,950</u>
Budgetary Fund Balance, June 30	<u>\$ 249,270</u>	<u>\$ 249,270</u>	<u>\$ 709,383</u>	<u>\$ 460,113</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*

	2017	2016	2015
<u>VSTRS:</u>			
Proportion of the net pension liability	0.00%	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	11,120,412	9,747,391	7,976,017
Total	<u>\$ 11,120,412</u>	<u>\$ 9,747,391</u>	<u>\$ 7,976,017</u>
Covered-employee payroll	\$ 5,501,068	\$ 4,581,693	\$ 4,717,325
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	55.31%	58.22%	64.02%
<u>VMERS:</u>			
Proportion of the net pension liability	0.04%	0.03%	0.03%
Proportionate share of the net pension liability	\$ 500,031	\$ 325,623	\$ 38,079
Covered-employee payroll	\$ 1,073,664	\$ 1,098,424	\$ 976,728
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	46.57%	29.64%	3.90%
Plan fiduciary net position as a percentage of the total pension liability	80.95%	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>2017</u>	<u>2016</u>	<u>2015</u>
<u>VSTRS:</u>			
Contractually required contribution	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 3,003,560	\$ 5,501,068	\$ 4,581,693
Contributions as a percentage of covered- employee payroll	0.00%	0.00%	0.00%
<u>VMERS:</u>			
Contractually required contribution	\$ 60,140	\$ 59,052	\$ 59,040
Contributions in relation to the contractually required contribution	<u>(60,140)</u>	<u>(59,052)</u>	<u>(59,040)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,093,445	\$ 1,073,664	\$ 1,098,424
Contributions as a percentage of covered- employee payroll	5.50%	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.

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

HARWOOD UNION HIGH SCHOOL

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

Changes of Assumptions

The actuarial assumptions regarding the incidence of mortality, terminations, retirements, and disabilities were changed in accordance with the findings of an experience study covering the five-year period ending June 30, 2014 for VSTRS and VMERS.

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, 2017

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Intergovernmental Revenues:				
State Education Spending Grant	\$ 12,000,800	\$ 12,000,800	\$ 11,884,837	\$ (115,963)
Transportation Aid	200,025	200,025	196,877	(3,148)
Vocational Transportation Reimbursement	39,000	39,000	43,774	4,774
Mainstream Block Grant	241,631	241,631	241,631	-
General SPED Reimbursement	1,167,325	1,167,325	1,234,014	66,689
Extraordinary Reimbursement	310,122	310,122	275,933	(34,189)
Title I and CFG SCW Funding	50,000	50,000	127,462	77,462
Drivers Education	5,000	5,000	3,354	(1,646)
Erate	10,000	10,000	-	(10,000)
High School Completion	-	-	1,541	1,541
School Improvement Grant	-	-	31,835	31,835
Co-Curricular Reimbursement from Waterbury-Duxbury School District	13,000	13,000	13,944	944
Tuition	96,000	96,000	118,943	22,943
On-behalf Payment - Tech Center	-	-	115,963	115,963
Interest Income	50,000	50,000	1,888	(48,112)
Miscellaneous:				
Facility Fee	-	-	22,563	22,563
Gate Receipts/Sporting Fees	14,000	14,000	-	(14,000)
Middle School Ski Program	-	-	28,622	28,622
Other Receipts	22,328	22,328	19,055	(3,273)
Transfer From Other Funds	-	-	11,158	11,158
Amounts Available for Appropriation	<u>\$ 14,219,231</u>	<u>\$ 14,219,231</u>	<u>\$ 14,373,394</u>	<u>\$ 154,163</u>

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

HARWOOD UNION HIGH SCHOOL

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Regular education -				
Salaries	\$ 284,201	\$ 284,201	\$ 238,746	\$ 45,455
Benefits	174,871	174,871	150,820	24,051
Contracted services	52,000	52,000	97,942	(45,942)
Tuition - Vermont	1,600	1,600	6,000	(4,400)
Supplies & materials	36,190	36,190	27,549	8,641
	<u>548,862</u>	<u>548,862</u>	<u>521,057</u>	<u>27,805</u>
ELL Contracted services	-	-	28,349	(28,349)
Regular education - art program -				
Salaries	181,640	181,640	180,124	1,516
Benefits	63,041	63,041	52,647	10,394
Equipment repairs/maintenance	10,500	10,500	9,081	1,419
Supplies & materials	28,370	28,370	26,994	1,376
Equipment	6,283	6,283	5,917	366
Dues/subscriptions	500	500	-	500
	<u>290,334</u>	<u>290,334</u>	<u>274,763</u>	<u>15,571</u>
Regular education - english -				
Salaries	557,362	557,362	614,288	(56,926)
Benefits	216,688	216,688	205,779	10,909
Contracted services	2,000	2,000	845	1,155
Equipment repairs/maintenance	1,000	1,000	-	1,000
Field trips	3,700	3,700	2,998	702
Supplies & materials	22,191	22,191	14,963	7,228
	<u>802,941</u>	<u>802,941</u>	<u>838,873</u>	<u>(35,932)</u>
Regular education - world language program -				
Salaries	350,463	350,463	350,876	(413)
Benefits	135,268	135,268	135,154	114
Contracted services	900	900	580	320
Equipment repairs/maintenance	100	100	-	100
Field trips	1,400	1,400	819	581
Supplies & materials	6,664	6,664	3,663	3,001
	<u>494,795</u>	<u>494,795</u>	<u>491,092</u>	<u>3,703</u>
Regular education - physical education -				
Salaries	137,848	137,848	123,422	14,426
Benefits	33,901	33,901	35,493	(1,592)
Equipment repairs/maintenance	700	700	658	42
Supplies & materials	1,554	1,554	1,138	416
Equipment	9,514	9,514	9,591	(77)
Dues/subscriptions	155	155	-	155
	<u>183,672</u>	<u>183,672</u>	<u>170,302</u>	<u>13,370</u>

SCHEDULE B (CONTINUED)
HARWOOD UNION HIGH SCHOOL

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Health education program/FAMCS through FY2016 -				
Salaries	79,149	79,149	77,240	1,909
Benefits	24,422	24,422	22,330	2,092
Contracted services	1,500	1,500	450	1,050
Equipment repairs/maintenance	2,070	2,070	-	2,070
Supplies & materials	4,877	4,877	622	4,255
Dues/subscriptions	421	421	-	421
	<u>112,439</u>	<u>112,439</u>	<u>100,642</u>	<u>11,797</u>
Regular education - technology program (formally industrial arts) -				
Salaries	118,010	118,010	118,010	-
Benefits	48,564	48,564	46,437	2,127
Equipment repairs/maintenance	200	200	-	200
Field trips	500	500	-	500
Supplies & materials	12,070	12,070	11,200	870
	<u>179,344</u>	<u>179,344</u>	<u>175,647</u>	<u>3,697</u>
Regular education - mathematics program -				
Salaries	566,995	566,995	520,051	46,944
Benefits	225,754	225,754	191,047	34,707
Supplies & materials	16,725	16,725	13,378	3,347
Dues/subscriptions	140	140	-	140
	<u>809,614</u>	<u>809,614</u>	<u>724,476</u>	<u>85,138</u>
Regular education - performing arts -				
Salaries	192,897	192,897	192,897	-
Benefits	77,425	77,425	71,253	6,172
Contracted services	2,000	2,000	1,999	1
Equipment repairs/maintenance	4,650	4,650	4,649	1
Field trips	2,500	2,500	2,500	-
Supplies & materials	11,550	11,550	10,925	625
Equipment	3,200	3,200	3,200	-
Dues/subscriptions	600	600	600	-
	<u>294,822</u>	<u>294,822</u>	<u>288,023</u>	<u>6,799</u>
Regular education - science program -				
Salaries	538,457	538,457	475,869	62,588
Benefits	180,669	180,669	159,798	20,871
Contracted services	200	200	-	200
Equipment repairs/maintenance	1,150	1,150	477	673
Field trips	2,400	2,400	213	2,187
Supplies & materials	41,375	41,375	11,573	29,802
Dues/subscriptions	300	300	-	300
	<u>764,551</u>	<u>764,551</u>	<u>647,930</u>	<u>116,621</u>

SCHEDULE B (CONTINUED)
HARWOOD UNION HIGH SCHOOL

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Regular education - social studies program -				
Salaries	487,671	487,671	519,047	(31,376)
Benefits	161,527	161,527	169,748	(8,221)
Contracted services	1,000	1,000	-	1,000
Field trips	1,900	1,900	1,823	77
Supplies & materials	14,496	14,496	13,245	1,251
	<u>666,594</u>	<u>666,594</u>	<u>703,863</u>	<u>(37,269)</u>
Regular education - HUB program -				
Salaries	66,767	66,767	101,559	(34,792)
Benefits	28,383	28,383	36,679	(8,296)
Field trips, transportation	6,000	6,000	2,471	3,529
Supplies & materials	1,300	1,300	739	561
Dues/subscriptions	300	300	165	135
	<u>102,750</u>	<u>102,750</u>	<u>141,613</u>	<u>(38,863)</u>
Regular education - community learning center -				
Salaries	126,414	126,414	127,764	(1,350)
Benefits	54,060	54,060	49,939	4,121
Contracted services	775	775	-	775
Field trips, property insurance, telephone	3,600	3,600	870	2,730
Supplies & materials	8,150	8,150	8,239	(89)
Equipment	1,800	1,800	2,549	(749)
	<u>194,799</u>	<u>194,799</u>	<u>189,361</u>	<u>5,438</u>
Student support services -				
Salaries	80,769	80,769	78,239	2,530
Benefits	21,477	21,477	27,276	(5,799)
	<u>102,246</u>	<u>102,246</u>	<u>105,515</u>	<u>(3,269)</u>
Guidance program -				
Salaries	275,839	275,839	269,789	6,050
Benefits	97,052	97,052	65,787	31,265
Contracted services	200	200	862	(662)
Equipment repairs/maintenance	300	300	-	300
Field trips	500	500	163	337
Supplies & materials	3,320	3,320	2,733	587
Equipment	5,000	5,000	5,237	(237)
Dues/subscriptions	825	825	259	566
	<u>383,036</u>	<u>383,036</u>	<u>344,830</u>	<u>38,206</u>
School nurse (health office) -				
Salaries	79,024	79,024	66,574	12,450
Benefits	25,459	25,459	28,032	(2,573)
Equipment repairs/maintenance	250	250	61	189
Supplies & materials	1,800	1,800	1,757	43
Dues/subscriptions	280	280	-	280
	<u>106,813</u>	<u>106,813</u>	<u>96,424</u>	<u>10,389</u>

SCHEDULE B (CONTINUED)
HARWOOD UNION HIGH SCHOOL

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Student assistance counselor -				
Salaries	35,924	35,924	35,924	-
Benefits	3,049	3,049	3,057	(8)
	<u>38,973</u>	<u>38,973</u>	<u>38,981</u>	<u>(8)</u>
Media center (library) -				
Salaries	73,259	73,259	72,361	898
Benefits	29,776	29,776	28,196	1,580
Equipment repairs/maintenance	1,280	1,280	547	733
Supplies & materials	26,597	26,597	21,848	4,749
Dues/subscriptions	-	-	-	-
	<u>130,912</u>	<u>130,912</u>	<u>122,952</u>	<u>7,960</u>
Information technology -				
Salaries	125,703	125,703	125,997	(294)
Benefits	77,403	77,403	81,067	(3,664)
Contracted services	31,326	31,326	11,145	20,181
Equipment repairs/maintenance	31,010	31,010	23,559	7,451
Supplies & materials	48,662	48,662	28,513	20,149
Equipment	136,467	136,467	172,414	(35,947)
	<u>450,571</u>	<u>450,571</u>	<u>442,695</u>	<u>7,876</u>
Board of education -				
Salaries (Board Secretary)	8,456	8,456	492	7,964
Benefits	633	633	38	595
Board reimbursement	3,500	3,500	3,500	-
Contracted services	15,340	15,340	20,104	(4,764)
Equipment repairs/maintenance	20,600	20,600	-	20,600
Supplies & materials	2,150	2,150	1,832	318
Dues/subscriptions	2,500	2,500	2,623	(123)
Miscellaneous	-	-	90	(90)
	<u>53,179</u>	<u>53,179</u>	<u>28,679</u>	<u>24,500</u>
Board treasurer -				
Treasurer/clerks salaries	700	700	300	400
Benefits	-	-	300	(300)
	<u>700</u>	<u>700</u>	<u>600</u>	<u>100</u>
Washington West SU - general assessment	<u>357,723</u>	<u>357,723</u>	<u>357,420</u>	<u>303</u>

SCHEDULE B (CONTINUED)
HARWOOD UNION HIGH SCHOOL

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Administration -				
Salaries	369,722	369,722	374,294	(4,572)
Benefits	148,615	148,615	134,950	13,665
Contracted services	33,300	33,300	26,400	6,900
Postage, printing, field trips	31,500	31,500	21,440	10,060
Supplies & materials	25,800	25,800	12,719	13,081
Equipment	19,200	19,200	25,302	(6,102)
Dues/subscriptions	12,000	12,000	7,596	4,404
	<u>640,137</u>	<u>640,137</u>	<u>602,701</u>	<u>37,436</u>
Washington West SU - fiscal service assessment	<u>186,144</u>	<u>186,144</u>	<u>185,986</u>	<u>158</u>
Board financial audit	<u>7,000</u>	<u>7,000</u>	<u>9,555</u>	<u>(2,555)</u>
Buildings/grounds maintenance -				
Salaries	244,614	244,614	254,368	(9,754)
Benefits	114,049	114,049	114,646	(597)
Contracted services	92,000	92,000	96,289	(4,289)
Equipment repairs/short term maintenance	204,790	204,790	169,726	35,064
Property insurance/telephone	84,556	84,556	89,534	(4,978)
Supplies & materials	255,400	255,400	264,181	(8,781)
Equipment	38,487	38,487	61,238	(22,751)
	<u>1,033,896</u>	<u>1,033,896</u>	<u>1,049,982</u>	<u>(16,086)</u>
Pupil bus transportation - contracted transportation	<u>436,736</u>	<u>436,736</u>	<u>382,204</u>	<u>54,532</u>
Special education/speech -				
Salaries	429,151	429,151	393,842	35,309
Benefits	296,722	296,722	230,488	66,234
WWSU special education assessment (Act 153/156)	2,432,594	2,432,594	2,607,559	(174,965)
Equipment repairs/maintenance	2,000	2,000	-	2,000
Supplies & materials	7,500	7,500	276	7,224
Equipment	20,556	20,556	-	20,556
Transportation	-	-	11,421	(11,421)
	<u>3,188,523</u>	<u>3,188,523</u>	<u>3,243,586</u>	<u>(55,063)</u>
School-wide -				
Salaries	-	-	57,275	(57,275)
Benefits	-	-	25,863	(25,863)
	<u>-</u>	<u>-</u>	<u>83,138</u>	<u>(83,138)</u>

SCHEDULE B (CONTINUED)
HARWOOD UNION HIGH SCHOOL

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Next step -				
Salaries	134,870	134,870	138,708	(3,838)
Benefits	28,240	28,240	22,987	5,253
Contracted services/vocational tuition	273,554	273,554	229,140	44,414
Equipment repairs	300	300	-	300
Supplies & materials	1,350	1,350	1,159	191
	<u>438,314</u>	<u>438,314</u>	<u>391,994</u>	<u>46,320</u>
Driver education -				
Salaries	75,299	75,299	75,299	-
Benefits	28,243	28,243	27,230	1,013
Contracted services	16,200	16,200	12,600	3,600
Equipment repairs/maintenance	1,350	1,350	578	772
Supplies & materials	3,300	3,300	1,363	1,937
Equipment (car lease)	4,000	4,000	-	4,000
Dues/subscriptions	225	225	230	(5)
	<u>128,617</u>	<u>128,617</u>	<u>117,300</u>	<u>11,317</u>
Debt service -				
Debt - interest expense	5,887	5,887	34,130	(28,243)
Debt - principal expense	263,213	263,213	262,682	531
	<u>269,100</u>	<u>269,100</u>	<u>296,812</u>	<u>(27,712)</u>
Short term debt - debt - short term lending tax anticipation note	24,000	24,000	-	24,000
Student athletics/co-curricular program -				
Salaries	311,207	311,207	314,050	(2,843)
Benefits	65,795	65,795	53,434	12,361
Contracted services	40,440	40,440	65,244	(24,804)
Equipment repairs	27,200	27,200	-	27,200
Transportation	54,020	54,020	49,760	4,260
Supplies & materials	16,450	16,450	13,097	3,353
Equipment	4,900	4,900	4,215	685
Dues & fees	8,750	8,750	16,111	(7,361)
Non athletics	19,899	19,899	16,015	3,884
	<u>548,661</u>	<u>548,661</u>	<u>531,926</u>	<u>16,735</u>
High school completion - FY2015 deficit	62,433	62,433	-	62,433
Transfers to other funds -				
Maintenance reserve fund	145,000	145,000	145,000	-
Special revenue funds	30,000	30,000	28,010	1,990
Debt service reserve	11,000	11,000	11,000	-
	<u>186,000</u>	<u>186,000</u>	<u>184,010</u>	<u>1,990</u>
TOTAL DEPARTMENTAL OPERATIONS	<u><u>\$ 14,219,231</u></u>	<u><u>\$ 14,219,231</u></u>	<u><u>\$ 13,913,281</u></u>	<u><u>\$ 305,950</u></u>

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

HARWOOD UNION HIGH SCHOOL

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,716	\$ -	\$ -	\$ 8,067	\$ 9,783
Investments	-	-	80,441	72,312	152,753
Due from other governments	30,891	-	-	-	30,891
Due from other funds	184,090	4,457	3,643	-	192,190
Inventory	3,664	-	-	-	3,664
TOTAL ASSETS	<u>\$ 220,361</u>	<u>\$ 4,457</u>	<u>\$ 84,084</u>	<u>\$ 80,379</u>	<u>\$ 389,281</u>
LIABILITIES					
Accounts payable	\$ 545	\$ -	\$ -	\$ -	\$ 545
Due to other funds	11,435	-	-	-	11,435
TOTAL LIABILITIES	<u>11,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,980</u>
FUND BALANCES (DEFICITS)					
Nonspendable - inventory & principal	3,664	-	83,633	-	87,297
Restricted	205,342	-	1,519	80,379	287,240
Committed	-	4,457	-	-	4,457
Assigned	-	-	-	-	-
Unassigned	(625)	-	(1,068)	-	(1,693)
TOTAL FUND BALANCES (DEFICITS)	<u>208,381</u>	<u>4,457</u>	<u>84,084</u>	<u>80,379</u>	<u>377,301</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 220,361</u>	<u>\$ 4,457</u>	<u>\$ 84,084</u>	<u>\$ 80,379</u>	<u>\$ 389,281</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 GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES					
Intergovernmental	\$ 154,467	\$ -	\$ -	\$ -	\$ 154,467
Charges for services	395,410	-	-	-	395,410
Investment income	-	-	287	1,579	1,866
Realized gains on investments	-	-	-	8	8
Other income	315,733	-	-	6	315,739
TOTAL REVENUES	865,610	-	287	1,593	867,490
EXPENDITURES					
Other	830,431	-	5	4,186	834,622
TOTAL EXPENDITURES	830,431	-	5	4,186	834,622
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES					
	35,179	-	282	(2,593)	32,868
OTHER FINANCING SOURCES (USES)					
Transfers in	28,010	-	-	11,000	39,010
Transfers (out)	(11,100)	(58)	-	-	(11,158)
TOTAL OTHER FINANCING SOURCES (USES)	16,910	(58)	-	11,000	27,852
NET CHANGE IN FUND BALANCES (DEFICITS)	52,089	(58)	282	8,407	60,720
FUND BALANCES (DEFICITS) - JULY 1	156,292	4,515	83,802	71,972	316,581
FUND BALANCES (DEFICITS) - JUNE 30	\$ 208,381	\$ 4,457	\$ 84,084	\$ 80,379	\$ 377,301

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, 2017

	Umatter	Child Care Grant	2016 New Medallion Award R. Potts	Achievement Community Award	Air Quality Grant	Next Step Vermont Student	SPED State Placed Students
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	-	1,140
Due from other funds	750	-	4,947	2,500	-	-	2,265
Inventory	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 750	\$ -	\$ 4,947	\$ 2,500	\$ -	\$ -	\$ 3,405
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS)							
Nonspendable - inventory	-	-	-	-	-	-	-
Restricted	750	-	4,947	2,500	-	-	3,405
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	750	-	4,947	2,500	-	-	3,405
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 750	\$ -	\$ 4,947	\$ 2,500	\$ -	\$ -	\$ 3,405

HARWOOD UNION HIGH SCHOOL

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	Burnham Trust	Co-Curricular Sports Camps	Speak Out Grant VPA	Food Service Program Fund 49	Food Service Program	HUHS Basketball Backboards	SAT Continuing Ed Course
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	5,099	-	-	18,021	-	-
Due from other funds	7,904	-	-	765	3,206	-	2,721
Inventory	-	-	-	-	3,664	-	-
TOTAL ASSETS	\$ 7,904	\$ 5,099	\$ -	\$ 765	\$ 24,891	\$ -	\$ 2,721
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 545	\$ -	\$ -
Due to other funds	-	4,179	-	-	-	-	-
TOTAL LIABILITIES	-	4,179	-	-	545	-	-
FUND BALANCES (DEFICITS)							
Nonspendable - inventory	-	-	-	-	3,664	-	-
Restricted	7,904	920	-	765	20,682	-	2,721
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	7,904	920	-	765	24,346	-	2,721
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 7,904	\$ 5,099	\$ -	\$ 765	\$ 24,891	\$ -	\$ 2,721

HARWOOD UNION HIGH SCHOOL

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	NEA Learn Leadership Grant	VPA Standard Leadership Project	Nellie Mae Ed Foundation Diversity	Central Health & Learning	Moretown Food Service	Music	Athletic Fundraiser
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	3,289	-	-
Due from other funds	-	941	8,000	-	-	3,522	19,906
Inventory	-	-	-	-	-	-	-
TOTAL ASSETS	\$ -	\$ 941	\$ 8,000	\$ -	\$ 3,289	\$ 3,522	\$ 19,906
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	3,289	-	-
TOTAL LIABILITIES	-	-	-	-	3,289	-	-
FUND BALANCES (DEFICITS)							
Nonspendable - inventory	-	-	-	-	-	-	-
Restricted	-	941	8,000	-	-	3,522	19,906
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	-	941	8,000	-	-	3,522	19,906
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ -	\$ 941	\$ 8,000	\$ -	\$ 3,289	\$ 3,522	\$ 19,906

HARWOOD UNION HIGH SCHOOL

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	Greece/ Italy Trip	Tech Ed Tool Sale	Great Schools Partnership	Tobacco Use Grant	Arts In School (Music Grant)	Rowland Grant
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	3,342	-	-
Due from other funds	1,016	-	5,502	-	-	-
Inventory	-	-	-	-	-	-
TOTAL ASSETS	\$ 1,016	\$ -	\$ 5,502	\$ 3,342	\$ -	\$ -
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	3,342	625	-
TOTAL LIABILITIES	-	-	-	3,342	625	-
FUND BALANCES (DEFICITS)						
Nonspendable - inventory	-	-	-	-	-	-
Restricted	1,016	-	5,502	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	(625)	-
TOTAL FUND BALANCES (DEFICITS)	1,016	-	5,502	-	(625)	-
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 1,016	\$ -	\$ 5,502	\$ 3,342	\$ -	\$ -

HARWOOD UNION HIGH SCHOOL

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	Rwanda	Tadejewski Estate Donation	Track In The Woods	France Trip	Rowland Grant Ibson/Berrings	Rowland Grant K. Cadwell	Nellie Mae Ed Foundation
ASSETS							
Cash and cash equivalents	\$ 1,716	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	-	-
Due from other funds	11,698	411	31,609	295	5,715	34,822	4,969
Inventory	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 13,414	\$ 411	\$ 31,609	\$ 295	\$ 5,715	\$ 34,822	\$ 4,969
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS)							
Nonspendable - inventory	-	-	-	-	-	-	-
Restricted	13,414	411	31,609	295	5,715	34,822	4,969
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	13,414	411	31,609	295	5,715	34,822	4,969
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 13,414	\$ 411	\$ 31,609	\$ 295	\$ 5,715	\$ 34,822	\$ 4,969

HARWOOD UNION HIGH SCHOOL

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	Harwood Strong (2016)	Hall of Fame Co-Curricular	Jamieson Memorial	Ray Drake Scholarship	Great Expectations Mini Grant	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,716
Due from other governments	-	-	-	-	-	30,891
Due from other funds	25,899	3,612	1,115	-	-	184,090
Inventory	-	-	-	-	-	3,664
TOTAL ASSETS	<u>\$ 25,899</u>	<u>\$ 3,612</u>	<u>\$ 1,115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220,361</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 545
Due to other funds	-	-	-	-	-	11,435
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,980</u>
FUND BALANCES (DEFICITS)						
Nonspendable - inventory	-	-	-	-	-	3,664
Restricted	25,899	3,612	1,115	-	-	205,342
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(625)
TOTAL FUND BALANCES (DEFICITS)	<u>25,899</u>	<u>3,612</u>	<u>1,115</u>	<u>-</u>	<u>-</u>	<u>208,381</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 25,899</u>	<u>\$ 3,612</u>	<u>\$ 1,115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220,361</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 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Umatter	Child Care Grant	2016 New Medallion Award R. Potts	Achievement Community Award	Air Quality Grant	Next Step Vermont Student	SPED State Placed Students
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Other income	-	-	5,000	-	-	-	-
TOTAL REVENUES	-	-	5,000	-	-	-	-
EXPENDITURES							
Other	-	-	53	-	-	-	-
TOTAL EXPENDITURES	-	-	53	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	4,947	-	-	-	-
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	(2,935)	-	-	(2,000)	(169)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(2,935)	-	-	(2,000)	(169)	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(2,935)	4,947	-	(2,000)	(169)	-
FUND BALANCES (DEFICITS) - JULY 1	750	2,935	-	2,500	2,000	169	3,405
FUND BALANCES (DEFICITS) - JUNE 30	\$ 750	\$ -	\$ 4,947	\$ 2,500	\$ -	\$ -	\$ 3,405

HARWOOD UNION HIGH SCHOOL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Burnham Trust	Co-Curricular Sports Camps	Speak Out Grant VPA	Food Service Program Fund 49	Food Service Program	HUHS Basketball Backboards	SAT Continuing Ed Course
REVENUES							
Intergovernmental	\$ -	\$ 10,857	\$ -	\$ -	\$ 128,986	\$ -	\$ -
Charges for services	-	-	-	-	395,410	-	-
Other income	6,260	-	-	765	3,452	19,500	17,267
TOTAL REVENUES	6,260	10,857	-	765	527,848	19,500	17,267
EXPENDITURES							
Other	3,601	5,255	-	-	553,799	19,500	17,339
TOTAL EXPENDITURES	3,601	5,255	-	-	553,799	19,500	17,339
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,659	5,602	-	765	(25,951)	-	(72)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	1,510	-	26,500	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	1,510	-	26,500	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	2,659	5,602	1,510	765	549	-	(72)
FUND BALANCES (DEFICITS) - JULY 1	5,245	(4,682)	(1,510)	-	23,797	-	2,793
FUND BALANCES (DEFICITS) - JUNE 30	\$ 7,904	\$ 920	\$ -	\$ 765	\$ 24,346	\$ -	\$ 2,721

HARWOOD UNION HIGH SCHOOL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	NEA Learn Leadership Grant	VPA Standard Leadership Project	Nellie Mae Ed Foundation Diversity	Central Health & Learning	Moretown Food Service	Music	Athletic Fundraiser
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Other income	-	-	8,000	-	-	4,871	10,986
TOTAL REVENUES	-	-	8,000	-	-	4,871	10,986
EXPENDITURES							
Other	11	-	-	-	-	5,885	8,869
TOTAL EXPENDITURES	11	-	-	-	-	5,885	8,869
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(11)	-	8,000	-	-	(1,014)	2,117
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	(760)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	(760)	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(11)	-	8,000	(760)	-	(1,014)	2,117
FUND BALANCES (DEFICITS) - JULY 1	11	941	-	760	-	4,536	17,789
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ 941	\$ 8,000	\$ -	\$ -	\$ 3,522	\$ 19,906

HARWOOD UNION HIGH SCHOOL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Greece/ Italy Trip	Tech Ed Tool Sale	Great Schools Partnership	Tobacco Use Grant	Arts In School (Music Grant)	Rowland Grant
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ 14,624	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Other income	3,730	3,187	-	-	1,875	-
TOTAL REVENUES	<u>3,730</u>	<u>3,187</u>	<u>-</u>	<u>14,624</u>	<u>1,875</u>	<u>-</u>
EXPENDITURES						
Other	2,714	-	6,114	14,624	2,500	2,303
TOTAL EXPENDITURES	<u>2,714</u>	<u>-</u>	<u>6,114</u>	<u>14,624</u>	<u>2,500</u>	<u>2,303</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,016</u>	<u>3,187</u>	<u>(6,114)</u>	<u>-</u>	<u>(625)</u>	<u>(2,303)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	(3,712)	-	(1,424)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(3,712)</u>	<u>-</u>	<u>(1,424)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	1,016	(525)	(6,114)	(1,424)	(625)	(2,303)
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>525</u>	<u>11,616</u>	<u>1,424</u>	<u>-</u>	<u>2,303</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 1,016</u>	<u>\$ -</u>	<u>\$ 5,502</u>	<u>\$ -</u>	<u>\$ (625)</u>	<u>\$ -</u>

HARWOOD UNION HIGH SCHOOL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Rwanda	Tadejewski Estate Donation	Track In The Woods	France Trip	Rowland Grant Ibson/Berrings	Rowland Grant K. Cadwell	Nellie Mae Ed Foundation
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Other income	87,566	-	-	-	-	100,000	-
TOTAL REVENUES	<u>87,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
EXPENDITURES							
Other	87,307	85	8,357	-	2,998	65,178	5,031
TOTAL EXPENDITURES	<u>87,307</u>	<u>85</u>	<u>8,357</u>	<u>-</u>	<u>2,998</u>	<u>65,178</u>	<u>5,031</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>259</u>	<u>(85)</u>	<u>(8,357)</u>	<u>-</u>	<u>(2,998)</u>	<u>34,822</u>	<u>(5,031)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	259	(85)	(8,357)	-	(2,998)	34,822	(5,031)
FUND BALANCES (DEFICITS) - JULY 1	<u>13,155</u>	<u>496</u>	<u>39,966</u>	<u>295</u>	<u>8,713</u>	<u>-</u>	<u>10,000</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 13,414</u>	<u>\$ 411</u>	<u>\$ 31,609</u>	<u>\$ 295</u>	<u>\$ 5,715</u>	<u>\$ 34,822</u>	<u>\$ 4,969</u>

HARWOOD UNION HIGH SCHOOL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Harwood Strong (2016)	Hall of Fame Co-Curricular	Jamieson Memorial	Ray Drake Scholarship	Great Expectations Mini Grant	Total
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 154,467
Charges for services	-	-	-	-	-	395,410
Other income	41,049	1,975	-	250	-	315,733
TOTAL REVENUES	<u>41,049</u>	<u>1,975</u>	<u>-</u>	<u>250</u>	<u>-</u>	<u>865,610</u>
EXPENDITURES						
Other	15,150	3,183	-	575	-	830,431
TOTAL EXPENDITURES	<u>15,150</u>	<u>3,183</u>	<u>-</u>	<u>575</u>	<u>-</u>	<u>830,431</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>25,899</u>	<u>(1,208)</u>	<u>-</u>	<u>(325)</u>	<u>-</u>	<u>35,179</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	28,010
Transfers (out)	-	-	-	-	(100)	(11,100)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100)</u>	<u>16,910</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	25,899	(1,208)	-	(325)	(100)	52,089
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>4,820</u>	<u>1,115</u>	<u>325</u>	<u>100</u>	<u>156,292</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 25,899</u>	<u>\$ 3,612</u>	<u>\$ 1,115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208,381</u>

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, 2017

	DeLong Property Acquisition	Wood Chip Project	Family Consumer Science Reserve	Total
ASSETS				
Due from other funds	\$ 2,698	\$ 1,759	\$ -	\$ 4,457
TOTAL ASSETS	<u>\$ 2,698</u>	<u>\$ 1,759</u>	<u>\$ -</u>	<u>\$ 4,457</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	2,698	1,759	-	4,457
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>2,698</u>	<u>1,759</u>	<u>-</u>	<u>4,457</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,698</u>	<u>\$ 1,759</u>	<u>\$ -</u>	<u>\$ 4,457</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 CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	DeLong Property Acquisition	Wood Chip Project	Family Consumer Science Reserve	Total
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 (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	-	-	(58)	(58)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(58)</u>	<u>(58)</u>
NET CHANGE IN FUND BALANCES	-	-	(58)	(58)
FUND BALANCES - JULY 1	<u>2,698</u>	<u>1,759</u>	<u>58</u>	<u>4,515</u>
FUND BALANCES - JUNE 30	<u>\$ 2,698</u>	<u>\$ 1,759</u>	<u>\$ -</u>	<u>\$ 4,457</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, 2017

	Harwood Faculty Award	James Izor Memorial	Kathy MacKay Award	Willis Merusi Trust	Rebekah Scholarship
ASSETS					
Investments	\$ 5,000	\$ 11,137	\$ 4,098	\$ 10,000	\$ 5,000
Due from other funds	67	122	2,261	496	250
TOTAL ASSETS	\$ 5,067	\$ 11,259	\$ 6,359	\$ 10,496	\$ 5,250
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-
FUND BALANCES (DEFICITS)					
Nonspendable - principal	5,000	11,000	6,000	10,000	5,000
Restricted	67	259	359	496	250
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	5,067	11,259	6,359	10,496	5,250
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 5,067	\$ 11,259	\$ 6,359	\$ 10,496	\$ 5,250

HARWOOD UNION HIGH SCHOOL

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS
 JUNE 30, 2017

	Richard Wein Memorial	Warren Howland Scholarship	Total
ASSETS			
Investments	\$ 40,496	\$ 4,710	\$ 80,441
Due from other funds	436	11	3,643
TOTAL ASSETS	<u>\$ 40,932</u>	<u>\$ 4,721</u>	<u>\$ 84,084</u>
LIABILITIES			
Due to other funds	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)			
Nonspendable - principal	42,000	4,633	83,633
Restricted	-	88	1,519
Committed	-	-	-
Assigned	-	-	-
Unassigned	(1,068)	-	(1,068)
TOTAL FUND BALANCES (DEFICITS)	<u>40,932</u>	<u>4,721</u>	<u>84,084</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 40,932</u>	<u>\$ 4,721</u>	<u>\$ 84,084</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 PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Harwood Faculty Award	James Izor Memorial	Kathy MacKay Award	Willis Merusi Trust	Rebekah Scholarship
REVENUES					
Investment income	\$ 18	\$ 39	\$ 17	\$ 36	\$ 18
TOTAL REVENUES	<u>18</u>	<u>39</u>	<u>17</u>	<u>36</u>	<u>18</u>
EXPENDITURES					
Distribution	5	-	-	-	-
TOTAL EXPENDITURES	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>13</u>	<u>39</u>	<u>17</u>	<u>36</u>	<u>18</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	13	39	17	36	18
FUND BALANCES (DEFICITS) - JULY 1	<u>5,054</u>	<u>11,220</u>	<u>6,342</u>	<u>10,460</u>	<u>5,232</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 5,067</u>	<u>\$ 11,259</u>	<u>\$ 6,359</u>	<u>\$ 10,496</u>	<u>\$ 5,250</u>

HARWOOD UNION HIGH SCHOOL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Richard Wein Memorial	Warren Howland Scholarship	Total
REVENUES			
Investment income	\$ 142	\$ 17	\$ 287
TOTAL REVENUES	<u>142</u>	<u>17</u>	<u>287</u>
EXPENDITURES			
Awards and scholarships	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>5</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>142</u>	<u>17</u>	<u>282</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	142	17	282
FUND BALANCES (DEFICITS) - JULY 1	<u>40,790</u>	<u>4,704</u>	<u>83,802</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 40,932</u>	<u>\$ 4,721</u>	<u>\$ 84,084</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, 2017

	Debt Service Fund	Total
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 8,067	\$ 8,067
Investments	72,312	72,312
TOTAL ASSETS	<u><u>\$ 80,379</u></u>	<u><u>\$ 80,379</u></u>
LIABILITIES		
Due to other funds	\$ -	\$ -
TOTAL LIABILITIES	<u> -</u>	<u> -</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	80,379	80,379
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>80,379</u>	<u>80,379</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 80,379</u></u>	<u><u>\$ 80,379</u></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, 2017

	Debt Service Fund	Total
REVENUES		
Investment income	\$ 1,579	\$ 1,579
Realized gains on investments	8	8
Other	6	6
TOTAL REVENUES	<u>1,593</u>	<u>1,593</u>
EXPENDITURES		
Other	4,186	4,186
TOTAL EXPENDITURES	<u>4,186</u>	<u>4,186</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,593)</u>	<u>(2,593)</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	8,407	8,407
FUND BALANCES - JULY 1	<u>71,972</u>	<u>71,972</u>
FUND BALANCES - JUNE 30	<u>\$ 80,379</u>	<u>\$ 80,379</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, 2017

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
School-wide	\$ -	\$ 10,388,113	\$ 999,741	\$ 1,973,844	\$ 13,361,698
Food service	-	-	223,649	-	223,649
Maintenance reserve	20,000	98,121	-	-	118,121
Total General Capital Assets	20,000	10,486,234	1,223,390	1,973,844	13,703,468
Less: Accumulated Depreciation	-	(5,804,205)	(837,840)	(310,023)	(6,952,068)
Net General Capital Assets	<u>\$ 20,000</u>	<u>\$ 4,682,029</u>	<u>\$ 385,550</u>	<u>\$ 1,663,821</u>	<u>\$ 6,751,400</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, 2017

	General Capital Assets 7/1/16	Additions	Deletions	General Capital Assets 6/30/17
School wide	\$ 13,091,607	\$ 270,091	\$ -	\$ 13,361,698
Food service	223,649	-	-	223,649
Maintenance reserve	118,121	-	-	118,121
Total General Capital Assets	13,433,377	270,091	-	13,703,468
Less: Accumulated Depreciation	<u>(6,667,773)</u>	<u>(284,295)</u>	<u>-</u>	<u>(6,952,068)</u>
Net General Capital Assets	<u>\$ 6,765,604</u>	<u>\$ (14,204)</u>	<u>\$ -</u>	<u>\$ 6,751,400</u>

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



Proven Expertise and Integrity

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, 2017, 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 October 25, 2017.

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.

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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
October 25, 2017