

Federal Compliance Audit

# Hartford School District

June 30, 2022



*Proven Expertise & Integrity*

HARTFORD SCHOOL DISTRICT

CONTENTS

JUNE 30, 2022

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 - 12
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	13
STATEMENT B - STATEMENT OF ACTIVITIES	14 - 15
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	16
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	17
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	18
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	19
STATEMENT G - STATEMENT OF NET POSITION - PROPRIETARY FUNDS	20
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	21
STATEMENT I - STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	22
STATEMENT J - STATEMENT OF NET POSITION - FIDUCIARY FUNDS	23
STATEMENT K - STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS	24
NOTES TO FINANCIAL STATEMENTS	25 - 63

## REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	64
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	65
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	66
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSIONS	67
SCHEDULE 4 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY	68
SCHEDULE 5 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS	69
SCHEDULE 6 - SCHEDULE OF CONTRIBUTIONS - OPEB	70
SCHEDULE 7 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - VSTRS	71
SCHEDULE 8 - SCHEDULE OF CONTRIBUTIONS - OPEB - VSTRS	72
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	73

## SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION DESCRIPTION	74
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	75
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	76
SCHEDULE C - COMBINING SCHEDULE OF INCOME AND EXPENSES BY PROGRAM - ENTERPRISE FUNDS - COLLABORATIVE FUNDS	77

## FEDERAL COMPLIANCE

FEDERAL COMPLIANCE DESCRIPTION	78
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	79 - 80
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	81

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	82 - 83
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	84 - 86
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	87



*Proven Expertise & Integrity*

## INDEPENDENT AUDITOR'S REPORT

School Board  
Hartford School District  
White River Junction, Vermont

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, business-type activities and each major fund of the Hartford School District, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Hartford School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of the Hartford School District as of June 30, 2022 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.

#### *Basis for Opinions*

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States

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

of America and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hartford School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 5 through 12 and 65 through 73 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.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hartford School District's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget to Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 to Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2022, on our consideration of the Hartford School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Hartford School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hartford School District's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
Vermont Registration No. 092.0000697  
December 21, 2022

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**(UNAUDITED)**

The following management's discussion and analysis of the Hartford School District's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the Hartford School District's financial statements.

**Financial Statement Overview**

The School District'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, pension and OPEB 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 School District's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regard to the School District'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 separate columns for the two different types of School District activities. The types of activities presented for the School District are:

- *Governmental activities* - The activities in this section are mostly supported by intergovernmental revenues (federal and state grants). Most of the School District's basic services are reported in governmental activities which include instructional program, instructional support, administration/other support, operations and maintenance, transportation, food service and program expenses.
- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Hartford School District include the vocational fund and collaborative fund.

### **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 School District, like other local governments, uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the School District can be classified into three categories: governmental funds, proprietary funds and fiduciary funds.

*Governmental funds:* Most of the basic services provided by the School District 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 School District's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the School District.

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 School District presents five columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The School District's major funds are the general fund, the state and federal grants fund, local funds, the capital projects fund and the reserve fund. The School District does not have any nonmajor funds.

The general fund is the only fund for which the School District 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.

*Proprietary Funds:* The Hartford School District maintains two proprietary funds, the vocational fund and the collaborative fund. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

*Fiduciary Funds:* These funds are used to account for resources held for the benefit of parties outside the School District. These funds are not reflected in the government-wide statements because the resources of these funds are not available to support the School District's own programs. The accounting used for fiduciary funds is 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 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, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pensions, Schedule of Changes in Net OPEB Liability, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Contributions - OPEB, Schedule of Proportionate Share of the Net OPEB Liability -

VSTRS, Schedule of Contributions - OPEB - VSTRS, 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 regard to other detailed budgetary information for the general fund and the collaborative fund.

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

Our analysis below focuses on the net position and changes in net position of the School District's governmental and business-type activities. The School District's total net position for governmental activities increased by \$228,945 from \$15,667,364 to \$15,896,309. The School District's total net position for business-type activities increased by \$660,898 from \$1,484,540 to \$2,145,438.

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 \$4,528,148 at the end of this year. The business-type activities unrestricted net position increased to a balance of \$2,093,665 as of the fiscal year end.

**Table 1**  
**Hartford School District**  
**Net Position**  
**June 30,**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2022</u>	<u>2021 (Restated)</u>	<u>2022</u>	<u>2021 (Restated)</u>
<b>Assets:</b>				
Current Assets	\$ 8,497,995	\$ 8,044,475	\$ 2,866,744	\$ 2,110,986
Noncurrent Assets - Capital Assets	23,447,328	24,422,917	51,773	54,590
Total Assets	<u>31,945,323</u>	<u>32,467,392</u>	<u>2,918,517</u>	<u>2,165,576</u>
<b>Deferred Outflows of Resources:</b>				
Deferred Outflows Related to Pensions	72,986	60,814	16,901	13,826
Total Deferred Outflows of Resources	<u>72,986</u>	<u>60,814</u>	<u>16,901</u>	<u>13,826</u>
<b>Liabilities:</b>				
Current Liabilities	3,220,895	3,041,879	405,742	353,505
Noncurrent Liabilities	12,168,462	13,227,903	139,134	151,178
Total Liabilities	<u>15,389,357</u>	<u>16,269,782</u>	<u>544,876</u>	<u>504,683</u>
<b>Deferred Inflows of Resources:</b>				
Deferred Revenues	731,625	573,450	244,868	186,175
Deferred Inflows Related to Pensions	1,018	17,610	236	4,004
Total Deferred Inflows of Resources	<u>732,643</u>	<u>591,060</u>	<u>245,104</u>	<u>190,179</u>
<b>Net Position:</b>				
Net Investment in Capital Assets	11,073,738	11,060,623	51,773	54,590
Restricted	294,423	293,353	-	-
Unrestricted	4,528,148	4,313,388	2,093,665	1,429,950
Total Net Position	<u>\$ 15,896,309</u>	<u>\$ 15,667,364</u>	<u>\$ 2,145,438</u>	<u>\$ 1,484,540</u>

### **Revenues and Expenses**

Revenues for the School District's governmental activities increased by 2.24%, while total expenses increased by 3.09%. The increase in revenues was due to increases in all categories with the exception of grants and contributions not restricted to specific programs. Expenses increased in instructional program, transportation, food service, on-behalf payments, and unallocated depreciation.

Revenues for the School District's business-type activities increased by 25.57%, while total expenses increased by 10.19%.

**Table 2**  
**Hartford School District**  
**Change in Net Position**  
**For the Years Ended June 30,**

	Governmental Activities		Business-type Activities	
	2022	2021	2022	2021
<b>Revenues</b>				
<i>Program Revenues:</i>				
Charges for services	\$ 2,318,140	\$ 1,983,075	\$ 6,422,792	\$ 5,596,516
Operating grants and contributions	13,218,082	13,087,931	1,679,157	1,054,932
<i>General Revenues:</i>				
Grants and contributions not restricted to specific programs	26,976,619	27,086,287	-	-
Interest income	15,566	14,352	-	-
Miscellaneous	833,003	238,163	251,752	1,269
<b>Total Revenues</b>	<b>43,361,410</b>	<b>42,409,808</b>	<b>8,353,701</b>	<b>6,652,717</b>
<b>Expenses</b>				
Instructional program	18,619,162	17,037,154	4,340,586	4,230,324
Instructional support	4,125,303	4,126,019	1,190,619	1,176,282
Administration/other support	2,487,402	2,706,796	862,006	682,165
Operations and maintenance	2,443,840	3,292,108	1,189,390	821,379
Transportation	927,224	828,929	106,785	66,856
Food service	847,988	563,042	-	-
On-behalf payments	9,319,281	9,207,110	-	-
Program expenses	2,604,659	2,437,614	-	-
Interest on long-term debt	327,833	287,355	-	-
Unallocated depreciation	1,429,773	1,351,782	3,417	4,246
<b>Total Expenses</b>	<b>43,132,465</b>	<b>41,837,909</b>	<b>7,692,803</b>	<b>6,981,252</b>
Gain on sale of capital assets	-	-	-	324,289
<b>Change in Net Position</b>	<b>228,945</b>	<b>571,899</b>	<b>660,898</b>	<b>(4,246)</b>
Net Position - July 1, Restated	15,667,364	15,095,465	1,484,540	1,488,786
<b>Net Position - June 30</b>	<b>\$ 15,896,309</b>	<b>\$ 15,667,364</b>	<b>\$ 2,145,438</b>	<b>\$ 1,484,540</b>

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

*Governmental funds:* The financial reporting focus of the School District'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 School District'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**  
**Hartford School District**  
**Fund Balances - Governmental Funds**  
**June 30,**

	<u>2022</u>	<u>2021</u> <u>(Restated)</u>	<u>Increase/ (Decrease)</u>
Major Funds:			
General Fund:			
Nonspendable	\$ 9,156	\$ 97,302	\$ (88,146)
Committed	675,000	675,000	-
Unassigned	3,918,566	3,794,054	124,512
Locals Funds:			
Assigned	376,988	375,858	1,130
Capital Projects Fund:			
Restricted	294,423	293,353	1,070
Reserve Fund:			
Committed	208,369	214,327	(5,958)
Total Major Funds	<u>\$ 5,482,502</u>	<u>\$ 5,449,894</u>	<u>\$ 32,608</u>

The changes to total fund balances for the general fund, local funds, capital projects fund and reserve fund occurred due to the regular activity of operations.

*Proprietary funds:* The School District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The proprietary funds had a total increase in net position for the current year of \$660,898.

**Budgetary Highlights**

The were no difference between the original and final budget for the general fund.

The general fund actual revenues exceeded budgeted revenues by \$790,343 primarily due to other intergovernmental revenues being received in excess of budget.

The general fund actual expenditures were over budget by \$78,977 due to all expenditure categories being overspent with the exception of instructional support, administration/other support and transfers to other funds.

## Capital Asset and Long-Term Debt Activity

### Capital Assets

As of June 30, 2022, the School District's capital assets decreased by \$980,349. This decrease was the result of capital additions of \$452,841 less current year depreciation expense of \$1,433,190.

**Table 4**  
**Hartford School District**  
**Capital Assets (Net of Depreciation)**  
**June 30,**

	<u>2022</u>	<u>2021</u> <u>(Restated)</u>
Land	\$ 1,381,336	\$ 1,381,336
Construction in progress	5,501,077	5,531,275
Land improvements	89,371	61,040
Buildings and improvements	15,990,120	16,910,557
Machinery and equipment	473,829	517,619
Vehicles	63,368	77,623
Total	<u>\$ 23,499,101</u>	<u>\$ 24,479,450</u>

### Debt

At June 30, 2022, the School District had \$12,373,590 in bonds payable versus \$13,290,960 in the prior year. Refer to Note 5 of Notes to Financial Statements for more detailed information.

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

The 2022 - 2023 budget could be severely impacted by the reduction of funding from the State. There is no indication of reduced funding from the State for 2022 - 2023 as of the date this report was issued.

### Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jacob Vezina, Director of Finance, at Hartford School District located at 73 Highland Avenue, White River Junction, VT 05001.

## HARTFORD SCHOOL DISTRICT

## STATEMENT OF NET POSITION

JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 6,105,299	\$ -	\$ 6,105,299
Accounts receivable (net of allowance for uncollectibles)	-	552,655	552,655
Due from other governments	4,060,848	-	4,060,848
Prepaid items	9,156	-	9,156
Inventory	-	636,781	636,781
Internal balances	(1,677,308)	1,677,308	-
Total current assets	<u>8,497,995</u>	<u>2,866,744</u>	<u>11,364,739</u>
Noncurrent assets:			
Land and other assets not being depreciated	6,882,413	-	6,882,413
Buildings, building improvements and other assets, net of accumulated depreciation	16,564,915	51,773	16,616,688
Total noncurrent assets	<u>23,447,328</u>	<u>51,773</u>	<u>23,499,101</u>
<b>TOTAL ASSETS</b>	<u>31,945,323</u>	<u>2,918,517</u>	<u>34,863,840</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to OPEB	72,986	16,901	89,887
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>72,986</u>	<u>16,901</u>	<u>89,887</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 32,018,309</u>	<u>\$ 2,935,418</u>	<u>\$ 34,953,727</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 505,036	\$ 4,378	\$ 509,414
Accrued expenses	1,775,582	401,364	2,176,946
Due to other governments	3,250	-	3,250
Current portion of long-term obligations	937,027	-	937,027
Total current liabilities	<u>3,220,895</u>	<u>405,742</u>	<u>3,626,637</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	11,456,220	-	11,456,220
Accrued compensated absences	111,388	-	111,388
Net OPEB liability	600,854	139,134	739,988
Total noncurrent liabilities	<u>12,168,462</u>	<u>139,134</u>	<u>12,307,596</u>
<b>TOTAL LIABILITIES</b>	<u>15,389,357</u>	<u>544,876</u>	<u>15,934,233</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue	731,625	244,868	976,493
Deferred inflows related to OPEB	1,018	236	1,254
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>732,643</u>	<u>245,104</u>	<u>977,747</u>
<b>NET POSITION</b>			
Net investment in capital assets	11,073,738	51,773	11,125,511
Restricted: Capital projects fund	294,423	-	294,423
Unrestricted	4,528,148	2,093,665	6,621,813
<b>TOTAL NET POSITION</b>	<u>15,896,309</u>	<u>2,145,438</u>	<u>18,041,747</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 32,018,309</u>	<u>\$ 2,935,418</u>	<u>\$ 34,953,727</u>

See accompanying independent auditor's report and notes to financial statements.

HARTFORD SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
Instructional program	\$ 18,619,162	\$ 2,316,340	\$ 3,569,518	\$ -	\$ (12,733,304)	\$ -	\$ (12,733,304)
Instructional support	4,125,303	-	-	-	(4,125,303)	-	(4,125,303)
Administration/other support	2,487,402	-	-	-	(2,487,402)	-	(2,487,402)
Operations and maintenance	2,443,840	-	-	-	(2,443,840)	-	(2,443,840)
Transportation	927,224	-	316,779	-	(610,445)	-	(610,445)
Food service	847,988	1,800	12,504	-	(833,684)	-	(833,684)
On-behalf payments	9,319,281	-	9,319,281	-	-	-	-
Program expenses	2,604,659	-	-	-	(2,604,659)	-	(2,604,659)
Interest on long-term debt	327,833	-	-	-	(327,833)	-	(327,833)
Unallocated depreciation* (Note 4)	1,429,773	-	-	-	(1,429,773)	-	(1,429,773)
Total governmental activities	<u>43,132,465</u>	<u>2,318,140</u>	<u>13,218,082</u>	<u>-</u>	<u>(27,596,243)</u>	<u>-</u>	<u>(27,596,243)</u>
Business-type activities:							
Vocational fund	3,402,653	2,108,749	1,679,157	-	-	385,253	385,253
Collaborative funds	4,290,150	4,314,043	-	-	-	23,893	23,893
Total business-type activities	<u>7,692,803</u>	<u>6,422,792</u>	<u>1,679,157</u>	<u>-</u>	<u>-</u>	<u>409,146</u>	<u>409,146</u>
Total government	<u>\$ 50,825,268</u>	<u>\$ 8,740,932</u>	<u>\$ 14,897,239</u>	<u>\$ -</u>	<u>(27,596,243)</u>	<u>409,146</u>	<u>(27,187,097)</u>

## STATEMENT B (CONTINUED)

## HARTFORD SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	<u>(27,596,243)</u>	<u>409,146</u>	<u>(27,187,097)</u>
General revenues:			
Grants and contributions not restricted to specific programs	26,976,619	-	26,976,619
Interest income	15,566	-	15,566
Miscellaneous	833,003	251,752	1,084,755
Total general revenues	<u>27,825,188</u>	<u>251,752</u>	<u>28,076,940</u>
Change in net position	228,945	660,898	889,843
NET POSITION - JULY 1, RESTATED	<u>15,667,364</u>	<u>1,484,540</u>	<u>17,151,904</u>
NET POSITION - JUNE 30	<u>\$ 15,896,309</u>	<u>\$ 2,145,438</u>	<u>\$ 18,041,747</u>

See accompanying independent auditor's report and notes to financial statements.

## HARTFORD SCHOOL DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2022

	General Fund	State and Federal Grants Fund	Local Funds	Capital Projects Fund	Reserve Fund	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 5,104,684	\$ -	\$ 376,989	\$ 415,549	\$ 208,077	\$ 6,105,299
Due from other governments	3,080,026	980,822	-	-	-	4,060,848
Prepaid items	9,156	-	-	-	-	9,156
Due from other funds	425,478	-	209,206	-	292	634,976
<b>TOTAL ASSETS</b>	<b><u>\$ 8,619,344</u></b>	<b><u>\$ 980,822</u></b>	<b><u>\$ 586,195</u></b>	<b><u>\$ 415,549</u></b>	<b><u>\$ 208,369</u></b>	<b><u>\$ 10,810,279</u></b>
<b>LIABILITIES</b>						
Accounts payable	\$ 377,355	\$ 127,681	\$ -	\$ -	\$ -	\$ 505,036
Accrued expenses	1,657,312	75,109	43,161	-	-	1,775,582
Due to other governments	3,250	-	-	-	-	3,250
Due to other funds	1,978,705	212,453	-	121,126	-	2,312,284
<b>TOTAL LIABILITIES</b>	<b><u>4,016,622</u></b>	<b><u>415,243</u></b>	<b><u>43,161</u></b>	<b><u>121,126</u></b>	<b><u>-</u></b>	<b><u>4,596,152</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenue	-	565,579	166,046	-	-	731,625
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>-</u></b>	<b><u>565,579</u></b>	<b><u>166,046</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>731,625</u></b>
<b>FUND BALANCES</b>						
Nonspendable	9,156	-	-	-	-	9,156
Restricted	-	-	-	294,423	-	294,423
Committed	675,000	-	-	-	208,369	883,369
Assigned	-	-	376,988	-	-	376,988
Unassigned	3,918,566	-	-	-	-	3,918,566
<b>TOTAL FUND BALANCES</b>	<b><u>4,602,722</u></b>	<b><u>-</u></b>	<b><u>376,988</u></b>	<b><u>294,423</u></b>	<b><u>208,369</u></b>	<b><u>5,482,502</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 8,619,344</u></b>	<b><u>\$ 980,822</u></b>	<b><u>\$ 586,195</u></b>	<b><u>\$ 415,549</u></b>	<b><u>\$ 208,369</u></b>	<b><u>\$ 10,810,279</u></b>

See accompanying independent auditor's report and notes to financial statements.

## HARTFORD SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022

	Total Governmental Funds
Total Fund Balances	\$ 5,482,502
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	23,447,328
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	72,986
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(12,373,590)
Accrued compensated absences	(131,045)
Net OPEB liability	(600,854)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(1,018)
Net position of governmental activities	\$ 15,896,309

See accompanying independent auditor's report and notes to financial statements.

## HARTFORD SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	State and Federal Grants Fund	Local Funds	Capital Projects Fund	Reserve Fund	Total Governmental Funds
<b>REVENUES</b>						
Intergovernmental revenues	\$ 28,423,210	\$ 2,452,210	\$ -	\$ -	\$ -	\$ 30,875,420
Charges for services	2,318,140	-	-	-	-	2,318,140
Interest income	13,954	-	-	1,070	542	15,566
State on-behalf payments	3,106,804	-	-	-	-	3,106,804
Miscellaneous	685,924	-	147,079	-	-	833,003
<b>TOTAL REVENUES</b>	<b>34,548,032</b>	<b>2,452,210</b>	<b>147,079</b>	<b>1,070</b>	<b>542</b>	<b>37,148,933</b>
<b>EXPENDITURES</b>						
Current:						
Instructional program	18,619,162	-	-	-	-	18,619,162
Instructional support	4,125,303	-	-	-	-	4,125,303
Administration/other support	2,671,967	-	-	-	-	2,671,967
Operations and maintenance	2,819,641	-	-	-	-	2,819,641
Transportation	927,224	-	-	-	-	927,224
Food service	847,988	-	-	-	-	847,988
State on-behalf payments	3,106,804	-	-	-	-	3,106,804
Program expenses	-	2,452,210	145,949	-	6,500	2,604,659
Debt service:						
Principal	991,557	-	-	-	-	991,557
Interest	402,020	-	-	-	-	402,020
<b>TOTAL EXPENDITURES</b>	<b>34,511,666</b>	<b>2,452,210</b>	<b>145,949</b>	<b>-</b>	<b>6,500</b>	<b>37,116,325</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>36,366</b>	<b>-</b>	<b>1,130</b>	<b>1,070</b>	<b>(5,958)</b>	<b>32,608</b>
<b>FUND BALANCES - JULY 1, RESTATED</b>	<b>4,566,356</b>	<b>-</b>	<b>375,858</b>	<b>293,353</b>	<b>214,327</b>	<b>5,449,894</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 4,602,722</b>	<b>\$ -</b>	<b>\$ 376,988</b>	<b>\$ 294,423</b>	<b>\$ 208,369</b>	<b>\$ 5,482,502</b>

See accompanying independent auditor's report and notes to financial statements.

## HARTFORD SCHOOL DISTRICT

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, 2022

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 32,608</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	452,841
Depreciation expense	<u>(1,429,773)</u>
	<u>(976,932)</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>12,172</u>
<p>Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position</p>	
	<u>988,704</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>16,592</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>	
Accrued compensated absences	91,533
Net OPEB liability	<u>64,268</u>
	<u>155,801</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 228,945</u></u>

See accompanying independent auditor's report and notes to financial statements.

## HARTFORD SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2022

	Enterprise Funds		
	Vocational Fund	Collaborative Funds	Total
<b>ASSETS</b>			
Current assets:			
Accounts receivable (net of allowance for uncollectibles)	\$ 1,319	\$ 551,336	\$ 552,655
Inventory	636,781	-	636,781
Due from other funds	1,769,207	-	1,769,207
Total current assets	<u>2,407,307</u>	<u>551,336</u>	<u>2,958,643</u>
Noncurrent assets:			
Buildings, net of accumulated depreciation	46,130	-	46,130
Equipment, net of accumulated depreciation	5,643	-	5,643
Total noncurrent assets	<u>51,773</u>	<u>-</u>	<u>51,773</u>
<b>TOTAL ASSETS</b>	<u>2,459,080</u>	<u>551,336</u>	<u>3,010,416</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to OPEB	6,990	9,911	16,901
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>6,990</u>	<u>9,911</u>	<u>16,901</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 2,466,070</u>	<u>\$ 561,247</u>	<u>\$ 3,027,317</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ -	\$ 4,378	\$ 4,378
Accrued expenses	233,034	168,330	401,364
Interfund loan payable	-	-	-
Due to other funds	-	91,899	91,899
Total current liabilities	<u>233,034</u>	<u>264,607</u>	<u>497,641</u>
Noncurrent liabilities:			
Net OPEB liability	57,542	81,592	139,134
Total noncurrent liabilities	<u>57,542</u>	<u>81,592</u>	<u>139,134</u>
<b>TOTAL LIABILITIES</b>	<u>290,576</u>	<u>346,199</u>	<u>636,775</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue	244,868	-	244,868
Deferred inflows related to pensions	98	138	236
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>244,966</u>	<u>138</u>	<u>245,104</u>
<b>NET POSITION</b>			
Net investment in capital assets	51,773	-	51,773
Unrestricted	1,878,755	214,910	2,093,665
<b>TOTAL NET POSITION</b>	<u>1,930,528</u>	<u>214,910</u>	<u>2,145,438</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 2,466,070</u>	<u>\$ 561,247</u>	<u>\$ 3,027,317</u>

See accompanying independent auditor's report and notes to financial statements.

## STATEMENT H

## HARTFORD SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

	Enterprise Funds		
	Vocational Fund	Collaborative Funds	Total
OPERATING REVENUES			
Charges for services	\$ 2,108,749	\$ 4,314,043	\$ 6,422,792
Intergovernmental revenue	1,679,157	-	1,679,157
Miscellaneous revenue	251,752	-	251,752
TOTAL OPERATING REVENUES	<u>4,039,658</u>	<u>4,314,043</u>	<u>8,353,701</u>
OPERATING EXPENSES			
Instructional program	2,012,388	2,328,198	4,340,586
Instructional support	299,728	890,891	1,190,619
Administration/other support	614,970	247,036	862,006
Operations and maintenance	434,068	755,322	1,189,390
Transportation	38,082	68,703	106,785
Depreciation	3,417	-	3,417
TOTAL OPERATING EXPENSES	<u>3,402,653</u>	<u>4,290,150</u>	<u>7,692,803</u>
OPERATING INCOME (LOSS)	<u>637,005</u>	<u>23,893</u>	<u>660,898</u>
CHANGE IN NET POSITION	637,005	23,893	660,898
NET POSITION - JULY 1, RESTATED	<u>1,293,523</u>	<u>191,017</u>	<u>1,484,540</u>
NET POSITION - JUNE 30	<u>\$ 1,930,528</u>	<u>\$ 214,910</u>	<u>\$ 2,145,438</u>

See accompanying independent auditor's report and notes to financial statements.

## HARTFORD SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Enterprise Funds		
	Vocational Fund	Collaborative Funds	Total
			2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 2,360,501	\$ 3,863,745	\$ 6,224,246
Intergovernmental receipts	1,785,877	-	1,785,877
Interfund activity	(534,540)	350,771	(183,769)
Payments to suppliers	(3,359,486)	(4,296,550)	(7,656,035)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>252,352</u>	<u>(82,034)</u>	<u>170,318</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	-	-	-
<b>CASH AND CASH EQUIVALENTS - JULY 1</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS - JUNE 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 637,005	\$ 23,893	\$ 660,898
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	3,417	-	3,417
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	-	(402,271)	(402,271)
(Increase) decrease in due from other funds	(534,540)	258,872	(275,668)
(Increase) decrease in deferred outflows of resources	(511)	(2,564)	(3,075)
Increase (decrease) in accounts payable	-	(1,315)	(1,315)
Increase (decrease) in accrued expenses	55,324	(1,772)	53,552
Increase (decrease) in due to other funds	-	91,899	91,899
Increase (decrease) in deferred revenue	106,720	(48,027)	58,693
Increase (decrease) in deferred inflows of resources	(1,778)	(1,990)	(3,768)
Increase (decrease) in net OPEB liability	(13,285)	1,241	(12,044)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 252,352</u>	<u>\$ (82,034)</u>	<u>\$ 170,318</u>

See accompanying independent auditor's report and notes to financial statements.

## HARTFORD SCHOOL DISTRICT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2022

	<u>Private-Purpose Trust Funds</u>
	<u>Scholarship Activities</u>
ASSETS	
Cash and cash equivalents	\$ 197,018
TOTAL ASSETS	<u>\$ 197,018</u>
NET POSITION	
Restricted	<u>197,018</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 197,018</u>

See accompanying independent auditor's report and notes to financial statements.

## HARTFORD SCHOOL DISTRICT

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Private-Purpose Trust Funds <u>Scholarship Activities</u>
ADDITIONS	
Investment income	\$ 511
Total additions	<u>511</u>
DEDUCTIONS	
Distributions	<u>2,062</u>
Total deductions	<u>2,062</u>
Change in net position	(1,551)
NET POSITION - JULY 1	<u>198,569</u>
NET POSITION - JUNE 30	<u><u>\$ 197,018</u></u>

See accompanying independent auditor's report and notes to financial statements.

HARTFORD SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

Hartford School District was incorporated under the laws in the State of Vermont. The School District operates under the Board of Directors - superintendent form of government and provides the following services: instructional program, instructional support, administration/other support, operations and maintenance, transportation, food service and program expenses.

The School District'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 School District's combined financial statements include all accounts and all operations of the School District. We have determined that the School District 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, 2022, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 87 "Leases". The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all

HARTFORD SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 91 "Conduit Debt Obligations". The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 92 "Omnibus 2020." The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 93 "Replacement of Interbank Offered Rates (paragraphs 13-14)". The primary objectives of paragraphs 13-14 concern provisions of lease contracts that are amended while the contract is in effect. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 97 "Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans". The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs

HARTFORD SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management has determined the impact of this Statement is not material to the financial statements.

**Government-Wide and Fund Financial Statements**

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The School District's vocational fund and collaborative fund are categorized as business-type activities. All other activities of the School District are categorized as governmental.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column and (b) are 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 School District's net position is reported in three parts - net investment in capital assets; restricted net position and unrestricted net position. The School District 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 School District's functions and business-type activities (instructional program, instructional support, administration/other support, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (intergovernmental revenues, charges for services, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

HARTFORD SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The School District 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 School District as an entity and the change in the School District's net position resulting from the current year's activities.

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

The financial transactions of the School District 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 School District:

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 School District:

Major Funds

- a. The General Fund is the general operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The State and Federal Grants Fund is used to account for the proceeds of intergovernmental grant income that is legally restricted to expenditures for specified purposes.
- c. The Local Funds are used to account for the proceeds of non-governmental grant income that is legally restricted to expenditures for specified purposes.
- d. The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities or

HARTFORD SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

equipment. The primary revenue sources are proceeds from bond issuances.

- e. The Reserve Fund is used to account for assets restricted or committed for specific purposes, primarily future capital outlays, other than those reported elsewhere. Such resources are derived from separately voted articles at the School District's annual town meeting.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the School District:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

3. 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 School District'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 School District's fiduciary funds are presented in the fiduciary fund financial statements by type (private-purpose). 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.

HARTFORD SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Basis of Accounting**

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

1. Accrual

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

2. Modified Accrual

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

**Budget**

The School District'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.

HARTFORD SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues per budgetary basis	\$ 31,441,228
Add: On-behalf payments	3,106,804
Total GAAP basis	\$ 34,548,032
Expenditures per budgetary basis	\$ 31,404,862
Add: On-behalf payments	3,106,804
Total GAAP basis	\$ 34,511,666

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

1. The annual school budget is the planning management tool, which delineates the School District’s educational priorities and programs and forms the basis for voter review and approval of the budget according to State of Vermont Educational Act 60/Act 68 guidelines.
2. The Board budget process includes input from School District administration and staff, central administration, educational priorities for the next school year, along with public hearings, which include the School Board and general public.
3. The budget document itself is based upon the most current funding information available along with the projection of current revenues and expenditures for the next year. At the conclusion of the budget process, a final budget is approved by the School Board. The public vote on the budget is held on Town Meeting Day.

**Deposits and Investments**

The School District’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 School District’s policy to value investments at fair value. None of the School District’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 School District Treasurer is authorized by State Statutes to invest all excess funds in the following:

HARTFORD SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Hartford School District has no formal investment policy but instead follows the State of Vermont Statutes.

**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. The allowance for uncollectible amounts is estimated to be \$0 as of June 30, 2022. Accounts receivable netted with allowances for uncollectible accounts were \$4,613,503 for the year ended June 30, 2022.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**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 vocational fund consists of property and buildings that are developed by the vocational center for sale as part of its curriculum. The inventory consists of costs for infrastructure, building material and contracted labor for each site remaining to be sold.

**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".

HARTFORD SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Transactions Between Funds**

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

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more for are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the 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 capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Estimated useful lives are as follows:

Buildings	30 - 50 years
Machinery and equipment	5 - 10 years
Vehicles	7 years

**Long-term Obligations**

The accounting treatment of long-term obligations 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 obligations to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term obligations consist primarily of bonds payable, accrued compensated absences and net OPEB 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.

HARTFORD SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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) Plan and additions to/deductions from the VSTRS Plan's fiduciary net position (employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**OPEB**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the various pension and other post-employment employee benefits, primarily health and dental insurance and additions to/deductions from these plans' fiduciary net position have been determined on the same basis as they are reported by the employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the School District 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.

HARTFORD SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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 School District 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 School District. The inhabitants of the School District through School District meetings are the highest level of decision-making authority of the School District. Commitments may be established, modified or rescinded only through a School District 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 given through Vermont Statutes Annotated Title 16 §567 and 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 School District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the School District considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the School Board meeting vote has provided otherwise in its commitment or assignment actions.

HARTFORD SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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 School District currently has one type of this item, deferred outflows related to OPEB. 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. Deferred revenues, which is reported in both the statement of net position and government funds balance sheet qualifies for reporting in this category. Deferred inflows related to OPEB, which arises only under an accrual basis of accounting, also 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).

**Operating/Nonoperating Proprietary Fund Revenues**

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**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 School District does not utilize encumbrance accounting for its general fund at year end.

HARTFORD SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Use of Estimates**

During the preparation of the School District’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 School District’s investment policies, which follow state statutes, authorize the School District 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 School District funds.

**Deposits:**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the School District 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 School District does not have a policy covering custodial credit risk for investments. However, the School District maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF.

At June 30, 2022, the School District’s cash balance of \$6,302,317 was comprised of bank balances of \$6,956,163. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the School District’s cash and cash equivalents balance. All of these deposits were fully covered by federal depository insurance and consequently were not exposed to custodial credit risk.

Account Type	Bank Balance
Checking accounts	\$ 6,139,241
ICS	816,922
	\$ 6,956,163

HARTFORD SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

**Investments:**

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

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The School District 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.

At June 30, 2022, the School District had \$0 in investments.

Credit risk - Statutes for the State of Vermont authorize the School District 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 School District does not have an investment policy on credit risk.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2022 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 425,478	\$ 1,978,705
State and Federal Grants Fund	-	212,453
Local Grants Fund	209,206	-
Capital Projects Fund	-	121,126
Reserve Fund	292	-
Vocational Fund	1,769,207	-
Collaborative Funds	-	91,899
	\$ 2,404,183	\$ 2,404,183

The result of amounts owed between funds are considered to be in the course of normal operations by the School District. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

HARTFORD SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2022:

	Balance 7/1/21 (Restated)	Additions	Disposals	Balance 6/30/22
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 1,381,336	\$ -	\$ -	\$ 1,381,336
Construction in progress	5,531,275	89,962	(120,160)	5,501,077
	<u>6,912,611</u>	<u>89,962</u>	<u>(120,160)</u>	<u>6,882,413</u>
Depreciated assets:				
Land improvements	61,040	32,400	-	93,440
Buildings and improvements	40,619,148	392,542	-	41,011,690
Machinery and equipment	5,578,831	58,097	-	5,636,928
Vehicles	143,975	-	-	143,975
	<u>46,402,994</u>	<u>483,039</u>	<u>-</u>	<u>46,886,033</u>
Less: accumulated depreciation				
Land improvements	-	(4,069)	-	(4,069)
Buildings and improvements	(23,757,026)	(1,310,674)	-	(25,067,700)
Machinery and equipment	(5,067,967)	(100,775)	-	(5,168,742)
Vehicles	(66,352)	(14,255)	-	(80,607)
	<u>(28,891,345)</u>	<u>(1,429,773)</u>	<u>-</u>	<u>(30,321,118)</u>
Net depreciated assets	<u>17,511,649</u>	<u>(946,734)</u>	<u>-</u>	<u>16,564,915</u>
Net capital assets	<u>\$ 24,424,260</u>	<u>\$ (856,772)</u>	<u>\$ (120,160)</u>	<u>\$ 23,447,328</u>
<u>Business-type activities:</u>				
Depreciated assets:				
Buildings and improvements	\$ 52,838	\$ -	\$ -	\$ 52,838
Machinery and equipment	295,492	-	-	295,492
	<u>348,330</u>	<u>-</u>	<u>-</u>	<u>348,330</u>
Less: accumulated depreciation				
Buildings and improvements	(4,403)	(2,305)	-	(6,708)
Machinery and equipment	(288,737)	(1,112)	-	(289,849)
	<u>(293,140)</u>	<u>(3,417)</u>	<u>-</u>	<u>(296,557)</u>
Net depreciated assets	<u>55,190</u>	<u>(3,417)</u>	<u>-</u>	<u>51,773</u>
Net capital assets	<u>\$ 55,190</u>	<u>\$ (3,417)</u>	<u>\$ -</u>	<u>\$ 51,773</u>

HARTFORD SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 5 - LONG-TERM OBLIGATIONS

The following is a summary of changes in the long-term obligations for the year ended June 30, 2022:

	Balance 7/1/21	Additions	Deletions	Balance 6/30/22	Current Portion
<u>Governmental activities:</u>					
Bonds payable	\$ 13,290,960	\$ -	\$ (917,370)	\$ 12,373,590	\$ 917,370
Note from direct borrowings payable	71,334	-	(71,334)	-	-
	<u>\$ 13,362,294</u>	<u>\$ -</u>	<u>\$ (988,704)</u>	<u>\$ 12,373,590</u>	<u>\$ 917,370</u>

The following is a summary of the outstanding bonds payable and the note from direct borrowings payable for the year ended June 30, 2022:

Governmental activities

Bonds payable:

\$4,000,000, General Obligation School Construction Bond, due in principal installments of \$200,000. Interest is charged at a variable rate through November of 2032.	\$ 2,200,000
\$3,250,000, General Obligation School Construction Bond, due in principal installments of \$162,500. Interest is charged at a variable rate through November of 2032.	1,787,500
\$3,600,000, General Obligation School Construction Bond, due in principal installments of \$180,000. Interest is charged at a variable rate through November of 2033.	2,160,000
\$1,467,000, General Obligation School Construction Bond, due in principal installments of \$73,350. Interest is charged at a variable rate through November of 2036.	1,100,250
\$5,427,360, General Obligation School Construction Bond, due in principal installments of \$301,520. Interest is charged at a variable rate from 1.36% to 3.098% through November of 2037.	<u>5,125,840</u>
Total bonds payable	<u>\$ 12,373,590</u>

HARTFORD SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The following is a summary of outstanding bonds payable and the note from direct borrowings payable principal and interest requirements for the fiscal years ending June 30:

Year	Bonds payable		Total Debt Service
	Principal	Interest	
2023	\$ 917,370	\$ 377,824	\$ 1,295,194
2024	917,370	354,530	1,271,900
2025	917,370	321,194	1,238,564
2026	917,370	297,001	1,214,371
2027	917,370	270,562	1,187,932
2028-2032	4,586,850	901,348	5,488,198
2033-2037	2,596,850	266,771	2,863,621
2038-2042	603,040	18,644	621,684
	<u>\$ 12,373,590</u>	<u>\$ 2,807,874</u>	<u>\$ 15,181,464</u>

All bonds payable and notes from direct borrowings payable are direct obligations of the School District, for which its full faith and credit are pledged. The School District is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the School District.

NOTE 6 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in the other long-term obligations for the year ended June 30, 2022:

	Balance 7/1/21	Additions	Deletions	Balance 6/30/22	Current Portion
<u>Governmental activities:</u>					
Accrued compensated absences	\$ 222,578	\$ -	\$ (91,533)	\$ 131,045	\$ 19,657
Net OPEB liability	665,122	-	(64,268)	600,854	-
	<u>\$ 887,700</u>	<u>\$ -</u>	<u>\$ (155,801)</u>	<u>\$ 731,899</u>	<u>\$ 19,657</u>
<u>Business-type activities:</u>					
Net OPEB liability	\$ 168,792	\$ -	\$ (29,658)	\$ 139,134	\$ -

Please see Notes 7 and 15 for detailed information on each of the other long-term obligations.

HARTFORD SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 7 - COMPENSATED ABSENCES

The School District's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation and sick time. The liability for compensated absences is recorded as a long-term obligation in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2022, the School District's liability for compensated absences is \$131,045.

NOTE 8 - OVERSPENT APPROPRIATIONS

The School District was noncompliant with the legally adopted budget, overspending the entire allowed appropriation of \$31,325,885 by \$78,977 at June 30, 2022.

NOTE 9 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the School District at June 30, 2022:

	Governmental Activities	Business-type Activities
Invested in capital assets	\$ 53,768,446	\$ 348,330
Accumulated depreciation	(30,321,118)	(296,557)
Outstanding capital related debt	(12,373,590)	-
	\$ 11,073,738	\$ 51,773

NOTE 10 - RESTRICTED NET POSITION AND FUND BALANCE

At June 30, 2022, the School District had the following restricted net position and fund balance:

Capital projects fund	\$ 294,423
-----------------------	------------

NOTE 11 - NONSPENDABLE FUND BALANCE

At June 30, 2022, the School District had the following nonspendable fund balance:

General fund:	
Prepaid items	\$ 9,156

HARTFORD SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 12 - COMMITTED FUND BALANCE

At June 30, 2022, the School District had the following committed fund balance:

Reserve fund:	<u>\$ 208,369</u>
---------------	-------------------

NOTE 13 - ASSIGNED FUND BALANCE

At June 30, 2022, the School District had the following assigned fund balance:

Local funds:	
Student activity funds	<u>\$ 376,988</u>

NOTE 14 - DEFINED BENEFIT PENSION PLANS

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

**Plan Description**

All of the teachers employed by the School District 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 Union 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, 2020 (the most recent period available), the retirement system consisted of 23,436 participating members.

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

HARTFORD SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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 Annual Comprehensive Financial Report that includes financial statements and Required supplementary information for the VSTRS. That report may be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](#)

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 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:

HARTFORD SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

HARTFORD SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

**Contributions**

VSTRS is a cost-sharing public employee retirement system with one exception: all risks and costs are not shared by the School District but are the liability of the State of Vermont. VSTRS is funded through State and employee contributions and trust fund investment earnings and the School District 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 School District's employees included in the teacher's retirement plan which approximates \$3,064,072 or 19.28% of total payroll for employees covered under the plan.

Employee contribution rates by plan group follow:

<b>VSTRS</b>	<b>Group A</b>	<b>Group C – Group # 1</b>	<b>Group C – Group # 2</b>
Employee Contributions	5.5% of gross salary; contributions stop after 25 years of creditable service	5.0% 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

Employee contributions totaled \$849,689 during the year and were paid by the School District to the State of Vermont. The School District has no other liability under the plan. The School District's total payroll for all employees covered under this plan was \$16,126,695,130 for the year ended June 30, 2022. Beginning in 2016, school districts that pay for teachers with federal dollars are required to include costs of pensions in the federal grant, lowering the liability for the State. Federally funded pension costs

HARTFORD SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

reimbursed to the State by the School District for the fiscal year ending June 30, 2022 were \$134,516. The School District's total payroll for all federally funded employees covered under this plan was \$16,126,695 for the year ended June 30, 2022.

**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 School District does not contribute directly to VSTRS, no net pension liability was recorded at June 30, 2022. The State's portion of the collective net pension liability that was associated with the School District was as follows:

School's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the School District		37,701,553
Total	\$	37,701,553

The State of Vermont's proportionate share of the net pension liability associated with the School District is equal to the collective net pension liability, actuarially measured as of June 30, 2021, multiplied by the School District's proportionate share percentage. The School District's proportionate share percentage was based on its reported salaries to the total reported salaries for all participating employers. At June 30, 2021, the School District's proportion was 2.20512%, which was an increase of 0.01427% from its proportion measured as of June 30, 2020.

HARTFORD SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

For the year ended June 30, 2022, the School District recognized pension revenue of \$6,143,038 and expense of \$6,143,038 for support provided by the State of Vermont for the VSTRS plan. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	VSTRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
	-	-
Total	\$ -	\$ -

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 Plan	
Plan year ended June 30:		
2022	\$	-
2023		-
2024		-
2025		-
2026		-
Thereafter		-

HARTFORD SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

**Significant Actuarial Assumptions and Methods**

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using the actuarial assumptions outlined below.

*Investment Rate of Return:* 7.00%, net of pension plan investment expenses, including inflation

*Inflation:* 2.30%

*Salary Increases:* Ranging from 3.30% to 10.50%

Deaths After Retirement:

- *Pre-Retirement:* PubT-2010 Teacher Employee Amount-Weighted Table with generational projection using scale MP-2019
- *Retiree Healthy Post-Retirement:* PubT-2010 Teacher Healthy Retiree Amount-Weighted Table with generational projection using scale MP- 2019
- *Disabled Post-Retirement:* PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2019

The mortality rates were based on historical and current demographic data, adjusted to reflect health characteristics of the underlying groups and estimated future experience and professional judgment. The mortality tables were then adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

*Inactive Members:* Valuation liability for the VSTRS plan equals 100% of accumulated contributions. Inactive members who are vested immediately become Deferred Members and the liabilities for all Deferred Members are based on accrued benefit.

*Future Administrative Expenses:* No provisions were made; expenses of the System are paid by the State.

*Unknown Data for Participants:* For the VSTRS plan, it is the same as those exhibited by participants with similar known characteristics. If not specified, participants are assumed to be male.

HARTFORD SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

*Percent Married:* 85% of male members and 35% of female members are assumed to be married.

*Spouse's Age:* Husbands are assumed to be three years older than their wives.

*Cost-of-Living Adjustments:* Adjustments for the VSTRS plan are assumed to occur on January 1 following one year of retirement. For the VSTRS plan this occurs at the rate of 2.40% per annum for Group A members and 1.35% per annum for Group C members (beginning at age 62 for Group C members who elect reduced early retirement). The January 1, 2021 and January 1, 2022 COLAs are 0.00% and 4.60%, respectively, for Group A and 1.00% and 2.30%, respectively for Group C.

*Amortization method:* Amortization payments are calculated to fully fund unfunded actuarial accrued liability with annual increases of 3% over a closed period. The remaining amortization period is 19 years as of July 1, 2019.

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

For the VSTRS plan, the *asset valuation method* used equals the preliminary asset value plus 20% of the difference between the market and preliminary asset values. The preliminary asset value is equal to the previous year's asset value (for valuation purposes) adjusted for contributions less benefit payments and expenses and expected investment income. If necessary, a further adjustment is made to ensure that the valuation assets are within 20% of the market value.

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

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2020 are summarized in the following table:

HARTFORD SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Passive Global Equities	24.00%	5.05%
Active Global Equities	5.00%	5.05%
US Equity - Large Cap	4.00%	4.00%
US Equity - Small/Mid Cap	3.00%	4.50%
Non-US Developed Market Equities	7.00%	5.50%
Non-US Equity - Small Cap	0.00%	0.00%
Emerging Markets Debt	4.00%	3.00%
Core Bonds	19.00%	0.00%
Private and Alternative Credit	10.00%	4.75%
US TIPS	3.00%	-0.50%
Core Real Estate	4.00%	3.75%
Non-Core Real Estate	4.00%	5.75%
Private Equity	10.00%	6.75%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% for the VSTRS 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 which exceeds the actuarially determined contribution rate. 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 School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.00% for the VSTRS plan, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

HARTFORD SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>VSTRS:</u>			
Discount rate	6.00%	7.00%	8.00%
School's proportionate share of the net pension liability	\$ -	\$ -	\$ -

**Pension Plan Fiduciary Net Position**

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of the VSTRS or their participating employers. VSTRS does not issue a stand-alone financial report, but instead are included as part of the State of Vermont’s Annual Comprehensive Financial Report. That report can be viewed on the State’s Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](https://www.vermont.gov/annual-comprehensive-financial-report).

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

**Plan Description**

The School District provides supplemental pension and other postemployment employee, primarily health and dental insurance. These defined benefit plans are provided under multiple contractual agreements with various employee groups. They are in addition to the retirement plans described above and are single-employer plans. Eligibility for these benefits is generally based upon employment status, age and years of service. There are many different plans available subsidized by the State of Vermont at varying levels depending on member service, age at retirement and applicable statute at the time of retirement. School District provided benefits are set forth in collective bargaining agreements it maintains with teachers, administration and support staff.

The School District has not created trusts to hold assets and administer the plans but funds benefits on a “pay-as-you-go basis” and administers the plans internally.

HARTFORD SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2022

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Employee Covered by Benefit Terms - At June 30, 2022, The following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	30
Active members	<u>61</u>
Total	<u>91</u>

This benefit is closed to new entrants.

**OPEB Liabilities**

The School District's total OPEB liability of \$816,300,739,988 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

*Assumptions*

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	2.2%
Discount Rate	2.16%, net of investment expenses, including inflation
Healthcare Cost Trend Rate	7% for 2021, decreasing 0.4% per year to 5.4%, then grading down to an ultimate trend rate of 4%, utilizing the Society of Actuaries Getzen Medical Trend Model. The ultimate medical inflation rate is reached in 2075
Pre-retirement Mortality:	PubT-2010 Teacher Employee Headcount-Weighted Table with generational projection using scale MP-2020
Health post-retirement	PubT-2010 Teacher Healthy Retiree Headcount-Weighted Table with generational projection using scale MP-2020

The discount rate was based on a tax-exempt, high-quality municipal bond rate.

HARTFORD SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability of the School District, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16%) and one percentage point higher (2.16%) than the current discount rate (3.16%).

	1% Decrease	Discount Rate	1% Increase
Discount rate	1.16%	2.16%	3.16%
School District's proportionate share of the net OPEB liability	\$ 756,682	\$ 739,988	\$ 723,817

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability of the School District, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower and one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Trend Rates	1% Increase
School District's proportionate share of the net OPEB liability	\$ 728,518	\$ 739,988	\$ 751,912

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 79,924	\$ -
Changes of assumptions	9,963	1,254
Total	\$ 89,887	\$ 1,254

HARTFORD SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2022

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

Plan year ended June 30:		
2022	\$	23,110
2021		18,793
2022		18,843
2023		18,843
2024		9,044
Thereafter		-

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

**Plan Description**

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

The plan covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2020, the Plan consisted of 7,094 retired members or beneficiaries currently receiving benefits and 9,996 active members.

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

All assets of the Plan are held in a single trust and are available to pay OPEB benefits to all members. The Vermont State Agency of Administration issues a publicly available Annual Comprehensive Financial Report that includes financial statements and

HARTFORD SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2022

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

required supplementary information for the VSTRS. That report may be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](#).

**Benefits Provided**

VSTRS retirees and their spouses are eligible for medical, prescription drug and dental benefits on a lifetime basis if the retiree is eligible for pension benefits, as described in the Notes to Financial Statements for Defined Benefit Plan(s).

**Contributions**

Varying levels of contributions are required from retirees and spouses for medical and prescription drug coverage at the following premium subsidy rates:

	Retiree Subsidy		Spouse Subsidy*	
Retired before June 30, 2010	At least ten years of service - 80% of premium Less than ten years of service - 0% of premium		0% of premium	
Retired after June 30, 2010	10 years or more of service at June 30, 2010 - 80% of premium		Years of service at June 30, 2010 - 80% of premium if meet the following years of service at retirement requirement:	
	Less than 10 years of service at June 30, 2010:			
	Less than 15 years at retirement	0% of premium	Less than 10 years	25 years at retirement
	15-19.99 years at retirement	60% of premium	10-14.99 years	25 years at retirement
	20-24.99 years at retirement	70% of premium	15-24.99 years	10 additional years from June 30, 2010
	25 years or more at retirement	80% of premium	25-29.99 years	35 years at retirement
			30 or more years	5 additional years from June 30, 2010

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

HARTFORD SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2022

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

Retirees pay full cost of dental benefits.

**OPEB Liabilities**

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. 75 and the State is treated as a nonemployer to VSTRS. Since the School District does not contribute directly to VSTRS, no net OPEB liability was recorded at June 30, 2022. The State’s portion of the collective net OPEB liability that was associated with the School District was as follows:

School District's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the School District		28,259,934
Total	\$	28,259,934

The State of Vermont’s proportionate share of the net OPEB liability associated with the School District is equal to the collective net OPEB liability, actuarially measured as of June 30, 2021, multiplied by the School District’s proportionate share percentage. The School District’s proportionate share percentage was based on its reported salaries to the total reported salaries for all participating employers. At June 30, 2021, the School District’s proportion was 2.1545% which was an increase of 0.04095% from its proportion measured as of June 30, 2020.

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2022, the School District recognized total OPEB expense of \$1,671,075 and revenue of \$1,671,075 for support provided by the State of Vermont for the Plan. At June 30, 2022, the School District reported deferred outflows of resources related to OPEB from the following sources:

HARTFORD SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2022

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	VSTRS OPEB Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
	-	-
Total	\$ -	\$ -

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

	VSTRS OPEB Plan
Plan year ended June 30:	
2022	\$ -
2023	-
2024	-
2025	-
2026	-
Thereafter	-

**Discount Rate**

The discount rate is the single rate of return, that when applied to all projected benefit payments, results in an actuarial present value that is the sum of (1) the actuarial present value of projected benefit payments projected to be funded by plan assets using a long term rate of return and (2) the actuarial present value of projected benefit payments that are not included in (1) using a yield or index rate for 20 year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The sensitivity of net OPEB liability to changes in discount rate are as follows:

HARTFORD SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
VSTRS OPEB Plan:			
Discount rate	1.20%	2.20%	3.20%
School District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -

**Healthcare Trend Rate**

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The trend rate assumptions were developed using Segal's internal guidelines, which are established each year using data sources such as the 2021 Segal Health Trend Survey, internal client results, trends from other published surveys prepared by the S&P Dow Jones Indices, consulting firms and brokers and CPI statistics published by the Bureau of Labor Statistics. The sensitivity of net OPEB liability to changes in healthcare trend rates are as follows:

	1% Decrease	Healthcare Trend Rates	1% Increase
School District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -

**Actuarial Methods and Assumptions**

The total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2020, using the following methods and assumptions applied to all periods included in the measurement:

*Actuarial Cost Method*

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

HARTFORD SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2022

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

*Amortization*

The total OPEB liability of this Plan is amortized on a closed 30-year period. The amortization method is a level percent of payroll method. As of July 1, 2021, there are 27 years remaining on the amortization period.

*Asset Valuation Method*

The Asset Valuation Method used is market value as of the measurement date.

The long-term expected rate of return on OPEB plan investments are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation, long-term expected rates of return for each major asset class and expected inflation, as of June 30, 2021, are summarized below:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Passive Global Equities	24.00%	5.05%
Active Global Equities	5.00%	5.05%
US Equity - Large Cap	4.00%	4.00%
US Equity - Small/Mid Cap	3.00%	4.50%
Non-US Developed Market Equities	7.00%	5.50%
Emerging Markets Debt	4.00%	3.00%
Core Bonds	19.00%	0.00%
Private and Alternative Credit	10.00%	4.75%
US TIPS	3.00%	-0.50%
Core Real Estate	4.00%	3.75%
Non-Core Real Estate	4.00%	5.75%
Private Equity	10.00%	6.75%
Infrastructure/Farmland	3.00%	4.25%
	100.00%	

*Assumptions*

The actuarial assumptions used to calculate the actuarially determined contribution rates can be found in the Report on the Actuarial Valuation of Post-Retirement Benefits of the Vermont State Teachers' Retirement System Prepared as of June 30, 2016 completed by Buck Consulting. As of June 30, 2021, they are as follows:

HARTFORD SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2022

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Discount Rate	2.20%
Salary Increase Rate	Varies by age
Non-Medicare	6.700% graded to 4.50% over 10 years
Medicare	6.000% graded to 4.50% over 11 years
Retiree Contributions	Equal to health trend
Pre-retirement Mortality	PubT-2010 Teacher Employee Headcount- Weighted Table with generational projection using scale MP-2019
Post-retirement Mortality	Retirees: PubT-2010 Teacher Healthy Retiree Headcount-Weighted Table Spouses: 109% of the Pub-2010 Contingent Survivor Headcount-Weighted Table, both Retirees and Spouses with generational projection using scale MP-2019

**Changes in Net OPEB Liability**

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2021 with the following exceptions:

*Changes in Assumptions*

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period remaining was twenty-seven years as of July 1, 2021. For the fiscal year ended June 30, 2021, the discount rate was decreased from 2.21% to 2.20%.

**OPEB Plan Fiduciary Net Position**

The schedule of employer allocations and schedule of OPEB 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 VSTRS or their participating employers. VSTRS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Annual Comprehensive Financial Report. That report can be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](https://www.vermont.gov/annual-comprehensive-financial-report).

HARTFORD SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 16 - RISK MANAGEMENT

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

Based on the coverage provided by the insurance purchased, the School District is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2022. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

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

Initiative (VEHI) for medical benefits. VSBIT and VEHI are nonprofit corporations formed to provide insurance and risk management programs for Vermont School Districts and is owned by the participating School Districts. The Trusts are not licensed insurance carriers and members are not protected by the Vermont Insurance Guaranty Association.

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

To provide unemployment coverage, VSBIT has established a separate trust of funds from member contributions to pay administrative costs, unemployment claims and to provide excess reinsurance 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.

HARTFORD SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 16 - RISK MANAGEMENT (CONTINUED)

Multi-Line Intermunicipal School Program provides coverage for property; inland marine and boiler and machinery; crime; commercial general liability; automobile/garage keepers 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.

NOTE 17 - 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 School District's financial position.

The School District participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the School District'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 18 - RESTATEMENTS

The financial statements as of July 1, 2021 have been restated for three separate items.

The general fund balance was restated as of July 1, 2021 to correct for accounts receivable and accrued liabilities. The net position of the HCATC and collaborative funds have both been restated as of July 1, 2021 to correct interfund receivables.

The governmental activities beginning capital asset balances were restated to correct certain asset amounts and accumulated depreciation. The beginning balance of capital assets was restated by a net increase of \$1,343.

The resulting restatements increased governmental activities net position from \$15,680,759 to \$15,667,364, increased the general fund beginning fund balance from \$4,581,094 to \$4,566,356 and increased business-type activities net position by \$1,279,950 from \$204,590 to \$1,484,540.

## Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental 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 - Pensions
- Schedule of Changes in Net OPEB Liability
- Schedule of Changes in Net OPEB Liability and Related Ratios
- Schedule of Proportionate Share of the Net OPEB Liability
- Schedule of Contributions - OPEB
- Schedule of Proportionate Share of the Net OPEB Liability - VSTRS
- Schedule of Contributions – OPEB - VSTRS

## HARTFORD SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1, Restated	\$ 4,566,356	\$ 4,566,356	\$ 4,566,356	\$ -
Resources (Inflows):				
Intergovernmental:				
State support	23,662,685	23,662,685	23,662,685	-
Special education	3,266,000	3,266,000	3,569,518	303,518
Other	648,000	648,000	1,191,007	543,007
Charges for services	2,422,200	2,422,200	2,318,140	(104,060)
Interest income	4,000	4,000	13,954	9,954
Miscellaneous	648,000	648,000	685,924	37,924
Amounts Available for Appropriation	<u>35,217,241</u>	<u>35,217,241</u>	<u>36,007,584</u>	<u>790,343</u>
Charges to Appropriations (Outflows):				
Current:				
Instructional program	18,535,695	18,535,695	18,619,162	(83,467)
Instructional support	4,499,575	4,499,575	4,125,303	374,272
Administration/other support	2,681,262	2,681,262	2,671,967	9,295
Operations and maintenance	2,726,343	2,726,343	2,819,641	(93,298)
Transportation	886,745	886,745	927,224	(40,479)
Food service	566,865	566,865	847,988	(281,123)
Debt service:				
Principal	991,557	991,557	991,557	-
Interest	270,792	270,792	402,020	(131,228)
Transfers to other funds	167,051	167,051	-	167,051
Total Charges to Appropriations	<u>31,325,885</u>	<u>31,325,885</u>	<u>31,404,862</u>	<u>(78,977)</u>
Budgetary Fund Balance, June 30	<u>\$ 3,891,356</u>	<u>\$ 3,891,356</u>	<u>\$ 4,602,722</u>	<u>\$ 711,366</u>
Utilization of committed fund balance	<u>\$ 675,000</u>	<u>\$ 675,000</u>	<u>\$ -</u>	<u>\$ (675,000)</u>

See accompanying independent auditor's report and notes to financial statements.

HARTFORD SCHOOL DISTRICT

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

	2022	2021	2020	2019	2018	2017	2016	2015
<u>VSTRS:</u>								
Proportion of the net pension liability	2.22%	2.21%	2.22%	2.24%	2.23%	2.28%	2.19%	2.23%
School's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School	<u>37,701,553</u>	<u>\$ 43,024,798</u>	<u>\$ 34,636,290</u>	<u>\$ 33,843,412</u>	<u>\$ 33,102,702</u>	<u>\$ 29,859,860</u>	<u>\$ 26,034,221</u>	<u>\$ 21,407,501</u>
Total	<u>\$ 37,701,553</u>	<u>\$ 43,024,798</u>	<u>\$ 34,636,290</u>	<u>\$ 33,843,412</u>	<u>\$ 33,102,702</u>	<u>\$ 29,859,860</u>	<u>\$ 26,034,221</u>	<u>\$ 21,407,501</u>
Covered payroll	\$ 16,126,695	\$ 15,770,842	\$ 15,250,144	\$ 15,144,796	\$ 14,756,056	\$ 14,771,137	\$ 12,237,203	\$ 12,661,224
Proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	58.83%	50.00%	54.96%	54.81%	53.98%	55.31%	58.22%	64.02%

\* 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 auditor's report and notes to financial statements.

HARTFORD SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - PENSIONS  
LAST 10 FISCAL YEARS\*

	2022	2021	2020	2019	2018	2017	2016	2015
<u>VSTRS:</u>								
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>							
Covered payroll	\$ 16,114,130	\$ 16,126,695	\$ 15,770,842	\$ 15,250,144	\$ 15,144,796	\$ 14,756,056	\$ 14,771,137	\$ 12,237,203
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

\* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

## HARTFORD SCHOOL DISTRICT

SCHEDULE OF CHANGES IN NET OPEB LIABILITY  
LAST 10 FISCAL YEARS\*

	Increase (Decrease)		
	Net OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at 7/1/21 (Reporting June 30, 2021)	\$ 816,300	\$ -	\$ 816,300
Changes for the year:			
Service cost	20,251	-	20,251
Interest	16,102	-	16,102
Changes of benefits	-	-	-
Differences between expected and actual experience	97,301	-	97,301
Changes of assumptions	5,958	-	5,958
Contributions - employer	-	215,924	(215,924)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(215,924)	(215,924)	-
Administrative expense	-	-	-
Net changes	(76,312)	-	(76,312)
Balances at 6/30/22 (Reporting June 30, 2022)	<u>\$ 739,988</u>	<u>\$ -</u>	<u>\$ 739,988</u>

See accompanying independent auditor's report and notes to financial statements.

## HARTFORD SCHOOL DISTRICT

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
LAST 10 FISCAL YEARS\*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Total OPEB liability</u>					
Service cost (BOY)	\$ 20,251	\$ 16,468	\$ 19,066	\$ 18,421	\$ 17,784
Interest (includes interest on service cost)	16,102	29,592	37,144	37,504	35,935
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	97,301	-	(80,163)	-	216,859
Changes of assumptions	5,958	23,612	77,025	(5,985)	(9,427)
Benefit payments, including refunds of member contributions	(215,924)	(164,777)	(164,777)	(148,865)	(142,876)
Net change in total OPEB liability	<u>\$ (76,312)</u>	<u>\$ (95,105)</u>	<u>\$ (111,705)</u>	<u>\$ (98,925)</u>	<u>\$ 118,275</u>
Total OPEB liability - beginning	\$ 816,300	\$ 911,405	\$ 1,023,110	\$ 1,122,035	\$ 1,003,760
Total OPEB liability - ending	<u>\$ 739,988</u>	<u>\$ 816,300</u>	<u>\$ 911,405</u>	<u>\$ 1,023,110</u>	<u>\$ 1,122,035</u>
<u>Plan fiduciary net position</u>					
Contributions - employer	215,924	164,777	164,777	148,865	142,876
Contributions - member	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	(215,924)	(164,777)	(164,777)	(148,865)	(142,876)
Administrative expense	-	-	-	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 739,988</u>	<u>\$ 816,300</u>	<u>\$ 911,405</u>	<u>\$ 1,023,110</u>	<u>\$ 1,003,760</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-	-	-
Covered payroll	\$ 3,340,167	\$ 15,803,120	\$ 15,803,120	\$ 16,780,768	\$ 14,807,919
Net OPEB liability as a percentage of covered payroll	22.15%	5.17%	5.77%	6.10%	6.78%

\* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

HARTFORD SCHOOL DISTRICT  
 SCHEDULE OF CONTRIBUTIONS - OPEB  
 LAST 10 FISCAL YEARS\*

	2022	2021	2020	2019	2018
Employer contributions	\$ 215,924	\$ 164,777	\$ 164,777	\$ 148,865	\$ 142,876
Benefit payments	(215,924)	(164,777)	(164,777)	(148,865)	(142,876)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,340,167	\$ 15,803,120	\$ 15,803,120	\$ 16,780,768	\$ 14,807,919
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

\* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

HARTFORD SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - VSTRS  
LAST 10 FISCAL YEARS\*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>VSTRS OPEB Plan:</u>						
Proportion of the net OPEB liability	2.22%	2.17%	2.18%	0.00%	0.00%	0.00%
School District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the School District	<u>28,259,934</u>	<u>27,385,617</u>	<u>22,709,048</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 28,259,934</u>	<u>\$ 27,385,617</u>	<u>\$ 22,709,048</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 16,126,695	\$ 15,770,842	\$ 15,250,144	\$ -	\$ -	\$ -
Proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.13%	0.69%	0.03%	-2.85%	-2.94%	0.00%

\* 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 auditor's report and notes to financial statements.

HARTFORD SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - OPEB - VSTRS  
LAST 10 FISCAL YEARS\*

	2022	2021	2020	2019	2018	2017
<u>VSTRS OPEB Plan:</u>						
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 16,114,130	\$ 16,126,695	\$ 15,770,842	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

\* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

HARTFORD SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2022

**Changes of Assumptions**

VSTRS Pension Plan:

There have been no changes in actuarial assumptions since the last measurement date.

Single-employer OPEB Plan:

The discount rate changed from 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021. In addition, the inflation rate and healthcare trend rates were updated.

VSTRS OPEB Plan:

The discount rate was decreased from 2.21% to 2.20%.

The per capita valuation-year claims and retiree contribution rates were updated.

Future male retirees were assumed to be two years older than their spouses, decreased from three years.

## Supplementary Information

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

- Budgetary Comparison Schedule - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Schedule of Income and Expenses by Program - Enterprise Funds - Collaborative Funds
- Combining Statement of Net Position - Fiduciary Funds - Custodial Funds

## HARTFORD SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND REVENUES  
 FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Intergovernmental revenues:				
State Education Spending Grant	\$ 23,662,685	\$ 23,662,685	\$ 23,662,685	\$ -
Transportation Aid	316,000	316,000	316,779	779
Mainstream Block Grant	542,000	542,000	542,696	696
General SPED Reimbursement	86,000	86,000	-	(86,000)
Extraordinary Reimbursement	26,000	26,000	526,431	500,431
Intensive Reimbursement	2,500,000	2,500,000	2,388,158	(111,842)
Erate	-	-	24,929	24,929
Essential Early Education	112,000	112,000	112,233	233
Food Service	314,000	314,000	12,504	(301,496)
Other	18,000	18,000	836,795	818,795
Charges for services:				
Tuition	2,230,200	2,230,200	2,302,264	72,064
Food Service	182,000	182,000	1,800	(180,200)
Other	10,000	10,000	14,076	4,076
Interest Income	4,000	4,000	13,954	9,954
Miscellaneous:				
Rental Income	633,000	633,000	633,595	595
Other Receipts	15,000	15,000	52,329	37,329
Amounts Available for Appropriation	<u>\$ 30,650,885</u>	<u>\$ 30,650,885</u>	<u>\$ 31,441,228</u>	<u>\$ 790,343</u>

See accompanying independent auditor's report and notes to financial statements.

## SCHEDULE B

## HARTFORD SCHOOL DISTRICT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Instructional program:				
Regular education	\$ 12,944,495	\$ 12,944,495	\$ 13,206,321	\$ (261,826)
Special education	4,761,186	4,761,186	4,593,380	167,806
Athletics	744,398	744,398	751,635	(7,237)
Co-curricular	85,616	85,616	67,826	17,790
	<u>18,535,695</u>	<u>18,535,695</u>	<u>18,619,162</u>	<u>(83,467)</u>
Instructional support:				
Guidance	1,119,376	1,119,376	1,007,406	111,970
School nurse	527,683	527,683	455,587	72,096
COVID salaries - nurse	-	-	24,124	(24,124)
Psychological services	487,069	487,069	586,901	(99,832)
Speech and language	462,876	462,876	411,218	51,658
Occupational therapy	246,331	246,331	217,097	29,234
Physical therapy	126,456	126,456	89,967	36,489
Curriculum development	374,318	374,318	355,376	18,942
Library	451,587	451,587	376,997	74,590
Technology	703,879	703,879	600,630	103,249
	<u>4,499,575</u>	<u>4,499,575</u>	<u>4,125,303</u>	<u>374,272</u>
Administration/Other support:				
School Board	108,683	108,683	80,813	27,870
Superintendent's office	525,426	525,426	511,636	13,790
Principals	1,290,157	1,290,157	1,208,160	81,997
Special education support	180,180	180,180	175,505	4,675
Fiscal services	576,816	576,816	576,764	52
Prior year expenses	-	-	119,089	(119,089)
	<u>2,681,262</u>	<u>2,681,262</u>	<u>2,671,967</u>	<u>9,295</u>
Operations and maintenance	<u>2,726,343</u>	<u>2,726,343</u>	<u>2,819,641</u>	<u>(93,298)</u>
Transportation	<u>886,745</u>	<u>886,745</u>	<u>927,224</u>	<u>(40,479)</u>
Food service	<u>566,865</u>	<u>566,865</u>	<u>847,988</u>	<u>(281,123)</u>
Debt service:				
Principal	991,557	991,557	991,557	-
Interest	270,792	270,792	402,020	(131,228)
	<u>1,262,349</u>	<u>1,262,349</u>	<u>1,393,577</u>	<u>(131,228)</u>
Transfers to other funds	<u>167,051</u>	<u>167,051</u>	<u>-</u>	<u>167,051</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 31,325,885</u>	<u>\$ 31,325,885</u>	<u>\$ 31,404,862</u>	<u>\$ (78,977)</u>

See accompanying independent auditor's report and notes to financial statements.

HARTFORD SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES AND EXPENSES BY PROGRAM  
 ENTERPRISE FUNDS - COLLABORATIVE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

	HARP		RRC		RAP		Project Search		Total	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
OPERATING REVENUES										
Charges for services	\$ 1,354,592	\$ 1,476,011	\$ 1,357,384	\$ 1,250,608	\$ 1,485,263	\$ 1,506,676	\$ 146,412	\$ 80,748	\$ 4,343,651	\$ 4,314,043
TOTAL OPERATING REVENUES	1,354,592	1,476,011	1,357,384	1,250,608	1,485,263	1,506,676	146,412	80,748	4,343,651	4,314,043
OPERATING EXPENSES										
Instructional program	881,907	827,830	830,657	682,294	726,166	737,326	92,120	80,748	2,530,850	2,328,198
Instructional support	204,536	226,148	313,176	303,063	399,009	361,680	3,125	-	919,846	890,891
Administration/other support	58,787	127,946	83,120	83,120	35,970	35,970	51,167	-	229,044	247,036
Operations and maintenance	204,362	279,377	114,431	114,795	310,118	361,150	-	-	628,911	755,322
Transportation	5,000	4,633	16,000	57,811	14,000	6,259	-	-	35,000	68,703
TOTAL OPERATING EXPENSES	1,354,592	1,465,934	1,357,384	1,241,083	1,485,263	1,502,385	146,412	80,748	4,343,651	4,290,150
OPERATING INCOME (LOSS)	-	10,077	-	9,525	-	4,291	-	-	-	23,893

See accompanying independent auditor's report and notes to financial statements.

## Federal Compliance

Federal compliance includes financial information and reports that are required in accordance with *Government Auditing Standards* and/or the Uniform Guidance in accordance with 2 CFR § 515. Such financial information and reports include:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Independent Auditor's Report on Compliance or Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

HARTFORD SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor Pass-through Grantor Program/Cluster Title	Federal AL Number	Pass-through Grantor Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Agriculture				
Passed through State of Vermont - Agency of Education:				
Child Nutrition Cluster:				
National School Lunch Program (NSLP)	10.555	4450T0932200	\$ 590,040	-
Fresh Fruits and Vegetables Program	10.582	4449T0932900	6,021	-
Subtotal Child Nutrition Cluster			<u>596,061</u>	<u>-</u>
Forest Service Schools and Roads Cluster				
Schools and Roads-Grants to States	10.665	01260-202216	167	-
Subtotal Forest Service Schools and Roads Cluster			<u>167</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>596,228</u>	<u>-</u>
U.S. Department of Education				
Passed through State of Vermont - Agency of Education:				
Special Education Cluster (IDEA):				
Special Education - Grants to States (IDEA, Part B)	84.027	4226T0932901	362,203	-
Special Education - Grants to States (IDEA, Part B)	84.027	4226T0932901	16,739	-
Special Education - Grants to States (IDEA, Part B)	84.027	4226T0932901	69,144	-
Special Education - Grants to States (IDEA, Part B)	84.027	4226T0932901	100,203	-
Special Education - Preschool Grants (IDEA Preschool)	84.173	4228T0932201	15,447	-
Subtotal Special Education Cluster (IDEA)			<u>563,736</u>	<u>-</u>

HARTFORD SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor Pass-through Grantor Program/Cluster Title	Federal AL Number	Pass-through Grantor Number	Federal Expenditures	Expenditures to Subrecipients
Title I Grants to Local Educational Agencies	84.010	4250T0932201	<u>371,301</u>	<u>-</u>
Career and Technical Education - Basic Grants to States	84.048	4318T0932901	<u>138,118</u>	<u>-</u>
Supporting Effective Instruction State Grant	84.367	4651T0932901	<u>164,762</u>	<u>-</u>
Student Support and Academic Enrichment Program	84.424	4570T0932901	<u>34,584</u>	<u>-</u>
Education Stabilization Fund	84.425D	4597T0932101	<u>746,131</u>	<u>-</u>
Passed through State of New Hampshire - Department of Education:				
Career and Technical Education - Basic Grants to States	84.048	N/A	<u>97,678</u>	<u>-</u>
Total U.S. Department of Education			<u>2,116,310</u>	<u>-</u>
U.S. Department of Health and Human Services Passed through State of Vermont - Agency of Education:				
Child Care and Development Block Grant	93.575	ARPA0923-0925	<u>841</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>841</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 2,713,379</u>	<u>\$ -</u>

## HARTFORD SCHOOL DISTRICT

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2022

#### 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Hartford School District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Hartford School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the Hartford School District.

#### 2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The U.S. Department of Education (USED) has delegated to the State of Vermont Agency of Education the authority to issue indirect cost rates to all Local Education Agencies (LEAs) based on a plan approved by the USED. Therefore, the Hartford School District does not use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

#### 3. Noncash Awards

The Hartford School District reports U.S. Department of Agriculture (USDA) Foods consumed on the Schedule at the fair value [or entitlement value]. The State of Vermont allocated USDA Foods to the respective program(s) that benefitted from the use of those USDA Foods.



*Proven Expertise & Integrity*

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

School Board  
Hartford School District  
White River Junction, 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, business-type activities and each major fund of the Hartford School District as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Hartford School District's basic financial statements and have issued our report thereon dated December 21, 2022.

Internal Control Over Financial Reporting

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

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

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

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hartford School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Hartford School District in a separate letter dated October 25, 2022.

#### 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  
December 21, 2022



*Proven Expertise & Integrity*

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE REQUIRED BY THE UNIFORM GUIDANCE

School Board  
Hartford School District  
White River Junction, Vermont

Report on Compliance for Each Major Federal Program

We have audited Hartford School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Hartford School District's major federal programs for the year ended June 30, 2022. Hartford School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations and the terms and conditions of its federal awards applicable to each of its major federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Hartford School District's major federal programs based on our audit of the type of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hartford School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Hartford School District's compliance.

### Opinion on Each Major Federal Program

In our opinion, Hartford School District, complied in all material respects, with the type of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

### Report on Internal Control Over Compliance

Management of Hartford School District is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Hartford School District internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hartford School District's internal control over compliance.

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

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

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

*RHR Smith & Company*

Buxton, Maine  
Vermont Registration No. 092.0000697  
December 21, 2022

HARTFORD SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no
- Noncompliance material to financial statements noted? yes no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no

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

Any audit findings disclosed that are required to be reported  
In accordance with § 200.516 of Uniform Guidance? yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425D	Education Stabilization Fund

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

Auditee qualified as low-risk auditee? yes no

**Section II - Financial Statement Findings**

None

**Section III - Federal Awards Findings and Questioned Costs**

None