

**CHAMPLAIN ISLANDS UNIFIED  
UNION SCHOOL DISTRICT**

**AUDIT REPORT**

**JUNE 30, 2021**

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UNION SCHOOL DISTRICT  
AUDIT REPORT  
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## Independent Auditor's Report

Board of School Directors  
Champlain Islands Unified  
Union School District  
c/o Grand Isle Supervisory Union  
P.O. Box 54  
Grand Isle, VT 05458-0054

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Champlain Islands Unified Union School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Champlain Islands Unified Union School District's basic financial statements as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Champlain Islands Unified Union School District as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Change in Accounting Principles***

As described in Note I.G. to the financial statements, effective June 30, 2021, the School District implemented GASB Statement No. 84, "Fiduciary Activities".

#### ***Required Supplementary Information***

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information for the General Fund in Schedule 1 and the Schedule of Proportionate Share of the Net Pension Liability in Schedule 2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Champlain Islands Unified Union School District's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### ***Other Reporting Required by "Government Auditing Standards"***

In accordance with "Government Auditing Standards", we have also issued our report dated May 2, 2023 on our consideration of the Champlain Islands Unified Union School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the Champlain Islands Unified Union School District's internal control over financial reporting and compliance.

*Sullivan, Powers & Co.*

May 2, 2023  
Montpelier, Vermont  
VT Lic. #92-000180

CHAMPLAIN ISLANDS UNIFIED  
UNION SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2021

	Governmental Activities
<u>ASSETS</u>	
Cash	\$ 1,771,443
Receivables	310,692
Capital Assets:	
Land	130,530
Capital Assets, (Net of Accumulated Depreciation)	1,687,455
Total Assets	3,900,120
<u>LIABILITIES</u>	
Accounts Payable	256,827
Accrued Payroll and Benefits Payable	103,060
Due to the State of Vermont	436,700
Due to the Supervisory Union	15,425
Due to Private-Purpose Trust Funds	1,841
Noncurrent Liabilities:	
Due within One Year	16,500
Due in More than One Year	54,513
Total Liabilities	884,866
<u>NET POSITION</u>	
Investment in Capital Assets	1,817,985
Restricted	51,532
Unrestricted	1,145,737
Total Net Position	\$ 3,015,254

The accompanying notes are an integral part of this financial statement.

CHAMPLAIN ISLANDS UNIFIED  
UNION SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
Functions/Programs:				
Primary Government:				
Governmental Activities:				
Education	\$ 8,200,869	\$ 73,900	\$ 8,314,819	\$ 187,850
Food Service	160,183	514	190,560	30,891
Total Governmental Activities	8,361,052	74,414	8,505,379	218,741
Total Primary Government	\$ 8,361,052	\$ 74,414	\$ 8,505,379	218,741
General Revenues:				
Unrestricted Interest Income				1,080
Other				15,787
Total General Revenues				16,867
Change in Net Position				235,608
Net Position - July 1, 2020, As Restated				2,779,646
Net Position - June 30, 2021				\$ 3,015,254

The accompanying notes are an integral part of this financial statement.



CHAMPLAIN ISLANDS UNIFIED  
UNION SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

	General Fund	Food Service Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash	\$ 1,739,370	\$ 0	\$ 32,073	\$ 1,771,443
Receivables	310,692	0	0	310,692
Due from Other Funds	0	49,113	123,703	172,816
Total Assets	\$ 2,050,062	\$ 49,113	\$ 155,776	\$ 2,254,951
<u>LIABILITIES</u>				
Accounts Payable	\$ 228,385	\$ 28,442	\$ 0	\$ 256,827
Accrued Payroll and Benefits Payable	103,060	0	0	103,060
Due to the State of Vermont	436,700	0	0	436,700
Due to the Supervisory Union	15,425	0	0	15,425
Due to Other Funds	166,342	0	8,315	174,657
Total Liabilities	949,912	28,442	8,315	986,669
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Grants	3,217	0	0	3,217
Total Deferred Inflows of Resources	3,217	0	0	3,217
<u>FUND BALANCES</u>				
Restricted	0	0	51,532	51,532
Committed	0	0	100,000	100,000
Assigned	0	20,671	0	20,671
Unassigned/(Deficit)	1,096,933	0	(4,071)	1,092,862
Total Fund Balances	1,096,933	20,671	147,461	1,265,065
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,050,062	\$ 49,113	\$ 155,776	
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.				1,817,985
Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds.				3,217
Long Term and Accrued Liabilities are not Due or Payable in the Current Period and, therefore, are Not Reported in the Funds.				(71,013)
Net Position of Governmental Activities				\$ 3,015,254

The accompanying notes are an integral part of this financial statement.

CHAMPLAIN ISLANDS UNIFIED  
UNION SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Food Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
General State Support Grants	\$ 7,408,212	\$ 0	\$ 0	\$ 7,408,212
Other State/Federal Revenue	973,077	337,086	60,159	1,370,322
Rental Income	73,900	0	0	73,900
Investment Income	1,071	0	9	1,080
Other Income	8,487	0	7,300	15,787
Food Service	0	20,428	0	20,428
Intergovernmental Pension Contribution	288,757	0	0	288,757
<b>Total Revenues</b>	<b>8,753,504</b>	<b>357,514</b>	<b>67,468</b>	<b>9,178,486</b>
Expenditures:				
Instructional	4,771,472	0	0	4,771,472
SWP	95,201	0	0	95,201
Universal Access Pre-Kindergarten	137,120	0	0	137,120
Special Education	419,137	0	0	419,137
Student Body Activities	7,372	0	1,422	8,794
Guidance Services	76,361	0	0	76,361
Health Services	191,420	0	0	191,420
Library Services	76,581	0	0	76,581
Board of Education	39,114	0	0	39,114
Administrative Services	636,987	0	0	636,987
Principal Services	391,290	0	0	391,290
Special Education Coordination	657,428	0	0	657,428
Operation/Maintenance of Plant	392,947	0	0	392,947
Transportation Services	259,312	0	0	259,312
Food Service	1,860	156,737	0	158,597
Grant Expenses	0	0	17,681	17,681
Capital Outlay	0	15,264	0	15,264
<b>Total Expenditures</b>	<b>8,153,602</b>	<b>172,001</b>	<b>19,103</b>	<b>8,344,706</b>
<b>Excess of Revenues Over Expenditures</b>	<b>599,902</b>	<b>185,513</b>	<b>48,365</b>	<b>833,780</b>
Other Financing Sources/(Uses):				
Transfers In	0	40,000	0	40,000
Transfers Out	(40,000)	0	0	(40,000)
<b>Total Other Financing Sources/(Uses)</b>	<b>(40,000)</b>	<b>40,000</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>559,902</b>	<b>225,513</b>	<b>48,365</b>	<b>833,780</b>
<b>Fund Balances/(Deficit) - July 1, 2020, As Restated</b>	<b>537,031</b>	<b>(204,842)</b>	<b>99,096</b>	<b>431,285</b>
<b>Fund Balances - June 30, 2021</b>	<b>\$ 1,096,933</b>	<b>\$ 20,671</b>	<b>\$ 147,461</b>	<b>\$ 1,265,065</b>

The accompanying notes are an integral part of this financial statement.

CHAMPLAIN ISLANDS UNIFIED  
 UNION 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, 2021

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total government funds (Exhibit D)	\$	833,780
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$94,382) exceeded capital outlays (\$15,264) in the current period.		(79,118)
Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(581,828)
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.		<u>62,774</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>235,608</u></u>

The accompanying notes are an integral part of this financial statement.

CHAMPLAIN ISLANDS UNIFIED  
UNION SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2021

	Private-Purpose Trust Funds
<u>ASSETS</u>	
Investments	\$ 17,303
Due from Other Funds	<u>1,841</u>
Total Assets	<u>\$ 19,144</u>
<u>LIABILITIES AND NET POSITION</u>	
Liabilities:	
Total Liabilities	<u>0</u>
Net Position:	
Restricted:	
Held in Trust for Various Purposes	<u>19,144</u>
Total Net Position	<u>19,144</u>
Total Liabilities and Net Position	<u>\$ 19,144</u>

The accompanying notes are an integral part of this financial statement.

CHAMPLAIN ISLANDS UNIFIED  
 UNION SCHOOL DISTRICT  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2021

	Private-Purpose Trust Funds
<u>ADDITIONS</u>	
Investment Income	\$ <u>39</u>
Total Additions	<u>39</u>
<u>DEDUCTIONS</u>	
Scholarships and Awards	<u>0</u>
Total Deductions	<u>0</u>
Change In Net Position	39
Net Position - July 1, 2020	<u>19,105</u>
Net Position - June 30, 2021	\$ <u><u>19,144</u></u>

The accompanying notes are an integral part of this financial statement.

CHAMPLAIN ISLANDS UNIFIED  
UNION SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

The Champlain Islands Unified Union School District, (herein the "School District") operates under a School Board/Supervisory Union form of government and provides education for elementary and high school level children. The School District began operations on July 1, 2019 when the Grand Isle School District, the Isle La Motte School District and the North Hero School District merged and transferred all their assets, liabilities and deferred outflows and inflows of resources to the School District.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted by the School District conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

**A. The Financial Reporting Entity**

This report includes all of the funds of the School District. The reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government regardless whether the organization has a separately elected governing board; a governing board appointed by a higher level of government; or a jointly appointed board. Based on these criteria, there are no other entities that should be combined with the financial statements of the School District.

**B. Basis of Presentation**

The accounts of the School District are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, liabilities, deferred inflows and outflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

CHAMPLAIN ISLANDS UNIFIED  
UNION SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

The basic financial statements of the School District include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the School District as a whole and present a longer-term view of the School District's finances. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the School District and present a shorter-term view of how operations were financed and what remains available for future spending.

**Government-wide Statements:** The statement of net position and the statement of activities display information about the primary government, the School District. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of activities between funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function or program. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the School District's funds, including fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column.

The School District reports on the following major governmental funds:

General Fund – This is the School District's primary operating fund. It accounts for all financial resources of the School District except those accounted for in another fund.

Food Service Fund – This fund accounts for the food service activities of the School District.

Additionally, the School District reports the following fund types:

Private-Purpose Trust Funds – These funds are used to report trust arrangements under which resources are to be used for the benefit of students enrolling in higher education. All investment earnings and in some cases, the principal of these funds, may be used to support these activities.

CHAMPLAIN ISLANDS UNIFIED  
UNION SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**C. Measurement Focus**

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

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

**D. 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.

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

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



CHAMPLAIN ISLANDS UNIFIED  
UNION SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

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

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

#### **E. Use of Estimates**

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity**

##### **1. Cash**

The School District considers all short-term investments of ninety (90) days or less to be cash equivalents.

##### **2. Investments**

The School District invests as allowed by State Statute. Investments with readily determinable fair values are reported at their fair values on the balance sheet. Unrealized gains and losses are included in revenue.

##### **3. Receivables**

Receivables are shown net of an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of the receivables. The estimated losses are based on the judgment of management and a review of the current status of existing receivables.

##### **4. Internal Balances**

Activity between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as "advances from/to other funds". All other outstanding balances between funds are reported as "due from/to other funds."

CHAMPLAIN ISLANDS UNIFIED  
UNION SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**5. Prepaid Expenses/Items**

Certain payments to vendors reflect costs that are applicable to future accounting periods and are recorded as prepaid expenses/items.

Reported prepaid items of governmental funds in the fund financial statements are offset by a nonspendable fund balance as these are not in spendable form.

**6. Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statements 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/expenditures) until then. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, “deferred inflows of resources”, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related or when the amounts become available.

**7. Capital Assets**

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated acquisition value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets’ lives are not capitalized.

Capital assets reported in the government-wide financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, generally using the straight-line method of calculating depreciation.

CHAMPLAIN ISLANDS UNIFIED  
 UNION SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2021

The capitalization thresholds (the dollar values above which asset acquisitions are added to the capital assets accounts) is generally \$5,000 for individual items. The estimated useful lives of capital assets are as follows:

	Estimated Service Life
Land	N/A
Land Improvements	40 Years
Buildings and Building Improvements	15-50 Years
Infrastructure	30 Years
Furniture and Equipment	5-25 Years

Capital assets are not reported in the governmental fund type financial statements. Capital outlays in these funds are recorded as expenditures in the year they are acquired.

### **8. Compensated Absences**

It is the School District’s policy to permit employees to accumulate earned but unused sick time. Upon retirement, if a teacher has served within the Supervisory Union or member districts for a minimum of five (5) years, they shall be entitled to compensation for the unused days subject to the maximum accrual of 120 days. The accrual for unused compensated absence time, based on a standard rate of \$50 per day, is recorded in the government-wide financial statements. The liability for unused compensated absences is not reported in the governmental funds. Payments for unused compensated absences are recorded as expenditures in the year they are paid.

### **9. Early Retirement Incentives**

The School District may offer early retirement incentives at the School Board’s discretion. Teachers electing to resign and receive the incentive will receive fifty percent (50%) of their contracted salary amount paid in two equal annual installments. The accrual for early retirement incentives is recorded in the government-wide financial statements. The liability for early retirement incentives is not reported in the governmental funds. Payments for early retirement incentives are recorded as expenditures in the year they are paid.

### **10. Long-term Liabilities**

Long-term liabilities include bonds and notes payable, compensated absences and early retirement incentives. Long-term liabilities are reported in the government-wide financial statements. Governmental fund type financial statements do not include any long-term liabilities as those funds use the current financial resources measurement focus and only include current liabilities on their balance sheets.

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## 11. Fund Equity

Fund equity is classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. Restrictions of net position in government-wide financial statements represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement. Fund balances of governmental funds are classified as nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors, or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the School Board's intended use of the resources); and unassigned.

### G. New Pronouncement – Fiduciary Activities

Effective June 30, 2021, the School District implemented GASB Statement No. 84, "Fiduciary Activities". GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities to enhance the consistency and comparability of fiduciary activity reporting by state and local governments.

As a result, the School District reclassified the Student Activity Fund from an Agency Fund to a Special Revenue Fund. This resulted in a restatement of its net position/fund balance from \$-0- to \$9,682 and the net position of the governmental activities from \$2,769,964 to \$2,779,646.

## II. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND AND GOVERNMENT-WIDE STATEMENTS

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

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

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

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

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**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

The School District's budget is prepared by the administration with direction from the School Board and the Grand Isle Supervisory Union. Budgets are subject to the approval of voters at an Annual School District meeting. There were no budget amendments during the year.

**B. Budgeted Deficit**

The School District elected to budget expenditures in excess of revenues by \$296,821 in the General Fund in order to utilize a portion of the fund balance. This is reflected as a current year's budgeted excess of expenditures over revenues on Schedule 1.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

Cash and investments as of June 30, 2021 consists of the following:

Cash:

Deposits with Financial Institutions	\$1,771,443
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Investments:

Certificates of Deposit	<u>17,303</u>
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Total Cash and Investments	<u>\$1,788,746</u>
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The School District has three (3) certificates of deposit at People's United Bank ranging from \$1,802 to \$11,139 with interest rates of .18%. The three (3) certificates of deposit will mature during fiscal year 2022 and 2023.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The School District does not have any policy to limit the exposure to custodial credit risk. The table below shows the custodial credit risk of the School District's cash and certificates of deposit.

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	Book Balance	Bank Balance
Insured - FDIC	\$ 299,376	\$ 299,343
Uninsured, Collateralized by U.S. Government Securities, Federal Issued Mortgage Backed Securities and/or General Obligation Vermont Municipal Notes and Bonds Held by the Bank's Trust Department with a Security Interest Granted to the School District	1,489,370	1,523,234
Total	\$ 1,788,746	\$ 1,822,577

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

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The School District does not have any policy to limit the exposure to interest rate risk. The School District does not have investments subject to interest rate risk.

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The School District does not have a policy to limit the exposure to credit risk. The School District does not have any investments subject to credit risk.

**Concentration of Credit Risk**

Concentration of credit risk is the risk that a large percentage of the School District's investments are held within one security. The School District does not have any limitations on the amount that can be invested in any one issuer. The School District does not have any investments subject to concentration of credit risk.

CHAMPLAIN ISLANDS UNIFIED  
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**B. Receivables**

The receivables as of June 30, 2021, as reported in the statement of net position, is as follows:

Due from Supervisory Union	\$290,924
Due from Other School Districts	<u>19,768</u>
Total	<u>\$310,692</u>

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 130,530	\$ 0	\$ 0	\$ 130,530
Total Capital Assets, Not Being Depreciated	<u>130,530</u>	<u>0</u>	<u>0</u>	<u>130,530</u>
Capital Assets, Being Depreciated:				
Land Improvements	15,923	0	0	15,923
Buildings	885,000	0	0	885,000
Building Improvements	3,347,503	10,384	0	3,357,887
Infrastructure	68,581	0	0	68,581
Furniture and Equipment	426,619	4,880	0	431,499
Totals	<u>4,743,626</u>	<u>15,264</u>	<u>0</u>	<u>4,758,890</u>
Less Accumulated Depreciation for:				
Land Improvements	1,737	398	0	2,135
Buildings	498,120	14,880	0	513,000
Building Improvements	2,186,892	59,053	0	2,245,945
Infrastructure	29,718	2,286	0	32,004
Furniture and Equipment	260,586	17,765	0	278,351
Totals	<u>2,977,053</u>	<u>94,382</u>	<u>0</u>	<u>3,071,435</u>
Net Capital Assets, Being Depreciated	<u>1,766,573</u>	<u>(79,118)</u>	<u>0</u>	<u>1,687,455</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,897,103</u>	<u>\$ (79,118)</u>	<u>\$ 0</u>	<u>\$ 1,817,985</u>

CHAMPLAIN ISLANDS UNIFIED  
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Depreciation was charged as follows:

Governmental Activities:

Education		\$ 92,798
Food Service		<u>1,584</u>
 Total Depreciation Expense		 <u>\$ 94,382</u>

**D. Interfund Balances and Activity**

The composition of interfund balances at June 30, 2021 is as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 166,342
Food Service Fund	49,113	0
Non-Major Governmental Funds	123,703	8,315
Private-Purpose Trust Funds	<u>1,841</u>	<u>0</u>
 Total	 <u>\$ 174,657</u>	 <u>\$ 174,657</u>

Interfund transfers during the year ended June 30, 2021 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Food Service Fund	\$ <u>40,000</u>	Fund Excess Expenses

**E. Deferred Inflows of Resources**

Deferred inflows of resources in the General Fund consists of \$3,217 of grant receivables that were not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

**F. Due to the State of Vermont**

The due to the State of Vermont as of June 30, 2021, as reported in the statement of net position is as follows:

Special Education Reimbursement	\$389,909
Small Schools Grant Overpayment	<u>46,791</u>
 Total	 <u>\$436,700</u>



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**G. Long-term Liabilities**

Compensated Absences Payable – It is the policy of the School District to permit employees to accumulate earned but unused sick benefits. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide financial statements.

Retirement Incentive – The School District’s retirement incentive is offered to any teacher who is eligible based on the Retirement Incentive Policy.

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated Absences Payable	\$ 55,288	\$	\$ 775	\$ 54,513	\$ 0
Retirement Incentive	<u>78,499</u>	<u>0</u>	<u>61,999</u>	<u>16,500</u>	<u>16,500</u>
Total Long-term Liabilities	<u>\$ 133,787</u>	<u>\$ 0</u>	<u>\$ 62,774</u>	<u>\$ 71,013</u>	<u>\$ 16,500</u>

**H. Fund Balances**

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

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

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

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

CHAMPLAIN ISLANDS UNIFIED  
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 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2021

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

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

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

Non-Major Funds:

Special Revenue Funds:

Restricted for King Fund by Donations (Source of Revenue is Donations)	\$19,168
Restricted for Art Education by Donation (Source of Revenue is Donations)	1,442
Restricted for RiseVT Grant Expenses by Grant Agreement (Source of Revenue is Grant Revenue)	18,261
Restricted for VPA/VCF Grant Expenses by Grant Agreement (Source of Revenue is Grant Revenue)	4,000
Restricted for Student Activities by Fundraising (Source of Revenue is Fundraising)	<u>8,661</u>
Total Restricted Fund Balances	<u>\$51,532</u>

The fund balance in the following fund is committed as follows:

Non-Major Fund:

Capital Projects Fund:

Committed for Capital Repairs and Replacements by the Voters	<u>\$100,000</u>
Total Committed Fund Balance	<u>\$100,000</u>

The fund balance in the following fund is assigned as follows:

Food Service Fund:

Assigned for Food Service	<u>\$20,671</u>
Total Assigned Fund Balance	<u>\$20,671</u>

The unassigned deficit of \$966 in the Afterschool Fund will be funded with a transfer from the General Fund.

The unassigned deficit of \$3,105 in the SRSA Grant Fund will be funded with the collection of grant revenues.

CHAMPLAIN ISLANDS UNIFIED  
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NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

**I. Restricted Net Position**

The restricted net position of the School District as of June 30, 2021 consisted of the following:

Governmental Activities:

Restricted for King Fund by Trust Agreement	\$19,168
Restricted for Art Education by Donation	1,442
Restricted for RiseVT Grant Fund by Grant Agreement	18,261
Restricted for VPA/VCF Fund by Grant Agreement	4,000
Restricted for Student Activities by Fundraising	<u>8,661</u>

Total Governmental Activities \$51,532

The net position held in trust for various purposes in the School District's Private-Purpose Trust Funds as of June 30, 2021 consisted of the following:

Private-Purpose Trust Funds:

Restricted for Scholarships by Donors:	
Hanson Award Fund	\$14,781
Aunt Mert Fund	<u>4,363</u>

Total Private-Purpose Trust Funds \$19,144

**V. OTHER INFORMATION**

**A. Pension Plans**

**Defined Benefit Plans**

**The Vermont State Teachers' Retirement System (VSTRS)**

**Plan Description**

The Vermont State Teachers' Retirement System (VSTRS) is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation. It covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2020, the retirement system consisted of 136 participating employers.

The plan was created in 1947, and is governed by Title 16, V.S. A. Chapter 55.

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

CHAMPLAIN ISLANDS UNIFIED  
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The Pension Plan is divided into the following membership groups:

Group A – for public school teachers employed within the State of Vermont prior to July 1, 1981 and elected to remain in Group A.

Group C – for public school teachers employed within the State of Vermont on or after July 1, 1990, or hired before July 1, 1990 and were a member of Group B at that time.

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

**Summary of System Provisions**

	<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 with 30 years of service	Age 62 or with 30 years of service	Age 65 or when the sum of age and service equals 90
Average Final Compensation (AFC)	Highest 3 consecutive years, including unused annual leave, sick leave, and bonus/incentives	Highest 3 consecutive years, excluding all payments for anything other than service actually performed	Highest 3 consecutive years, excluding all payments for anything other than service actually performed
Benefit formula - normal service retirement	1.67% x creditable service x AFC	1.25% x service prior to 6/30/90 x AFC + 1.67% x service after 7/1/90 x AFC	1.25% x service prior to 6/30/90 x AFC + 1.67% x service after 7/1/90 x AFC, 2.0% x AFC after attaining 20 years
Maximum Benefit Payable	100% of AFC	53.34% of AFC	60% of AFC
Post-Retirement COLA	Full CPI, up to a maximum of 5% after 12 months of retirement; minimum of 1%	50% CPI, up to a maximum of 5% after 12 months of retirement or with 30 years; minimum of 1%	50% CPI, up to a maximum of 5%; minimum of 1% after 12 months of normal retirement or age 65
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Early Retirement Reduction	Actuarial reduction	6% per year from age 62	Actuarial reduction
Disability Benefits	Unreduced, accrued benefit with minimum of 25% AFC	Unreduced, accrued benefit with minimum of 25% of AFC	Unreduced, accrued benefit with minimum of 25% of AFC
Death-in-Service Benefit	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently



CHAMPLAIN ISLANDS UNIFIED  
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Salary Increases: Ranging from 3.30% to 10.50%. Representative values of the assumed annual rates of future salary increase are as follows:

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

Mortality: Pre-Retirement: All Groups - PubT-2010 Teacher Employee Table with generational projection using scale MP-2019.

Healthy Post-Retirement – Retirees: All Groups - PubT-2010 Teacher Healthy Retiree Table with generational projection using scale MP-2019.

Healthy Post-Retirement – Beneficiaries: All Groups - 109% of the Pub-2010 Contingent Survivor Table with generational projection using scale MP-2019.

Disabled Post-Retirement: All Groups - PubNS-2010 Non-Safety Disabled Retiree Mortality Table with generational projection using scale MP-2019.

Inflation: 2.30%

Spouse’s Age: Females three years younger than males.

Cost of Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 2.40% per annum for Group A members and 1.35% per annum for Group C members.

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

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

CHAMPLAIN ISLANDS UNIFIED  
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Actuarial Value

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

Long-term Expected Rate of Return:

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	29.00%	7.07%
US Equity-Large Cap	4.00%	6.19%
US Equity-Small/Mid Cap	3.00%	6.93%
Non-US Equity-Large Cap	5.00%	7.01%
Non-US Equity-Small Cap	2.00%	7.66%
Emerging Markets Debt	4.00%	3.66%
Core Bond	20.00%	0.39%
Private & Alternate Credit	10.00%	6.03%
US TIPS	3.00%	(0.20)%
Core Real Estate	5.00%	4.06%
Non-Core Real Estate	3.00%	6.43%
Private Equity	10.00%	11.27%
Infrastructure/Farmland	2.00%	5.44%

Discount Rate – The discount rate used to measure the total pension liability was 7.0%. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the System’s projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectation that employers will continue to contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is comprised on an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CHAMPLAIN ISLANDS UNIFIED  
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The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.0%) or one percent higher (8.0%):

<u>1% Decrease (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
\$5,877,392	\$4,718,496	\$3,754,853

**Special Funding Situation**

The State of Vermont is the nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the School District. Therefore, the School District is considered to be in a special funding situation as defined in GASB No. 68 and the State of Vermont is treated as a nonemployer contributing entity to the VSTRS. Starting July 1, 2015, the State started assessing an annual charge for teacher's health care for all new teachers hired after that date and every year thereafter who were not previously part of the VSTRS. The total amount paid by the School District for the year ended June 30, 2021 was \$20,467. In addition, the State is assessing a 19% contribution for all teachers paid with Federal Funds. The total amount paid by the School District for the year ended June 30, 2021 was \$13,421. Since the State does not consider the School District to contribute directly to VSTRS, no net pension liability is recorded by the School District. However, the notes to the financial statements of the School District must disclose the portion of the State's share of the collective net pension liability that is associated with the School District.

**Additional Information**

Additional information regarding the State of Vermont State Teachers' Retirement System, including the details of the Fiduciary Net Position, is available upon request from the State of Vermont.

**B. 403(b) Pension Plan**

The School District offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 403(b). The plan permits all employees to voluntarily defer a portion of their salary until future years. The School District contributes five percent (5%) for some non-teaching positions. All other employees may also contribute to the plan, however, there will be no employer contributions. As of June 30, 2021, the District has eight (8) employees who had enrolled in the plan. The School District had no non-teaching employees who the School District contributes a match of five percent (5%). The School District had eight (8) employees who are making employee only deferrals. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The District has no liability for losses under the plan, but does have the duty of care that would be required of an ordinary prudent investor. All of the investments are self-directed by each employee.



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**C. 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; injuries to employees; and natural disasters. The School District maintains insurance coverage through the Vermont School Boards Insurance Trust, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the School District. Settled claims have not exceeded this coverage in any of the past three fiscal years. The School District must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and rate setting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

In addition, the School District is a member of Vermont Educational Health Initiative (VEHI). VEHI is a nonprofit corporation formed to provide health insurance and wellness programs for Vermont School Districts and is owned by the participating members. The agreement does not permit VEHI to make additional assessments to its members.

The School District is also a member of the Vermont School Boards Insurance Trust for unemployment coverage. The agreement does not permit the Trust to make additional assessments to its members.

**D. Related Parties**

The School District has an ongoing financial relationship with the Grand Isle Supervisory Union. Through the Grand Isle Supervisory Union's assessment process, the School District's assessment can be increased to cover a share of any prior year deficits and decreased to share in any prior year surpluses. Separate financial statements of the Grand Isle Supervisory Union are available from the Grand Isle Supervisory Union.

CHAMPLAIN ISLANDS UNIFIED  
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REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021

	Budget	Actual	Favorable/ (Unfavorable)
Revenues:			
Education Spending Grant	\$ 7,408,212	\$ 7,408,212	\$ 0
Other Revenues - Rentals	0	73,900	73,900
Services to Other Local Governments	83,300	0	(83,300)
SWP SU Passthroughs	72,500	170,277	97,777
Other Subgrants - SU	15,000	0	(15,000)
Small Schools Grant	142,000	140,375	(1,625)
Special Ed. Intensive	314,691	238,070	(76,621)
Special Ed. Intensive from Prior Year	0	316,287	316,287
Sup Assist Grant for Tech Center by State	0	97,403	97,403
State Tech Ctr Enrolled Stud - PY	0	10,664	10,664
Tuition Income	0	1,700	1,700
Investment Income	2,650	1,071	(1,579)
Other Income	0	6,788	6,788
	<u>8,038,353</u>	<u>8,464,747</u>	<u>426,394</u>
Total Revenues			
Expenditures:			
Instructional	4,588,987	4,482,715	106,272
Title I	18,253	0	18,253
SWP	0	95,201	(95,201)
Universal Access Pre-Kindergarten	160,875	137,120	23,755
Special Education	498,781	419,137	79,644
Essential Early Education	0	0	0
Student Body Activities	54,456	7,372	47,084
Summer School Program	1,650	0	1,650
Guidance Services	80,128	76,361	3,767
Health Services	187,110	191,420	(4,310)
Library Services	140,467	76,581	63,886
Board of Education	38,800	39,114	(314)
Administrative Services	636,987	636,987	0
Principal Services	429,383	391,290	38,093
Special Education Coordination	657,428	657,428	0
Operation/Maintenance of Plant	517,557	392,947	124,610
Transportation Services	284,312	259,312	25,000
Food Service	0	1,860	(1,860)
Food Service Transfer	40,000	40,000	0
	<u>8,335,174</u>	<u>7,904,845</u>	<u>430,329</u>
Total Expenditures			
Excess/(Deficiency) of Revenues Over Expenditures	\$ <u>(296,821)</u>	\$ <u>559,902</u>	\$ <u>856,723</u>

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CHAMPLAIN ISLANDS UNIFIED  
UNION SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
VSTRS DEFINED BENEFIT PLAN  
JUNE 30, 2021

	2021	2020
Total Plan Net Pension Liability	1,951,128,430	\$ 1,560,624,850
School District's Proportion of the Net Pension Liability	0.24183%	0.23715%
School District's Proportionate Share of the Net Pension Liability	4,718,496	\$ 3,701,214
School District's Covered Employee Payroll	1,726,178	\$ 1,621,833
Proportionate Share of the Net Pension Liability as a Percentage of Covered - Employee Payroll	273.3493%	228.2118%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	50.00%	54.96%

**Notes to Schedule**

Benefit Changes: None.

Changes in Assumptions and Methods: The following changes were effective for the June 30, 2020 valuation date:

- The investment return assumption was lowered from 7.50% to 7.00%.
- The salary increases range was changed to 3.30% - 10.50%.
- The inflation assumption was lowered from 2.50% to 2.30%.
- The mortality assumptions were updated as follows:

Pre-Retirement:

All Groups - PubT-2010 Teacher Employee Table with generational projection using scale MP-2019.

Healthy Post-Retirement - Retirees:

All Groups - PubT-2010 Teacher Healthy Retiree Table with generational projection using scale MP-2019.

Healthy Post-Retirement - Beneficiaries:

All Groups - 109% of the Pub-2010 Contingent Survivor Table with generational projection using scale MP-2019.

Disabled Retirees:

All Groups - PubNS-2010 Non-Safety Disabled Retiree Mortality Table with generational projection using scale MP-2019.

This is the second year of operation of the School District.

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CHAMPLAIN ISLANDS UNIFIED  
UNION SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021

	Special Revenue Funds	Capital Projects Fund	Total
<u>ASSETS</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Cash	\$ 32,073	\$ 0	\$ 32,073
Due from Other Funds	<u>23,703</u>	<u>100,000</u>	<u>123,703</u>
Total Assets	<u>\$ 55,776</u>	<u>\$ 100,000</u>	<u>\$ 155,776</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Due to Other Funds	\$ <u>8,315</u>	\$ <u>0</u>	\$ <u>8,315</u>
Total Liabilities	<u>8,315</u>	<u>0</u>	<u>8,315</u>
Fund Balances:			
Restricted	51,532	0	51,532
Committed	0	100,000	100,000
Unrestricted/(Deficit)	<u>(4,071)</u>	<u>0</u>	<u>(4,071)</u>
Total Fund Balances	<u>47,461</u>	<u>100,000</u>	<u>147,461</u>
Total Liabilities and Fund Balances	<u>\$ 55,776</u>	<u>\$ 100,000</u>	<u>\$ 155,776</u>

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CHAMPLAIN ISLANDS UNIFIED  
UNION SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds	Capital Projects Fund	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenues:			
Grant Income	\$ 60,159	\$ 0	\$ 60,159
Investment Income	9	0	9
Donations/Fundraising	<u>7,300</u>	<u>0</u>	<u>7,300</u>
Total Revenues	<u>67,468</u>	<u>0</u>	<u>67,468</u>
Expenditures:			
Grant Expenses	17,681	0	17,681
Student Activities	<u>1,422</u>	<u>0</u>	<u>1,422</u>
Total Expenditures	<u>19,103</u>	<u>0</u>	<u>19,103</u>
Excess of Revenues Over Expenditures	<u>48,365</u>	<u>0</u>	<u>48,365</u>
Net Change in Fund Balances	48,365	0	48,365
Fund Balances/(Deficit) - July 1, 2020, As Restated	<u>(904)</u>	<u>100,000</u>	<u>99,096</u>
Fund Balances - June 30, 2021	<u>\$ 47,461</u>	<u>\$ 100,000</u>	<u>\$ 147,461</u>

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CHAMPLAIN ISLANDS UNIFIED  
UNION SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NON-MAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2021

	Afterschool Fund	King Fund	SRSA Grant Fund	Art Education Fund	Rise VT Grant Fund	CRF-LEA Grant Fund	VPA / VCF Fund	Student Activities Fund	Total
<u>ASSETS</u>									
Cash	\$ 0	\$ 23,412	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,661	\$ 32,073
Due from Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,442</u>	<u>18,261</u>	<u>0</u>	<u>4,000</u>	<u>0</u>	<u>23,703</u>
Total Assets	<u>\$ 0</u>	<u>\$ 23,412</u>	<u>\$ 0</u>	<u>\$ 1,442</u>	<u>\$ 18,261</u>	<u>\$ 0</u>	<u>\$ 4,000</u>	<u>\$ 8,661</u>	<u>\$ 55,776</u>
<u>LIABILITIES AND FUND BALANCES</u>									
Liabilities:									
Due to Other Funds	\$ <u>966</u>	\$ <u>4,244</u>	\$ <u>3,105</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>8,315</u>
Total Liabilities	<u>966</u>	<u>4,244</u>	<u>3,105</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,315</u>
Fund Balances:									
Restricted	0	19,168	0	1,442	18,261	0	4,000	8,661	51,532
Unrestricted/(Deficit)	<u>(966)</u>	<u>0</u>	<u>(3,105)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(4,071)</u>
Total Fund Balances/(Deficit)	<u>(966)</u>	<u>19,168</u>	<u>(3,105)</u>	<u>1,442</u>	<u>18,261</u>	<u>0</u>	<u>4,000</u>	<u>8,661</u>	<u>47,461</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 0</u>	<u>\$ 23,412</u>	<u>\$ 0</u>	<u>\$ 1,442</u>	<u>\$ 18,261</u>	<u>\$ 0</u>	<u>\$ 4,000</u>	<u>\$ 8,661</u>	<u>\$ 55,776</u>

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CHAMPLAIN ISLANDS UNIFIED  
UNION SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NON-MAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Afterschool Fund	King Fund	SRSA Grant Fund	Art Education Fund	Rise VT Grant Fund	CRF-LEA Grant Fund	VPA/ VCF Fund	Student Activities Fund	Total
Revenues:									
Grant Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 60,159	\$ 0	\$ 0	\$ 60,159
Donations/Fundraising	0	2,899	0	0	0	0	4,000	401	7,300
Investment Income	<u>0</u>	<u>9</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9</u>
Total Revenues	<u>0</u>	<u>2,908</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>60,159</u>	<u>4,000</u>	<u>401</u>	<u>67,468</u>
Expenditures:									
Grant Expenses	0	0	3,105	0	0	14,576	0	0	17,681
Student Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,422</u>	<u>1,422</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>3,105</u>	<u>0</u>	<u>0</u>	<u>14,576</u>	<u>0</u>	<u>1,422</u>	<u>19,103</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>2,908</u>	<u>(3,105)</u>	<u>0</u>	<u>0</u>	<u>45,583</u>	<u>4,000</u>	<u>(1,021)</u>	<u>48,365</u>
Net Change in Fund Balances	0	2,908	(3,105)	0	0	45,583	4,000	(1,021)	48,365
Fund Balances/(Deficit) - June 30, 2020, As Restated	<u>(966)</u>	<u>16,260</u>	<u>0</u>	<u>1,442</u>	<u>18,261</u>	<u>(45,583)</u>	<u>0</u>	<u>9,682</u>	<u>(904)</u>
Fund Balances/(Deficit) - June 30, 2021	<u>\$ (966)</u>	<u>\$ 19,168</u>	<u>\$ (3,105)</u>	<u>\$ 1,442</u>	<u>\$ 18,261</u>	<u>\$ 0</u>	<u>\$ 4,000</u>	<u>\$ 8,661</u>	<u>\$ 47,461</u>

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CHAMPLAIN ISLANDS UNIFIED  
UNION SCHOOL DISTRICT  
COMBINING SCHEDULE OF FIDUCIARY NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
JUNE 30, 2021

	Hanson Award Fund	Aunt Mert Fund	Total
<u>ASSETS</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Investments	\$ 12,940	\$ 4,363	\$ 17,303
Due from Other Funds	<u>1,841</u>	<u>0</u>	<u>1,841</u>
Total Assets	<u>\$ 14,781</u>	<u>\$ 4,363</u>	<u>\$ 19,144</u>
 <u>LIABILITIES AND NET POSITION</u>			
Liabilities:	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Position:			
Restricted:			
Held in Trust for Various Purposes	<u>14,781</u>	<u>4,363</u>	<u>19,144</u>
Total Net Position	<u>14,781</u>	<u>4,363</u>	<u>19,144</u>
Total Liabilities and Net Position	<u>\$ 14,781</u>	<u>\$ 4,363</u>	<u>\$ 19,144</u>

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CHAMPLAIN ISLANDS UNIFIED  
UNION SCHOOL DISTRICT  
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Hanson Award Fund	Aunt Mert Fund	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>ADDITIONS</u>			
Investment Income	\$ <u>24</u>	\$ <u>15</u>	\$ <u>39</u>
Total Additions	<u>24</u>	<u>15</u>	<u>39</u>
<u>DEDUCTIONS</u>			
Scholarships and Awards	<u>0</u>	<u>0</u>	<u>0</u>
Total Deductions	<u>0</u>	<u>0</u>	<u>0</u>
Change in Net Position	24	15	39
Net Position - July 1, 2020	<u>14,757</u>	<u>4,348</u>	<u>19,105</u>
Net Position - June 30, 2021	\$ <u><u>14,781</u></u>	\$ <u><u>4,363</u></u>	\$ <u><u>19,144</u></u>

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# Sullivan, Powers & Co., P.C.

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VT Lic. #92-000180

## 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"

Board of School Directors  
Champlain Islands Unified  
Union School District  
c/o Grand Isle Supervisory Union  
P.O. Box 54  
Grand Isle, VT 05458-0054

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Champlain Islands Unified Union School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Champlain Islands Unified Union School District's basic financial statements, and have issued our report thereon dated May 2, 2023.

### ***Internal Control Over Financial Reporting***

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as described in the accompanying Schedule of Findings and Deficiencies in Internal Control, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 Champlain Islands Unified Union School District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Item 2021-001 to be a material weakness.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Champlain Islands Unified Union School District's financial statements are free of 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".

### ***Champlain Islands Unified Union School District's Response to Deficiencies in Internal Control***

The Champlain Islands Unified Union School District's response to the deficiencies in internal control identified in our audit is included with the accompanying Schedule of Findings and Deficiencies in Internal Control. The Champlain Islands Unified Union School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

### ***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 Champlain Islands Unified Union School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the Champlain Islands Unified Union School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Sullivan, Powers & Co.*

May 2, 2023  
Montpelier, Vermont  
VT Lic. #92-000180

CHAMPLAIN ISLANDS UNIFIED  
UNION SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL  
JUNE 30, 2021

Deficiencies in Internal Control:

Material Weakness:

2021-001 Grants Receivable/Grants Revenue/Deferred Inflows of Resources

*Criteria:*

Internal controls should be in place to ensure that the grants receivable, grants revenue and related deferred inflows of resources balances are recorded properly at year end.

*Condition:*

The grants receivable, grants revenue and related deferred inflows of resources accounts were not reconciled to the actual balances at year end which resulted in various adjustments.

*Cause:*

Unknown.

*Effect:*

The School District's grants receivable, grants revenue and related deferred inflows of resources balances were incorrect.

*Recommendation:*

We recommend that the School District reconcile the grants receivable, grants revenue and related deferred inflows of resources balances to supporting documentation at least annually in order to detect and correct errors.

## **FY21 Champlain Islands UUSD Audit Response**

### **FINDING 2021-001: Grants Receivable/Grants Revenue/Deferred Inflows of Resources**

#### *Criteria:*

Internal controls should be in place to ensure that the grants receivable, grants revenue and related deferred inflows of resources balances are recorded properly at year end.

#### *Condition:*

The grants receivable, grants revenue and related deferred inflows of resources accounts were not reconciled to the actual balances at year end which resulted in various adjustments.

#### *Cause:*

Unknown.

#### *Effect:*

The School District's grants receivable, grants revenue and related deferred inflows of resources balances were incorrect.

#### *Recommendation:*

We recommend that the School District reconcile the grants receivable, grants revenue and related deferred inflows of resources balances to supporting documentation at least annually in order to detect and correct errors.

*Management Response: Management agrees with the recommendation and will reconcile grant receivables, revenues and related deferred inflows. The Business Manager and Finance and Accounting specialist will jointly review the end of year cash flow report from the AOE to ensure that grants (i.e. small schools grant) is are properly recorded. We will continue to track revenues received from the state but will immediately contact the AOE Business office should we identify any issues with grant receivables or revenues..*