

SOUTH HERO SCHOOL DISTRICT

AUDIT REPORT

JUNE 30, 2020

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Independent Auditor's Report

Board of School Directors
South Hero 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, the business-type activities, each major fund and the aggregate remaining fund information of the South Hero School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the South Hero 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 South Hero 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 South Hero 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, the business-type activities, each major fund and the aggregate remaining fund information of the South Hero School District as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 South Hero 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 April 26, 2021 on our consideration of the South Hero 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 South Hero School District's internal control over financial reporting and compliance.

April 26, 2021
Montpelier, Vermont
VT Lic. #92-000180

Sullivan, Powers & Company

SOUTH HERO SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 239,730	\$ 0	\$ 239,730
Receivables	151,343	0	151,343
Internal Balances	(54,589)	54,589	0
Prepaid Expenses	2,325	0	2,325
Capital Assets:			
Land	39,200	0	39,200
Capital Assets, (Net of Accumulated Depreciation)	<u>741,242</u>	<u>10,216</u>	<u>751,458</u>
Total Assets	<u>1,119,251</u>	<u>64,805</u>	<u>1,184,056</u>
<u>LIABILITIES</u>			
Accounts Payable	102,926	4,017	106,943
Accrued Payroll and Benefits Payable	83,767	0	83,767
Unearned Revenue	3,414	0	3,414
Due to the State of Vermont	25,074	0	25,074
Due to the Other School Districts	8,246	0	8,246
Due to Private-Purpose Trust Funds	9,923	0	9,923
Noncurrent Liabilities:			
Due in More than One Year	<u>48,450</u>	<u>0</u>	<u>48,450</u>
Total Liabilities	<u>281,800</u>	<u>4,017</u>	<u>285,817</u>
<u>NET POSITION</u>			
Investment in Capital Assets	780,442	10,216	790,658
Restricted	3,370	0	3,370
Unrestricted	<u>53,639</u>	<u>50,572</u>	<u>104,211</u>
Total Net Position	<u>\$ 837,451</u>	<u>\$ 60,788</u>	<u>\$ 898,239</u>

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

SOUTH HERO SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

		Program Revenues		Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:						
Primary Government:						
Governmental Activities:						
Education	\$ 4,062,602	\$ 144,153	\$ 3,966,551	\$ 48,102	\$ 0	\$ 48,102
Total Governmental Activities	4,062,602	144,153	3,966,551	48,102	0	48,102
Business-type Activities:						
Food Service	84,004	17,696	54,767	0	(11,541)	(11,541)
Total Business-type Activities	84,004	17,696	54,767	0	(11,541)	(11,541)
Total Primary Government	\$ 4,146,606	\$ 161,849	\$ 4,021,318	48,102	(11,541)	36,561
General Revenues:						
Unrestricted Interest Income				3,915	0	3,915
Other				2,021	0	2,021
Transfers:				(26,219)	26,219	0
Total General Revenues and Transfers				(20,283)	26,219	5,936
Change in Net Position				27,819	14,678	42,497
Net Position - July 1, 2019				809,632	46,110	855,742
Net Position - June 30, 2020				\$ 837,451	\$ 60,788	\$ 898,239

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

SOUTH HERO SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	CRF-LEA Grant Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash	\$ 232,442	\$ 0	\$ 7,288	\$ 239,730
Receivables	151,343	0	0	151,343
Due from Other Funds	0	0	15,566	15,566
Prepaid Items	<u>2,325</u>	<u>0</u>	<u>0</u>	<u>2,325</u>
Total Assets	\$ <u>386,110</u>	\$ <u>0</u>	\$ <u>22,854</u>	\$ <u>408,964</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 101,576	\$ 0	\$ 1,350	\$ 102,926
Accrued Payroll and Benefits Payable	83,767	0	0	83,767
Unearned Revenue	0	0	3,414	3,414
Due to the State of Vermont	25,074	0	0	25,074
Due to Other School Districts	8,246	0	0	8,246
Due to Other Funds	<u>46,053</u>	<u>34,025</u>	<u>0</u>	<u>80,078</u>
Total Liabilities	<u>264,716</u>	<u>34,025</u>	<u>4,764</u>	<u>303,505</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Grants	<u>34,837</u>	<u>0</u>	<u>0</u>	<u>34,837</u>
Total Deferred Inflows of Resources	<u>34,837</u>	<u>0</u>	<u>0</u>	<u>34,837</u>
<u>FUND BALANCES</u>				
Nonspendable	2,325	0	6,000	8,325
Restricted	0	0	3,370	3,370
Committed	0	0	8,720	8,720
Unassigned/(Deficit)	<u>84,232</u>	<u>(34,025)</u>	<u>0</u>	<u>50,207</u>
Total Fund Balances/(Deficit)	<u>86,557</u>	<u>(34,025)</u>	<u>18,090</u>	<u>70,622</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>386,110</u>	\$ <u>0</u>	\$ <u>22,854</u>	

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.

780,442

Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds.

34,837

Long Term and Accrued Liabilities are not Due or Payable in the Current Period and, therefore, are Not Reported in the Funds.

(48,450)

Net Position of Governmental Activities

\$ 837,451

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

SOUTH HERO SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	CRF-LEA Grant Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Regular Instructional:				
General State Support Grants	\$ 3,504,536	\$ 0	\$ 0	\$ 3,504,536
Other State/Federal Revenue	138,320	0	25,888	164,208
Special Education Support:				
State Revenue	111,858	0	0	111,858
Tuition Income	32,984	0	0	32,984
Rental Income	111,169	0	0	111,169
Investment Income	3,896	0	19	3,915
Other Income	1,148	0	873	2,021
Intergovernmental Pension Contribution	171,294	0	0	171,294
Total Revenues	4,075,205	0	26,780	4,101,985
Expenditures:				
Instructional	2,286,505	6,285	0	2,292,790
Universal Access Pre-Kindergarten	67,192	0	0	67,192
Special Education	198,331	16,620	0	214,951
Student Body Activities	26,966	0	0	26,966
Guidance Services	74,136	0	0	74,136
Health Services	39,796	17	0	39,813
Speech Services	0	0	0	0
Library Services	92,109	0	0	92,109
Board of Education	29,664	0	0	29,664
Administrative Services	291,664	0	0	291,664
Principal Services	227,077	6,244	0	233,321
Special Education Coordination	320,533	0	0	320,533
Operation/Maintenance of Plant	216,380	0	0	216,380
Transportation Services	103,918	0	0	103,918
Food Service	595	4,859	0	5,454
Grant Expenses	0	0	5,706	5,706
Debt Service:				
Interest	(80)	0	0	(80)
Total Expenditures	3,974,786	34,025	5,706	4,014,517
Excess/(Deficiency) of Revenues Over Expenditures	100,419	(34,025)	21,074	87,468
Other Financing Sources/(Uses):				
Transfers Out	(26,219)	0	0	(26,219)
Net Change in Fund Balances	74,200	(34,025)	21,074	61,249
Fund Balances/(Deficit) - July 1, 2019	12,357	0	(2,984)	9,373
Fund Balances/(Deficit) - June 30, 2020	\$ 86,557	\$ (34,025)	\$ 18,090	\$ 70,622

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

SOUTH HERO 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, 2020

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)	\$ 61,249
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 (\$33,523) exceeded capital outlays (-0-) in the current period.	(33,523)
Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	14,655
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>(14,562)</u>
Change in net position of governmental activities (Exhibit B)	\$ <u><u>27,819</u></u>

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

SOUTH HERO SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
JUNE 30, 2020

	<u>Hot Lunch Fund</u>
<u>ASSETS</u>	
Current Assets:	
Due from Other Funds	\$ <u>54,589</u>
Total Current Assets	<u>54,589</u>
Noncurrent Assets:	
Capital Assets:	
Furniture and Equipment	57,331
Less: Accumulated Depreciation	<u>(47,115)</u>
Total Noncurrent Assets	<u>10,216</u>
Total Assets	<u>64,805</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	<u>4,017</u>
Total Liabilities	<u>4,017</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	10,216
Unrestricted	<u>50,572</u>
Total Net Position	\$ <u><u>60,788</u></u>

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

SOUTH HERO SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Hot Lunch Fund
Operating Revenues:	
Federal and State Grants - Passed Through Supervisory Union	\$ 54,767
Food Sales	<u>17,696</u>
Total Operating Revenues	<u>72,463</u>
Operating Expenses:	
Wages and Benefits	53,318
Food	28,914
Depreciation	<u>1,772</u>
Total Operating Expenses	<u>84,004</u>
Net Operating Income/(Loss)	(11,541)
Transfer from General Fund	<u>26,219</u>
Change in Net Position	14,678
Net Position - July 1, 2019	<u>46,110</u>
Net Position - June 30, 2020	\$ <u><u>60,788</u></u>

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

SOUTH HERO SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Hot Lunch Fund
Cash Flows From Operating Activities:	
Receipts from Federal and State Grants	\$ 54,767
Receipts from Food Sales	17,696
Payments for Goods and Services	(25,806)
Payments for Wages and Benefits	<u>(53,318)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(6,661)</u>
Cash Flows From Noncapital Financing Activities:	
Decrease/(Increase) in Due from Other Funds	(19,558)
Transfer from General Fund	<u>26,219</u>
Net Cash Provided by Noncapital Financing Activities	<u>6,661</u>
Cash Flows From Capital and Related Financing Activities:	<u>0</u>
Cash Flows From Investing Activities	<u>0</u>
Net Increase in Cash	0
Cash - July 1, 2019	<u>0</u>
Cash - June 30, 2020	\$ <u><u>0</u></u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:	
Net Operating Income/(Loss)	\$ (11,541)
Depreciation	1,772
Increase/(Decrease) in Accounts Payable	<u>3,108</u>
Net Cash Provided/(Used) by Operating Activities	\$ <u><u>(6,661)</u></u>

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

SOUTH HERO SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	Private-Purpose Trust Funds	Agency Fund Student Activities Fund
<u>ASSETS</u>		
Cash	\$ 91,668	\$ 34,726
Due from Other Funds	<u>9,923</u>	<u>0</u>
Total Assets	\$ <u><u>101,591</u></u>	\$ <u><u>34,726</u></u>
<u>LIABILITIES AND NET POSITION</u>		
Liabilities:		
Due to Student Organizations	\$ <u>0</u>	\$ <u>34,726</u>
Total Liabilities	<u>0</u>	<u>34,726</u>
Net Position:		
Restricted:		
Held in Trust for Various Purposes	<u>101,591</u>	<u>0</u>
Total Net Position	<u>101,591</u>	<u>0</u>
Total Liabilities and Net Position	\$ <u><u>101,591</u></u>	\$ <u><u>34,726</u></u>

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

SOUTH HERO SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Private-Purpose Trust Funds</u>
<u>ADDITIONS</u>	
Investment Income	\$ <u>75</u>
Total Additions	<u>75</u>
<u>DEDUCTIONS</u>	
Scholarships and Awards	<u>1,000</u>
Total Deductions	<u>1,000</u>
Change In Net Position	(925)
Net Position - July 1, 2019	<u>102,516</u>
Net Position - June 30, 2020	\$ <u><u>101,591</u></u>

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

SOUTH HERO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

The South Hero 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.

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.

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.

SOUTH HERO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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. These statements distinguish between the governmental and business-type activities of the School District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The only business-type activity of the School District is the Hot Lunch Fund.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the School District's governmental activities and each segment of the School District's business-type 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, proprietary, 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.

CRF-LEA Grant Fund – This fund accounts for the CRF-LEA grant activity of the School District.

The School District reports on the following major enterprise fund:

Hot Lunch Fund – This fund accounts for the food service activities of the School District.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from nonexchange transactions.

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.

SOUTH HERO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

Agency Fund – This fund accounts for resources held by the School District in a purely custodial capacity for other governments, private organizations or individuals.

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide, proprietary 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, proprietary 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.

SOUTH HERO SCHOOL DISTRICT
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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. 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. The School District has evaluated the receivables and have deemed the receivables to be collectible. Therefore, no allowance for doubtful accounts is necessary.

3. 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." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

4. Prepaid Expenses/Items

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

SOUTH HERO SCHOOL DISTRICT
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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.

5. 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.

6. 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.

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:

	<u>Estimated Service Life</u>
Land	N/A
Buildings and Building Improvements	15-50 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.

SOUTH HERO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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7. 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 and proprietary fund 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.

8. 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 three equal annual installments. The accrual for early retirement incentives is recorded in the government-wide and proprietary fund 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. There were no accruals for early retirement as of June 30, 2020.

9. Long-term Liabilities

Long-term liabilities include bonds and notes payable and compensated absences. Long-term liabilities are reported in the government-wide and proprietary fund 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.

10. 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 and proprietary fund 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.

SOUTH HERO SCHOOL DISTRICT
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**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.

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 Surplus

The School District elected to budget revenues in excess of expenditures by \$38,410 in the General Fund in order to increase the fund balance. This is reflected as a current year’s budgeted excess of revenues over expenditures on Schedule 1.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash

Cash as of June 30, 2020 consist of the following:

Cash:

Deposits with Financial Institutions	<u>\$366,124</u>
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SOUTH HERO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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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.

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured - FDIC	\$ 292,255	\$ 292,255
Uninsured, Collateralized by Letter of Credit from the Federal Home Loan Bank of Pittsburgh	<u>73,869</u>	<u>81,905</u>
Total	<u>\$ 366,124</u>	<u>\$ 374,160</u>

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.

SOUTH HERO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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B. Receivables

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

Due from Supervisory Union	\$113,572
Due from Other School Districts	<u>37,771</u>
Total	<u>\$151,343</u>

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 39,200	\$ 0	\$ 0	\$ 39,200
Total Capital Assets, Not Being Depreciated	<u>39,200</u>	<u>0</u>	<u>0</u>	<u>39,200</u>
Capital Assets, Being Depreciated:				
Buildings	86,000	0	0	86,000
Building Improvements	1,134,838	0	0	1,134,838
Furniture and Equipment	318,627	0	0	318,627
Totals	<u>1,539,465</u>	<u>0</u>	<u>0</u>	<u>1,539,465</u>
Less Accumulated Depreciation for:				
Buildings	86,000	0	0	86,000
Building Improvements	488,361	25,571	0	513,932
Furniture and Equipment	190,339	7,952	0	198,291
Totals	<u>764,700</u>	<u>33,523</u>	<u>0</u>	<u>798,223</u>
Net Capital Assets, Being Depreciated	<u>774,765</u>	<u>(33,523)</u>	<u>0</u>	<u>741,242</u>
Governmental Activities Capital Assets, Net	<u>\$ 813,965</u>	<u>\$ (33,523)</u>	<u>\$ 0</u>	<u>\$ 780,442</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets, Being Depreciated:				
Furniture and Equipment	\$ 57,331	\$ 0	\$ 0	\$ 57,331
Totals	<u>57,331</u>	<u>0</u>	<u>0</u>	<u>57,331</u>
Less Accumulated Depreciation for:				
Furniture and Equipment	45,343	1,772	0	47,115
Totals	<u>45,343</u>	<u>1,772</u>	<u>0</u>	<u>47,115</u>
Net Capital Assets, Being Depreciated	<u>11,988</u>	<u>(1,772)</u>	<u>0</u>	<u>10,216</u>
Business-type Activities Capital Assets, Net	<u>\$ 11,988</u>	<u>\$ (1,772)</u>	<u>\$ 0</u>	<u>\$ 10,216</u>

SOUTH HERO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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Depreciation was charged as follows:

Governmental Activities:		Business-type Activities:	
Education	\$ <u>33,523</u>	Food Service	\$ <u>1,772</u>
Total Depreciation Expense - Governmental Activities	\$ <u><u>33,523</u></u>	Total Depreciation Expense - Business-type Activities	\$ <u><u>1,772</u></u>

D. Interfund Balances and Activity

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

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 0	\$ 46,053
CRF-LEA Grant Fund	0	34,025
Non-Major Governmental Funds	15,566	0
Hot Lunch Fund	54,589	0
Private-Purpose Trust Funds	<u>9,923</u>	<u>0</u>
Total	\$ <u><u>80,078</u></u>	\$ <u><u>80,078</u></u>

Interfund transfers during the year ended June 30, 2020 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Food Service Fund	\$ <u><u>26,219</u></u>	Fund Excess Expenses

E. Unearned Revenue

Unearned revenue in the Non-Major Governmental Funds consists of \$3,414 of grant revenue received in advance.

F. Deferred Inflows of Resources

Deferred inflows of resources in the General Fund consists of \$34,837 of grant receivables that were not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

G. Long-term Liabilities

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.

SOUTH HERO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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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	\$ 33,888	\$ 14,562	\$	\$ 48,450	\$ 0
Total Long-term Liabilities	\$ <u>33,888</u>	\$ <u>14,562</u>	\$ <u>0</u>	\$ <u>48,450</u>	\$ <u>0</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.

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 balance in the following funds are nonspendable as follows:

General Fund:	
Prepaid Items	\$2,325

SOUTH HERO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

Non-Major Fund:

Permanent Fund:

Nonspendable Grace Allen Fund Principal	<u>\$6,000</u>
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Total Nonspendable Fund Balances	<u>\$8,325</u>
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The fund balances in the following funds are restricted as follows:

Non-Major Funds:

Special Revenue Funds:

Restricted for Bower Grant Expenses by Grant Agreement (Source of Revenue is Grant Revenue)	\$1,209
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Restricted for Art Education by Donation (Source of Revenue is Donations)	873
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Permanent Fund:

Restricted for Grace Allen Fund by Donations – Expendable Portion (Source of Revenue is Donations)	<u>1,288</u>
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Total Restricted Fund Balances	<u>\$3,370</u>
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The fund balance in the following fund is committed as follows:

Non-Major Fund:

Capital Projects Fund:

Committed for Capital Projects by the Voters	<u>\$8,720</u>
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Total Committed Fund Balance	<u>\$8,720</u>
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The unassigned deficit of \$34,025 in the CRF-LEA Grant Fund will be funded with the collection of grant revenues.

I. Restricted Net Position

The restricted net position of the School District as of June 30, 2020 consisted of the following:

Governmental Activities:

Restricted for Bower Grant Fund by Grant Agreement	\$1,209
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Restricted for Art Education by Donation	873
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Restricted for Grace Allen Fund by Trust Agreement	<u>1,288</u>
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Total Governmental Activities	<u>\$3,370</u>
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SOUTH HERO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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The net position held in trust for various purposes in the School District's Private-Purpose Trust Funds as of June 30, 2020 consisted of the following:

Private-Purpose Trust Funds:

Restricted for Rolland Gifford Fund Expenses by Donations	\$ 1,368
Restricted for Sarah Boardman Fund Expenses by Donations	1,185
Restricted for Kay Carter Fund Expenses by Donations	5,585
Restricted for Diana Rabourn Fund Expenses by Donations	30,105
Restricted for Donald Robinson Fund Expenses by Donations	<u>63,348</u>

Total Private-Purpose Trust Funds	\$ <u>101,591</u>
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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, 2019, the retirement system consisted of 379 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).

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.

SOUTH HERO SCHOOL DISTRICT
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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

	Group A	Group C - Group # 1 *	Group C - Group #2 ++
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

* Group #1 are members who were within 5 years of normal retirement (age 62 or 30 years of service) on June 30, 2010.

++ Group #2 are members who were less than 57 years of age or had less than 25 years of service on June 30, 2010.

SOUTH HERO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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

Contributions

Title 16 VSA Chapter 55 of Vermont Statutes grants the authority to the Board of Trustees of the VSTRS to annually review the amount of State contributions recommended by the actuary of VSTRS in order to achieve and preserve the financial integrity of the fund, and submit this recommendation to the Governor and both houses of the Legislature. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group for the various groups are as follows:

Member Contributions Rates: Group A: 5.5% of earnable compensation. Contributions stop after 25 years of creditable service.
 Group C: 5% of earnable compensation with at least five years of services as of July 1, 2014. 6% of earnable compensation with less than five years of service as of July 1, 2014.

The School District's Group C members contributed \$49,448.

The District's current year payroll for all employees totaled \$1,427,924 while its current year's covered payroll for the State Teacher's Retirement Plan equaled \$894,484. The School District received an estimated \$171,294 of on-behalf payments. This amount is included as Revenue and Expenses in Exhibits B and D.

Net Pension Liability

As of June 30, 2020, the School District's proportionate share of the net pension liability was \$1,884,133 which is .12073% of the total plan net pension liability.

Significant Actuarial Assumptions and Methods

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

Investment Rate of Return: 7.50%

SOUTH HERO SCHOOL DISTRICT
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Salary Increases: Ranging from 3.75% to 9.09%. 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	9.09%
25	7.78%
30	6.47%
35	5.60%
40	4.92%
45	4.43%
50	4.09%
55	3.85%
60	3.75%

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

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

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

Inflation: 2.50%

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

Cost of Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 2.55% per annum for Group A members and 1.3% per annum for 2019 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.

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.

SOUTH HERO SCHOOL DISTRICT
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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, 2019 are summarized in the following table:

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

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

<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
\$2,339,880	\$1,884,133	\$1,499,608

SOUTH HERO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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 rate for fiscal year 2020 was \$1,275 per teacher. The total amount paid by the School District for the year ended June 30, 2020 was \$-0-. In addition, the State is assessing a 19.15% contribution for all teachers paid with Federal Funds. The total amount paid by the School District for the year ended June 30, 2020 was \$-0-. 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. In addition, each School District recognizes its portion of the collective pension expense as both revenue and pension expense.

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, 2020, the District has eight (8) employees who had enrolled in the plan. The School District has three (3) non-teaching employees who the School District contributes a match of five percent (5%). The School District's covered payroll was \$132,413 and the pension contribution made by the District for the period ending June 30, 2020 was \$6,621. The School District had four (4) 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.

SOUTH HERO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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.

SOUTH HERO SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Regular Instructional:			
General State Support Grants	\$ 3,520,989	\$ 3,504,536	\$ (16,453)
Other State Revenue	188,250	138,320	(49,930)
State Aid Transportation	35,000	0	(35,000)
Special Education Support:			
State Revenue	121,250	111,858	(9,392)
Tuition Income	30,000	32,984	2,984
Rental Income	0	111,169	111,169
Investment Income	150	3,896	3,746
Other Income	0	1,148	1,148
Total Revenues	<u>3,895,639</u>	<u>3,903,911</u>	<u>8,272</u>
Expenditures:			
Instructional	2,139,474	2,115,211	24,263
Universal Access Pre-Kindergarten	45,000	67,192	(22,192)
Special Education	171,087	198,331	(27,244)
Essential Early Education		0	0
Student Body Activities	35,037	26,966	8,071
Summer School Program	1,393	0	1,393
Guidance Services	81,750	74,136	7,614
Health Services	54,414	39,796	14,618
Speech Services	0	0	0
Library Services	94,189	92,109	2,080
Board of Education	17,791	29,664	(11,873)
Administrative Services	290,692	291,664	(972)
Principal Services	219,763	227,077	(7,314)
Special Education Coordination	320,533	320,533	0
Operation/Maintenance of Plant	250,269	216,380	33,889
Transportation Services	109,618	103,918	5,700
Food Service	26,219	26,814	(595)
Debt Service	0	(80)	80
Total Expenditures	<u>3,857,229</u>	<u>3,829,711</u>	<u>27,518</u>
Excess of Revenues Over Expenditures	\$ <u>38,410</u>	74,200	\$ <u>35,790</u>
Fund Balance - July 1, 2019		<u>12,357</u>	
Fund Balance - June 30, 2020		\$ <u>86,557</u>	

See Disclaimer in Accompanying Independent Auditor's Report.

SOUTH HERO SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
VSTRS DEFINED BENEFIT PLAN
JUNE 30, 2020

	2020	2019	2018	2017	2016	2015
Total Plan Net Pension Liability	\$ 1,560,624,850	\$ 1,510,705,475	\$ 1,482,403,515	\$ 1,309,523,451	\$ 1,186,516,454	\$ 958,436,990
School District's Proportion of the Net Pension Liability	0.12073%	0.1240%	0.1158%	0.1380%	0.1271%	0.1346%
School District's Proportionate Share of the Net Pension Liability	\$ 1,884,133	\$ 1,873,127	\$ 1,716,010	\$ 1,807,599	\$ 1,508,090	\$ 1,289,841
School District's Covered Employee Payroll	\$ 894,484	\$ 815,976	\$ 858,717	\$ 764,939	\$ 863,407	\$ 917,094
Proportionate Share of the Net Pension Liability as a Percentage of Covered - Employee Payroll	210.6391%	229.5566%	199.8342%	236.3063%	174.6673%	140.6444%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.96%	54.81%	53.98%	55.31%	58.22%	64.02%

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions: None.

Fiscal year 2015 was the first year of implementation, therefore, only six years are shown.

See Disclaimer in Accompanying Independent Auditor's Report.

SOUTH HERO SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds	Capital Projects Fund	Permanent Fund Grace Allen Fund	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 7,288	\$ 7,288
Due from Other Funds	<u>6,846</u>	<u>8,720</u>	<u>0</u>	<u>15,566</u>
Total Assets	\$ <u>6,846</u>	\$ <u>8,720</u>	\$ <u>7,288</u>	\$ <u>22,854</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts Payable	\$ 1,350	\$ 0	\$ 0	\$ 1,350
Unearned Revenue	<u>3,414</u>	<u>0</u>	<u>0</u>	<u>3,414</u>
Total Liabilities	<u>4,764</u>	<u>0</u>	<u>0</u>	<u>4,764</u>
Fund Balances:				
Nonspendable	0	0	6,000	6,000
Restricted	2,082	0	1,288	3,370
Committed	<u>0</u>	<u>8,720</u>	<u>0</u>	<u>8,720</u>
Total Fund Balances	<u>2,082</u>	<u>8,720</u>	<u>7,288</u>	<u>18,090</u>
Total Liabilities and Fund Balances	\$ <u>6,846</u>	\$ <u>8,720</u>	\$ <u>7,288</u>	\$ <u>22,854</u>

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SOUTH HERO SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds	Capital Projects Fund	Permanent Fund Grace Allen Fund	Total
Revenues:				
Grant Income	\$ 25,888	\$ 0	\$ 0	\$ 25,888
Investment Income	0	0	19	19
Donations	<u>873</u>	<u>0</u>	<u>0</u>	<u>873</u>
Total Revenues	<u>26,761</u>	<u>0</u>	<u>19</u>	<u>26,780</u>
Expenditures:				
Grant Expenses	<u>5,706</u>	<u>0</u>	<u>0</u>	<u>5,706</u>
Total Expenditures	<u>5,706</u>	<u>0</u>	<u>0</u>	<u>5,706</u>
Net Change in Fund Balances	21,055	0	19	21,074
Fund Balances/(Deficit) - July 1, 2019	<u>(18,973)</u>	<u>8,720</u>	<u>7,269</u>	<u>(2,984)</u>
Fund Balances - June 30, 2020	\$ <u><u>2,082</u></u>	\$ <u><u>8,720</u></u>	\$ <u><u>7,288</u></u>	\$ <u><u>18,090</u></u>

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SOUTH HERO SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2020

	Bower Grant Fund	SRSA Grant Fund	Rise VT Grant Fund	Art Education Fund	Total
<u>ASSETS</u>					
Due from Other Funds	\$ 1,209	\$ 1,350	\$ 3,414	\$ 873	\$ 6,846
Total Assets	<u>\$ 1,209</u>	<u>\$ 1,350</u>	<u>\$ 3,414</u>	<u>\$ 873</u>	<u>\$ 6,846</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts Payable	\$ 0	\$ 1,350	\$ 0	\$ 0	\$ 1,350
Unearned Revenue	<u>0</u>	<u>0</u>	<u>3,414</u>	<u>0</u>	<u>3,414</u>
Total Liabilities	<u>0</u>	<u>1,350</u>	<u>3,414</u>	<u>0</u>	<u>4,764</u>
Fund Balances:					
Restricted	<u>1,209</u>	<u>0</u>	<u>0</u>	<u>873</u>	<u>2,082</u>
Total Fund Balances	<u>1,209</u>	<u>0</u>	<u>0</u>	<u>873</u>	<u>2,082</u>
Total Liabilities and Fund Balances	<u>\$ 1,209</u>	<u>\$ 1,350</u>	<u>\$ 3,414</u>	<u>\$ 873</u>	<u>\$ 6,846</u>

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SOUTH HERO SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Bower Grant Fund	SRSA Grant Fund	Rise VT Grant Fund	Art Education Fund	Total
Revenues:					
Grant Income	\$ 0	\$ 23,557	\$ 2,331	\$ 0	\$ 25,888
Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>873</u>	<u>873</u>
Total Revenues	<u>0</u>	<u>23,557</u>	<u>2,331</u>	<u>873</u>	<u>26,761</u>
Expenditures:					
Grant Expenses	<u>0</u>	<u>3,375</u>	<u>2,331</u>	<u>0</u>	<u>5,706</u>
Total Expenditures	<u>0</u>	<u>3,375</u>	<u>2,331</u>	<u>0</u>	<u>5,706</u>
Net Change in Fund Balances	0	20,182	0	873	21,055
Fund Balances/(Deficit) - July 1, 2019	<u>1,209</u>	<u>(20,182)</u>	<u>0</u>	<u>0</u>	<u>(18,973)</u>
Fund Balances - June 30, 2020	\$ <u><u>1,209</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>873</u></u>	\$ <u><u>2,082</u></u>

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SOUTH HERO SCHOOL DISTRICT
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 JUNE 30, 2020

	Rolland Gifford Fund	Sarah Boardman Fund	Kay Carter Fund	Diana Rabourn Fund	Donald Robinson Fund	Total
<u>ASSETS</u>						
Cash	\$ 1,368	\$ 0	\$ 0	\$ 30,105	\$ 60,195	\$ 91,668
Due from Other Funds	<u>0</u>	<u>1,185</u>	<u>5,585</u>	<u>0</u>	<u>3,153</u>	<u>9,923</u>
Total Assets	<u>\$ 1,368</u>	<u>\$ 1,185</u>	<u>\$ 5,585</u>	<u>\$ 30,105</u>	<u>\$ 63,348</u>	<u>\$ 101,591</u>
<u>LIABILITIES AND NET POSITION</u>						
Liabilities:	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Net Position:						
Restricted:						
Held in Trust for						
Various Purposes	<u>1,368</u>	<u>1,185</u>	<u>5,585</u>	<u>30,105</u>	<u>63,348</u>	<u>101,591</u>
Total Net Position	<u>1,368</u>	<u>1,185</u>	<u>5,585</u>	<u>30,105</u>	<u>63,348</u>	<u>101,591</u>
Total Liabilities and Net Position	<u>\$ 1,368</u>	<u>\$ 1,185</u>	<u>\$ 5,585</u>	<u>\$ 30,105</u>	<u>\$ 63,348</u>	<u>\$ 101,591</u>

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SOUTH HERO SCHOOL DISTRICT
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Rolland Gifford Fund	Sarah Boardman Fund	Kay Carter Fund	Diana Rabourn Fund	Donald Robinson Fund	Total
<u>ADDITIONS</u>						
Investment Income	\$ <u>3</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>72</u>	\$ <u>0</u>	\$ <u>75</u>
Total Additions	<u>3</u>	<u>0</u>	<u>0</u>	<u>72</u>	<u>0</u>	<u>75</u>
<u>DEDUCTIONS</u>						
Scholarships and Awards	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,000</u>	<u>1,000</u>
Total Deductions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,000</u>	<u>1,000</u>
Change in Net Position	3	0	0	72	(1,000)	(925)
Net Position - July 1, 2019	<u>1,365</u>	<u>1,185</u>	<u>5,585</u>	<u>30,033</u>	<u>64,348</u>	<u>102,516</u>
Net Position - June 30, 2020	\$ <u><u>1,368</u></u>	\$ <u><u>1,185</u></u>	\$ <u><u>5,585</u></u>	\$ <u><u>30,105</u></u>	\$ <u><u>63,348</u></u>	\$ <u><u>101,591</u></u>

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Sullivan, Powers & Co., P.C.

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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
South Hero 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, the business-type activities, each major fund and the aggregate remaining fund information of the South Hero School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the South Hero School District's basic financial statements, and have issued our report thereon dated April 26, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the South Hero 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 South Hero School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the South Hero 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 South Hero 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 2020-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South Hero 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".

We also noted certain other matters that we reported in a separate letter to the management of the South Hero School District dated April 26, 2021.

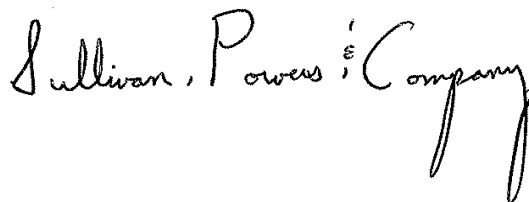
South Hero School District's Response to Deficiencies in Internal Control

The South Hero 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 South Hero 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 South Hero 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 South Hero School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

April 26, 2021
Montpelier, Vermont
VT Lic. #92-000180

A handwritten signature in cursive script that reads "Sullivan, Powers & Company". The signature is written in dark ink and is positioned to the right of the date and location information.

SOUTH HERO SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2020

Deficiencies in Internal Control:

Material Weakness:

2020-001 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.

FY20 South Hero Audit Response

FINDING 2020-001: 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 Supervisory Union's grants receivable, grants revenue and related deferred inflows of resources balances were incorrect.

Recommendation:

We recommend that the Supervisory Union 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 Finance and Accounting specialist can now access the Grants Management System which will improve our reconciliation process. We will also add this item to our GISU Account procedures manual.