

Cambridge Town School District
BASIC FINANCIAL STATEMENTS
June 30, 2018

Cambridge Town School District
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June 30, 2018

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Kittell Branagan & Sargent

Certified Public Accountants

Vermont License # 167

INDEPENDENT AUDITOR'S REPORT

To the School Board
Cambridge, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cambridge Town School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cambridge Town School District, as of June 30, 2018, 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 Principle

As described in Note 19 to the financial statements, in 2018, the District adopted new accounting guidance, *GASBS No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information on pages 33-34, the schedule of proportionate changes of net pension liability on page 35 and the schedule of the proportionate changes of the net OPEB liability on page 36 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated, on our consideration of the Cambridge Town School District's internal control over financial reporting November 28, 2018 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 Cambridge Town School District's internal control over financial reporting and compliance.

Kittell Branagan & Sargent

Cambridge Town School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

Our discussion and analysis of the Cambridge School District financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the District's financial statements.

Brief Discussion of the Basic Financial Statements:

Using This Annual Report

This annual Report consists of a series of financial statements. The Statement of Net Position and the Balance Sheet—Governmental Funds provide information about the activities of the District as a whole, and present a longer-term view of the District's finances. Fund financial statements such as the Statement of Activities follow under the Notes section of the Report. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The Statement of Net Position - Fiduciary Funds provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the government.

The District Administration is responsible for establishing an accounting and internal control structure designed to ensure that the physical, data, informational, intellectual and human resource assets of the District are protected from loss, theft and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). Additionally, management strives to ensure that these assets are put to good and effective use. The internal control structure is designed to provide reasonable, but not absolute, assurances that these objectives are attained. The concept of reasonable assurance recognizes that: (1) the cost of any control should not exceed the benefit likely to be derived; (2) the valuation of cost and benefits requires judgments by management.

Reporting the District as a Whole

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position reports the District's net position and changes in them. You can think of the District's net position - the difference between assets and liabilities - as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's student enrollment and the condition of the District's infrastructure, to assess the overall health of the District.

In the Statement of Net Position and the Statement of Activities, the District's activities are classified solely as governmental activities:

- Governmental activities - The District's basic services are reported here, including: instruction-regular education and special education; supporting education services; operation and maintenance; transportation; administration; and debt service. These activities are further broken down between General Fund and Special Revenue.
 - General Fund Activities – These are the basic core activities of the District – student education. These activities are also supported primarily by property taxes.

Cambridge Town School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

- Special Revenue Activities: These are special purpose activities that are supported by grant funds. These activities may support the core mission of the District, but the activities are being provided because other funds are available to pay for them. In most cases, special revenue activities would not be provided if grants were not available.

Analysis of Overall Financial Information:

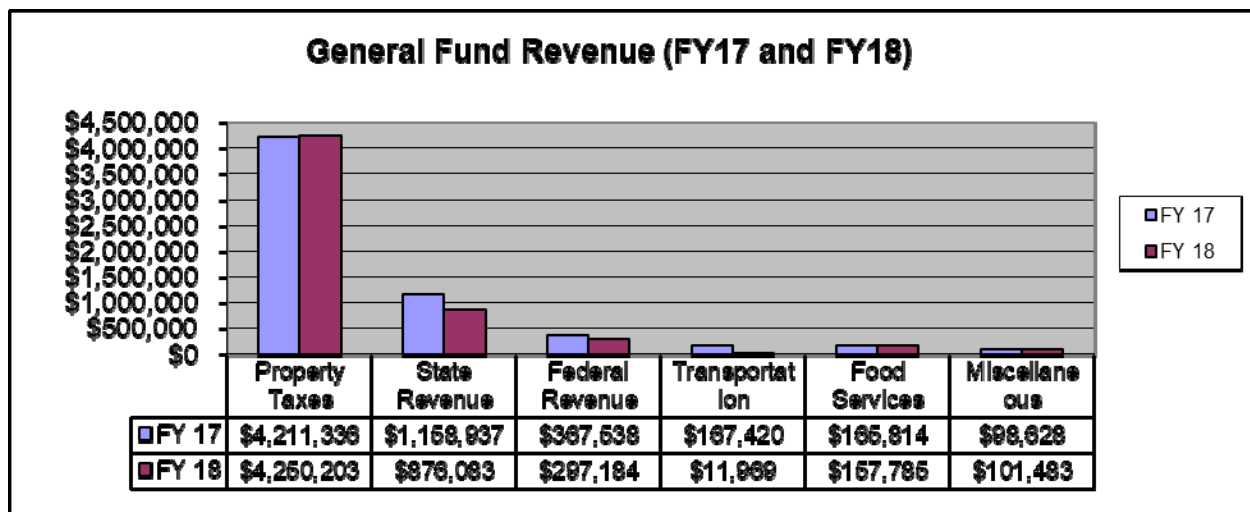
The Chart below provides a snapshot of the financial picture of the district for FY18:

ASSETS				
		FY17	FY18	% Change
Current Assets	\$	736,752	\$ 875,685	18.86%
Capital Assets	\$	6,973,486	\$ 6,765,367	-2.98%
TOTAL ASSETS	\$	7,710,238	\$ 7,641,052	-0.91%

LIABILITIES				
		FY17	FY18	% Change
Current Liabilities	\$	542,097	\$ 532,382	-1.79%
Long-Term Liabilities	\$	2,680,124	\$ 2,377,144	-11.30%
TOTAL LIABILITIES	\$	3,222,221	\$ 2,909,526	-9.7%

NET ASSETS				
		FY17	FY18	% Change
Net Investment in Capital Assets	\$	4,014,376	\$ 4,106,452	2.29%
Unrestricted	\$	473,641	\$ 625,074	31.97%
TOTAL NET ASSETS	\$	4,488,017	\$ 4,731,526	5.43%

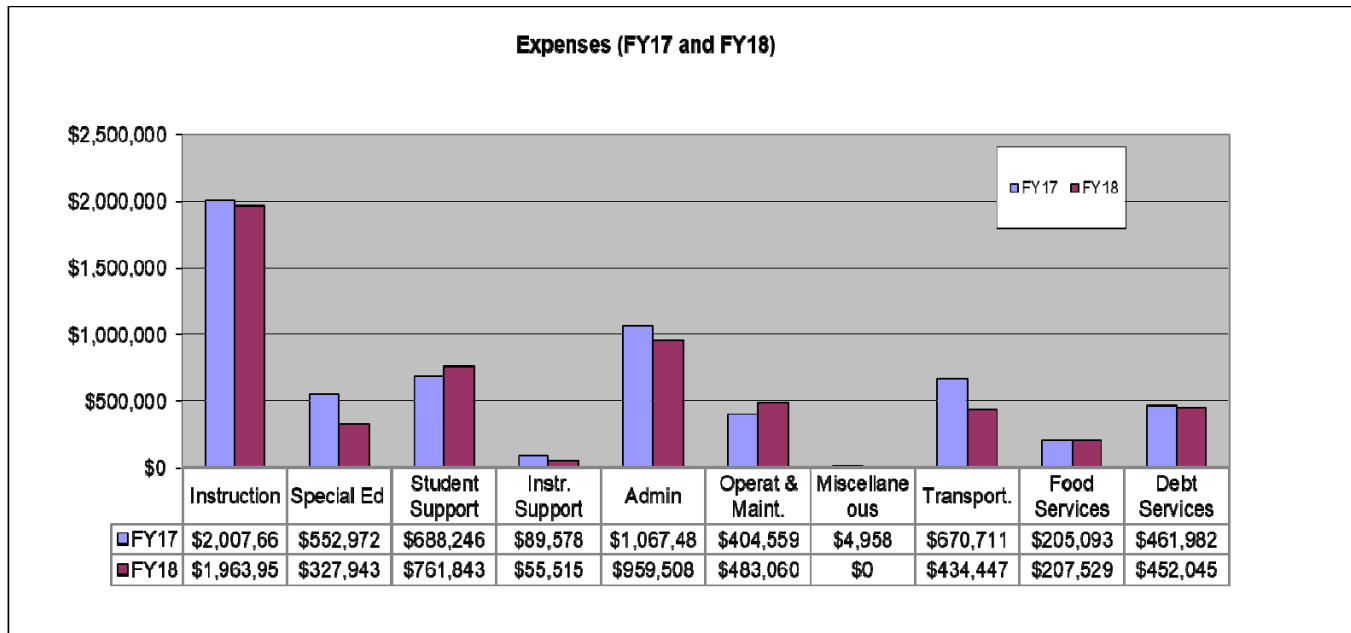
FY 18 Revenues



The chart above shows overall revenues of \$5,694,707, a decrease of \$474,966 from FY 17 due to a decrease in State revenue, which is directly related to a loss in special education and transportation reimbursement revenue that now flows through the supervisory union.

Cambridge Town School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2018

FY18 Expenditures



The Schools' expenditures of \$5,645,848 were \$507,396 lower than last year. This is mainly due to a decrease in special education and transportation expenses that are now paid through the supervisory union.

Change in General Fund Balance:

Under Governmental Accounting Standards Board #54, the District is reporting fund balances classified under definitions: Restricted, Committed, Assigned, Non-spendable or Unassigned

Fund Balance 06/30/17	Excess (Deficiency) of Revenues over Expenditures	Fund Balance 6/30/18
\$571,634	\$131,172	\$702,806

The total accumulated fund balance reflected above consists of the following:

\$12,411 Non-spendable (Prepaid as of 06/30/18)
 \$50,176 Committed for Sweet Property
 \$190,947 Committed for FY 19 Expenses
 \$35,643 Committed for Future Capital Reserve Expenses
 \$176,824 Committed for Capital Projects
 \$33,425 Assigned for future Gym Floor Repairs
 \$203,380 Unassigned

Capital Assets:

As required under Governmental Accounting Standards Board #34, the District is reporting its capital assets as part of the financial statements. The District has researched and documented the historical costs of the various assets owned by the District and applied appropriate charges against the cost to record depreciation. Note 3 of the Report details the status of the District's net capital assets.

Cambridge Town School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

ASSETS			
	FY17	FY18	% Change
Current Assets	\$ 736,752	\$ 875,685	18.86%
Capital Assets	\$ 6,973,486	\$ 6,765,367	-2.98%
TOTAL ASSETS	\$ 7,710,238	\$ 7,641,052	-9.1%
LIABILITIES			
	FY17	FY18	% Change
Current Liabilities	\$ 542,097	\$ 532,382	-1.79%
Long-Term Liabilities	\$ 2,680,124	\$ 2,377,144	-11.30%
TOTAL LIABILITIES	\$ 3,222,221	\$ 2,909,526	-9.7%
NET ASSETS			
	FY17	FY18	% Change
Net Investment in	\$ 4,014,376	\$ 4,106,452	2.29%
Capital Assets			
Unrestricted	\$ 473,641	\$ 625,074	31.97%
TOTAL NET ASSETS	\$ 4,488,017	\$ 4,731,526	5.43%

Long-Term Debt & Obligations:

The District has three categories of long-term debt, defined as Bond Payables, Lease Purchase Payables and Termination Benefits Payable.

- At year end, there remained \$2,440,000 in outstanding bond for the construction of the Cambridge Elementary School. Bond principal and interest are being paid from the General Fund.

Bond Type	Original Amount	06/30/17 Balance	FY '18 Principal Payment	6/30/18 Balance	Final Pay. Date
Construction	\$6,110,000	\$2,745,000	\$305,000	\$2,440,000	12/01/2025

- At June 30, 2018 the District had \$218,915 in outstanding notes payable which were for the purchase of school buses. Principal and interest are being paid from the Bus Reserve Fund.

Lease Purchase	Original Amount	6/30/17 Balance	FY '18 Payments	6/30/18 Balance	Final Pay. Date
1 School Bus	\$88,060	\$34,909	\$34,909	\$0	5/13/19
1 School Bus	\$86,406	\$18,001	\$18,001	\$0	1/9/2018
1 School Bus	\$89,000	\$71,200	\$17,800	\$53,400	6/1/21
1 School Bus	\$90,000	\$90,000	\$18,000	\$72,000	Feb 2022
1 School Bus	\$93,515	\$0	\$0	\$93,515	June 2023

- At June 30, 2018 the district had \$77,732 in termination benefits payable. This is per the contract with the Support Staff and Teachers regarding retirement benefits. Note 7.
- Fiscal year 2018 contributions for Support Staff Retirement plan were \$7,263.

Cambridge Town School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

Current Issues:

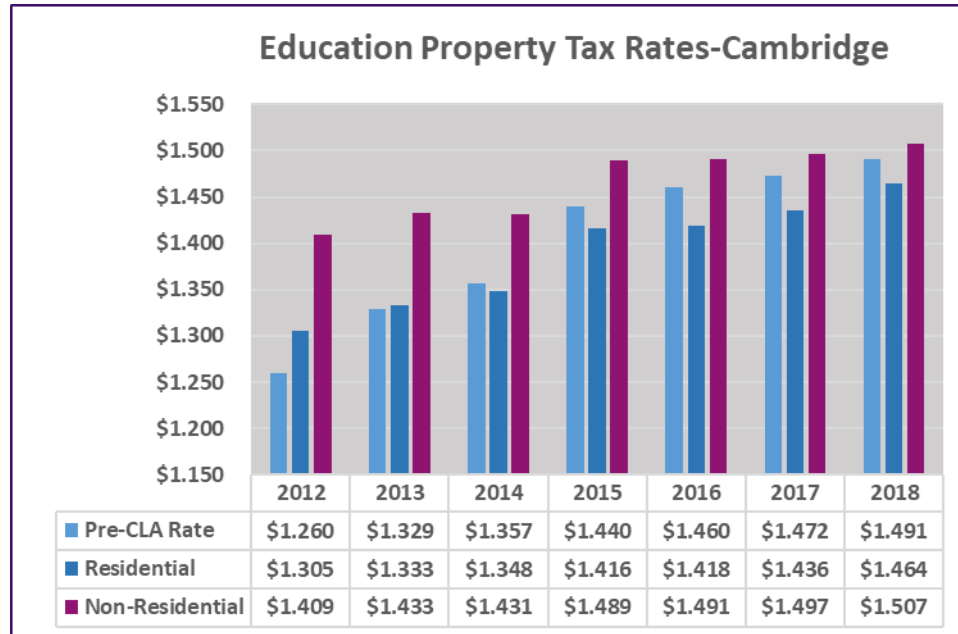
- Collective Bargaining Agreements: All Collective Bargaining Agreements expired on 06/30/2017. New 2 year agreements have been ratified as of December 2017, set to expire June of 2019.
- Consolidation Efforts: Act 153 & Act 156 are provisions in laws that consolidate some functions to the Supervisory Union and offers incentives for districts to consolidate. Some of the consolidation implementations, such as those in special education and transportation took place July 1, 2016. Since Vermont law prohibits supervisory unions from borrowing or owning real estate, some of the more practical approaches to transferring areas of responsibility to the LNSU have been challenging. Subsequently, the legislature passed Act 46 in May, 2015 that provides incentives for consolidation that reduce the tax impact on districts if they voluntarily consolidate as a single district. LNSU established a committee to look at the possibility and impact of consolidating. A vote of its' citizenry was held on April 12, 2016. The Towns of Belvidere, Eden, Johnson and Hyde Park voted to consolidate into one school district. In a subsequent vote on April 25, 2017, Waterville voted to join the consolidated district. In a subsequent vote held on March 7, 2017, Cambridge reaffirmed the vote to not participate in the consolidation. Non-merging districts had until November 2017 to present an alternative structure that meets the requirements of more sustainable, preferred model of governance under Act 46, to the State Board of Education for approval. On or before June 1, 2018 the Secretary of Education, per Act 46, developed and presented to the State Board of Education a proposed plan to move all remaining [non-merged] districts into the more sustainable, preferred model of governance set forth in Sec. 5(b) of Act 46. On 11/28/18 the State Board of Education issued its final report. As of July 1, 2019, Cambridge Elementary School will merge with Lamoille North Modified Unified Union School District.
- Enrollment: Since 2009, Cambridge has experienced an upturn in enrollment. Unlike many of Vermont's schools, the Cambridge Town School District is not projected to experience a decline in student enrollment in the near future. New housing starts, including low income Section-8 housing, have resulted in increases in birth rates and will correspond to an increased number of students.

To accommodate this enrollment growth, desired changes in the delivery of educational services, and to make building code improvements, the School Board proposed a school building project to Cambridge voters on November 2, 2004. The voters approved the \$8,258,100 Project, funded through Vermont State Construction Aid (\$2,143,687) and a 20-Year Bond (\$6,114,413).

- Taxes: Property taxes in Vermont are set by calculation of total budgeted cost per equalized pupil in each locale and then adjusted by the local common level of appraisal (CLA). A CLA of over 100% has the effect of lowering the tax rate and a CLA under 100% has the effect of increasing the tax rate. As property value increases, the CLA goes down and this has the effect of increasing the tax rate.

The effect of the Common Level of Appraisal (Vermont's adjustment factor to bring a town's appraised values to fair market values) on Cambridge's final tax rate has affected Cambridge taxes, but less so than other Lamoille locales as Cambridge real estate market tends to hold their value. In 2017, a reappraisal of property adjusted the C.L.A. slightly for subsequent fiscal years, as reflected below:

Cambridge Town School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2018



Common Level of Appraisal C.L.A FY12: 96.54%
 Common Level of Appraisal C.L.A FY13: 99.79%
 Common Level of Appraisal C.L.A FY14: 100.65%
 Common Level of Appraisal C.L.A FY15: 101.73%
 Common Level of Appraisal C.L.A FY16: 102.92%
 Common Level of Appraisal C.L.A FY17: 102.56%
 Common Level of Appraisal C.L.A FY18: 101.85%

- The Cambridge School District is a member of the Lamoille Union School District #18 (LUSD #18). Cambridge sends all of its secondary students to LUSD #18. LUSD #18 includes the Green Mountain Technology & Career Center.

Contact for Further Information:

This financial Report is designed to provide citizens, taxpayers, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions about this Report or additional financial information needs should be directed to Catherine Gallagher, Superintendent of Schools, 96 Cricket Hill Road, Hyde Park, VT 05655, at 802-851-1178 or cgallagher@insu.org.

Cambridge Town School District
DISTRICT-WIDE FINANCIAL STATEMENT
STATEMENT OF NET POSITION
June 30, 2018

ASSETS

	<u>Governmental Activities</u>
CURRENT ASSETS	
Cash	\$ 648,438
Due from LNSU	48,883
Due from other funds	227
Other receivables	165,726
Prepaid expenses	<u>12,411</u>
TOTAL CURRENT ASSETS	<u>875,685</u>
 CAPITAL ASSETS, net	 <u>6,765,367</u>
 TOTAL ASSETS	 <u>\$ 7,641,052</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES	
Accounts payable	\$ 133,169
Accrued salaries and taxes	20,832
Current portion bonds payable	305,000
Current portion notes payable	54,503
Unearned revenue	<u>18,878</u>
TOTAL CURRENT LIABILITIES	<u>532,382</u>
 LONG-TERM LIABILITIES, net of current portion	
Bonds payable	2,135,000
Notes payable	164,412
Termination benefits payable	<u>77,732</u>
TOTAL LONG-TERM LIABILITIES, net of current portion	<u>2,377,144</u>
 TOTAL LIABILITIES	 <u>2,909,526</u>
 NET POSITION	
Net investment in capital assets	4,106,452
Unrestricted	<u>625,074</u>
TOTAL NET POSITION	<u>4,731,526</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 7,641,052</u>

See Accompanying Notes to Basic Financial Statements.

Cambridge Town School District
DISTRICT-WIDE FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN NET POSITION
For the Year Ended June 30, 2018

					Net (Expense)
					Revenue and
					Changes in
					Net Position

See Accompanying Notes to Basic Financial Statements.

Cambridge Town School District
FUND FINANCIAL STATEMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2018

	Governmental Fund Types		
	General Fund	Capital Projects Fund	Total
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	\$ 648,438	\$ -	\$ 648,438
Due from LNSU	48,883	-	48,883
Due from Other Funds	-	210,249	210,249
Other Receivables	165,726	-	165,726
Prepaid Expenses	12,411	-	12,411
TOTAL CURRENT ASSETS	<u>\$ 875,458</u>	<u>\$ 210,249</u>	<u>\$ 1,085,707</u>
<u>LIABILITIES AND FUND BALANCE</u>			
CURRENT LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 133,169	\$ -	\$ 133,169
Accrued Salaries and Taxes	20,832	-	20,832
Due to Other Funds	210,022	-	210,022
Unearned Revenue	18,878	-	18,878
TOTAL CURRENT LIABILITIES	<u>382,901</u>	<u>-</u>	<u>382,901</u>
FUND BALANCES			
Nonspendable	12,411	-	12,411
Committed	276,766	176,824	453,590
Assigned	-	33,425	33,425
Unassigned	203,380	-	203,380
TOTAL FUND BALANCE	<u>492,557</u>	<u>210,249</u>	<u>702,806</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 875,458</u>	<u>\$ 210,249</u>	<u>\$ 1,085,707</u>

See Accompanying Notes to Basic Financial Statements.

Cambridge Town School District
FUND FINANCIAL STATEMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2018

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

Total fund balances - governmental funds	\$ 702,806
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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 as assets in governmental funds.

Capital Assets	11,154,494
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Accumulated Depreciation	(4,389,127)
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Long-term liabilities, including bonds payable, are not due and payable
in the current period and therefore are not reported as liabilities
in the funds. Long-term liabilities at year-end consist of:

Notes Payable	(218,915)
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Bonds Payable	(2,440,000)
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Termination Benefits Payable	<u>(77,732)</u>
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Total net postion - governmental activities	<u>\$ 4,731,526</u>
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See Accompanying Notes to Basic Financial Statements.

Cambridge Town School District
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	Governmental Fund Types		
	General Fund	Capital Projects Fund	Total
REVENUES			
State Revenue	\$ 5,126,286	\$ -	\$ 5,126,286
Federal Revenue	268,712	-	268,712
Medicaid Reimbursement	28,472	-	28,472
Transportation Service	11,969	-	11,969
Food Service	157,785	-	157,785
Interest Income	65,142	-	65,142
Miscellaneous	36,341	-	36,341
TOTAL REVENUES	5,694,707	-	5,694,707
EXPENDITURES			
Instruction Services	1,594,914	-	1,594,914
Art	47,602	-	47,602
Physical Education	68,707	-	68,707
Music/Band Services	79,982	-	79,982
Special Education	305,999	-	305,999
Preschool Program	172,753	-	172,753
Guidance Services	185,302	-	185,302
Health Services	56,983	-	56,983
Speech and Psychological Services	13,304	-	13,304
Improvement of Instruction	55,515	-	55,515
Educational Media Service	75,670	-	75,670
Board/Fiscal/Audit	11,814	-	11,814
Superintendent's Office	678,148	-	678,148
Principal's Office	252,904	-	252,904
Fiscal Services - Treasurer	16,642	-	16,642
Maintenance of Plant	483,060	19,202	502,262
Pupil Transportation	434,447	-	434,447
Technical Services	184,033	-	184,033
Food Service	207,529	-	207,529
Interest on short term loans	52,162	-	52,162
Debt Service	399,883	-	399,883
Educational Support Systems	259,855	-	259,855
EEE Expenditure	8,640	-	8,640
TOTAL EXPENDITURES	5,645,848	19,202	5,665,050

See Accompanying Notes to Basic Financial Statements.

Cambridge Town School District
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	Governmental Fund Types		
	General Fund	Capital Projects Fund	Total
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	48,859	(19,202)	29,657
OTHER FINANCING SOURCES			
Proceeds from sale of fixed assets	8,000	-	8,000
Proceeds from long-term debt	93,515	-	93,515
Transfer (to)/from Capital Projects	(169,173)	169,173	-
TOTAL OTHER FINANCING SOURCES/(USES)	(67,658)	169,173	101,515
NET CHANGE IN FUND BALANCE	(18,799)	149,971	131,172
FUND BALANCE, Beginning of Year	511,356	60,278	571,634
FUND BALANCE, End of Year	<u>\$ 492,557</u>	<u>\$ 210,249</u>	<u>\$ 702,806</u>

See Accompanying Notes to Basic Financial Statements.

Cambridge Town School District
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF CHANGES IN NET POSITION

Total net change in fund balances - governmental funds	\$ 131,172
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Amounts reported for governmental activities in the statement of activities
are different because:

Capital outlays are reported in governmental funds as expenditures. However,
in the statement of activities, the cost of those assets is allocated over
their estimated useful lives as depreciation expense:

Depreciation Expense	(348,745)
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Capital Outlays	144,224
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Disposal of Assets	(3,598)
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The proceeds from the issuance of long-term debt is a revenue
source in the governmental funds, while the issuance
increase long-term debt in the Statement of Net Position.

Proceeds from the issuance of long-term debt	(93,515)
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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:

Retirement Benefits Reduction	21,167
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Retirement Benefits Accrued	(906)
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Repayment of long-term debt is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the statement of net position:

Note Payments	88,710
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Bond Payments	<u>305,000</u>
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Change in net position of governmental activities	<u><u>\$ 243,509</u></u>
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See Accompanying Notes to Basic Financial Statements.

Cambridge Town School District
FUND FINANCIAL STATEMENTS
STATEMENT OF NET POSITION- FIDUCIARY FUNDS
June 30, 2018

	<u>Fiduciary Fund Type Agency Fund</u>
<u>ASSETS</u>	
ASSETS	
Cash	\$ 30,052
TOTAL CURRENT ASSETS	<u>\$ 30,052</u>
<u>LIABILITIES AND NET POSITION</u>	
LIABILITIES	
Due to Other Funds	\$ 227
Deferred Revenue	<u>24,868</u>
TOTAL LIABILITIES	<u>25,095</u>
NET POSITION	
Unassigned	<u>4,957</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 30,052</u>

See Accompanying Notes to Basic Financial Statements.

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

All operations of the School District are controlled by a five member Board of Trustees, elected in Town-wide elections, and responsible for all of the School District's activities. The financial statements include all of the School District's operations controlled by the Board of Trustees. Based on criteria for determining the reporting entity (separate legal entity and fiscal or financial dependency on other governments), the School District is considered to be an independent reporting entity and has no component units.

District-Wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the School District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expense of a given program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post-employment healthcare benefits, are recorded only when payment is due.

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property taxes (state education and local share) and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the School District receives cash.

The School District reports the following major governmental funds:

- * The special revenue fund accounts for various state and federal grants
- * The general fund is the School District's primary operating fund. It accounts for all financial resources of the School District, except those required to be accounted for in another fund.
- * The capital projects fund accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for all students within the School District.

Private-sector standards of accounting, and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes (state education and local share).

Budgetary Data

Budgets are presented on the modified accrual basis of accounting for all governmental funds. Budgets are not adopted on a School District level for the financial funds or the student activities agency fund. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance reserve. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- * During January of each year, the School District Superintendent submits to the Board a proposed operating budget for the next fiscal year commencing July 1st. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30th.
- * Copies of the proposed budget are made available for public inspection and review by the patrons of the School District. During March of each year a public hearing is held prior to Town Meeting day to discuss the budget.
- * The budget is voted on by taxpayers at Town Meeting in the month of March.

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- * Once adopted, the budget can be amended by subsequent Board action. The Board upon recommendation of the Superintendent can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Vermont State law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.
- * Expenditures may not legally exceed budgeted appropriations at the fund level.

Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

Negative variances in total revenues and the positive variances in total expenditures are largely a result of federal and state program revenues and related expenditures that do not have a direct impact on the undesignated fund balance. Budgets generally assume the expenditure of all available resources. Therefore, when the budget is prepared, it is assumed these funds will not have a carryover of revenue to a subsequent year. Program revenue received but not spent is restricted and deferred to the subsequent fiscal year. As a result, overall fund revenues variances will be negative and overall fund expenditures variances will be positive.

Cash and Cash Equivalents

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

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., current portion of inter-fund loans) or "advances from/to other funds" (i.e., the non-current portion of inter-fund loans). Cambridge Town School District generally maintains one cash account in the General Fund to pay expenditures and receive payments for efficiency. All interfund balances resulted from the time lag between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) repayments between funds are made.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Capital Assets

Capital assets are property owned by the School District and include computers, computer equipment, and peripherals: equipment such as vehicles, machinery, copiers, and office equipment; buildings and land: and infrastructure such as roads, bridges, tunnels, rights of way, and culverts.

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

General capital assets should be capitalized and recorded when all of the following criteria are met:

- (1) The asset is tangible and complete.
- (2) The asset is used in the operation of the School District's activities.
- (3) The asset has a value equal to or greater than \$5,000 and a useful life of more than one year, at the date of acquisition

All general capital assets must be recorded at either historical cost or estimated historical cost. Assets acquired through donation will be recorded at their estimated fair market value on the date of donation. In addition to purchase price or construction cost, costs of capitalization may include incidental costs, such as bond interest and issuance cost, insurance during transit, freight, duties, title search, title registration, installation, and breaking-in costs.

The straight line depreciation method will be used with lives as recommended by the Association of School Business Officials (ASBO).

Long-term Obligations

In the district-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets.

Property Taxes

Property taxes are due and payable on or before November 15 and become delinquent on November 16. The Town prepares the bills and collects all taxes and then remits them to the School District.

Government Wide Net Position

Government-wide Net Position is divided into the following components:

Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted net position – consist of net assets that are restricted by the District's creditors, by enabling legislation, by grantors (both federal and state), and / or by contributors.

Unrestricted – all other net position reported in this category

Governmental Fund Balance

Effective July 1, 2010, the District adopted the provisions of GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts that can be spent only for specific purposes because of laws, regulations, or externally imposed conditions by grantors or creditors.

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Committed – Amounts that can be used only for specific purposes determined by a formal action by the School Board.

Assigned – Amounts that are designated by management for a particular purpose.

Unassigned – All amounts not included in other classifications.

Nonspendable – Amounts that cannot be spent because they are not spendable in form or are legally or contractually required to be maintained intact

When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed. For unrestricted amounts of fund balance, it is the Cambridge Town School District's policy to use the fund balance in the following order, (1) Committed, (2) Assigned, (3) Unassigned.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 CASH

The cash deposits in the School District accounts as of June 30, 2018 consisted of the following:

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 377,106	\$ 573,332
Right to Offset by Debt	-	218,915
Uninsured	<u>301,384</u>	<u>1,809,565</u>
 TOTAL	 <u>\$ 678,490</u>	 <u>\$ 2,601,812</u>

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

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 is as follows:

<u>Governmental activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 466	\$ -	\$ -	\$ 466
Construction in progress	7,633	-	(7,633)	-
Total capital assets, not being depreciated	8,099	-	(7,633)	466
Capital assets, being depreciated				
Land improvements	39,490	50,795	-	90,285
Buildings and improvements	9,803,797	-	-	9,803,797
Furniture and equipment	465,000	-	(7,032)	457,968
Buses	1,031,453	101,062	(330,537)	801,978
Total capital assets, being depreciated	11,339,740	151,857	(337,569)	11,154,028
Accumulated depreciation for				
Land improvements	(26,162)	(3,901)	-	(30,063)
Buildings and improvements	(3,336,964)	(244,609)	-	(3,581,573)
Furniture and equipment	(413,423)	(23,147)	7,032	(429,538)
Buses	(597,804)	(77,088)	326,939	(347,953)
Total accumulated depreciation	(4,374,353)	(348,745)	333,971	(4,389,127)
Total capital assets, being depreciated, net	6,965,387	(196,888)	(3,598)	6,764,901
Governmental activities capital assets, net	<u>\$6,973,486</u>	<u>\$ (196,888)</u>	<u>\$ (11,231)</u>	<u>\$ 6,765,367</u>

NOTE 4 SHORT-TERM DEBT

Short-term debt consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Tax Anticipation Note at 2.85%	\$ -	\$ 1,850,517	\$ (1,850,517)	\$ -

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 5 BONDS PAYABLE

The District had the following bond payable at June 30, 2018:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Vermont Municipal Bond Bank, 20 yr. bond, dated July 2005, variable interest due semi- annually, principal payable annually in declining amounts through December 2025.	<u>\$2,745,000</u>	<u>\$ -</u>	<u>\$ (305,000)</u>	<u>\$ 2,440,000</u>	<u>\$ 305,000</u>

Maturities of bonds payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Savings Allocation</u>	<u>Total</u>
2019	\$ 305,000	\$ 101,626	\$ (18,824)	\$ 387,802
2020	305,000	88,496	(17,928)	375,568
2021	305,000	75,213	(20,617)	359,596
2022	305,000	61,793	(17,928)	348,865
2023	305,000	48,251	(18,824)	334,427
2024-2026	<u>915,000</u>	<u>62,449</u>	<u>(44,820)</u>	<u>932,629</u>
 TOTAL	 <u>\$2,440,000</u>	 <u>\$ 437,828</u>	 <u>\$ (138,941)</u>	 <u>\$2,738,887</u>

NOTE 6 NOTES PAYABLE

The District had the following notes payable at June 30, 2018:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Note Payable Community National Bank, dated January 2013, 2.10% interest and principal payments due annually of \$18,386 beginning January 2014, paid January 2018.	\$ 18,001	\$ -	\$ 18,001	\$ -	\$ -
 Note Payable Union Bank, 1.12% interest, the note was paid in full in June, 2018	 34,909	 -	 34,909	 -	 -

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 6 NOTES PAYABLE (continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Note Payable Union Bank, 0.95% interest, due June 2021. The District plans to renew this note annually until paid in full	71,200	-	17,800	53,400	17,800
Note Payable Union Bank, 1.60% interest rate, due February, 2022 The district plans to renew this note annually until paid in full	90,000	-	18,000	72,000	18,000
Note Payable Union Bank, 1.99% interest rate, due June, 2023 The district plans to renew this note annually until paid in full	-	93,515	-	93,515	18,703
Total Notes Payable	<u>\$ 214,110</u>	<u>\$ 93,515</u>	<u>\$ 88,710</u>	<u>\$ 218,915</u>	<u>\$ 54,503</u>

Maturities of notes payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 54,503	\$ 3,520	\$ 58,023
2020	54,503	2,691	57,194
2021	54,503	1,862	56,365
2022	36,703	1,032	37,735
2023	<u>18,703</u>	<u>372</u>	<u>19,075</u>
TOTAL	<u>\$ 218,915</u>	<u>\$ 9,477</u>	<u>\$ 228,392</u>

NOTE 7 TERMINATION BENEFITS

Teachers

Upon leaving the District, a teacher who has served the Cambridge Town School District for fifteen (15) years or more and has reached age 55, shall be entitled to severance pay at a rate of fifty dollars per day, maxing out at 185 days.

Support Staff

Full-time support staff employees with a minimum of fifteen years consecutive service to the District and have reached age 55 shall be granted a severance payment of \$2,000. Part-time support staff employees will be granted a pro-rata share of the severance payment based on the average of their 15 years plus service.

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 TERMINATION BENEFITS (continued)

The amount of these termination benefits accumulated as of June 30, 2018 is \$77,732.

	June 30, 2017 <u>Balance</u>	<u>Additions</u>	Principal <u>Reduction</u>	June 30, 2018 <u>Balance</u>
Termination Benefits	\$ 97,993	\$ 906	\$ (21,167)	\$ 77,732

NOTE 8 DEFINED CONTRIBUTION PLAN

The Cambridge Town School District participates in the Lamoille North Supervisory Retirement Plan, which is a defined contribution plan. Employees not participating in the Vermont State Teachers' Retirement System Plan, who are at least 21 years of age and have completed one year of service (defined as 1,000 hours of service in a plan year) are eligible to participate in the plan. Employer contributions to the plan are discretionary and allocated among participants as a uniform percent of pay.

Lamoille North Supervisory Union began a retirement plan on July 1, 2008. Under this new plan, employees hired prior to July 1, 2008 will receive an employer match of up to 4% of eligible wages. Employees hired after July 1 will receive an employer match of up to 3% of eligible employee wages. Covered wages under the plan were \$228,200. Contributions by the District were \$7,263 fiscal year 2018.

NOTE 9 TEACHERS RETIREMENT

Information Required Under GASB Statement No. 68

Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions requires employers participating in a cost-sharing, multiple-employer defined benefit pension plan to recognize their proportional share of total pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The schedules below have been prepared to the Cambridge Town School District's proportional share of the overall amounts of the Vermont State Teachers' Retirement System (VSTRS) plan. Cambridge Town School District's portion has been allocated based on Cambridge Town School District's proportional share of employer contributions to the total contributions to VSTRS during the fiscal year.

Reporting Date, Measurement Date, and Valuation Date

Net pension liabilities, deferred pension outflows of resources, deferred pension inflows of resources, and pension expense are all presented as of the Cambridge Town School District's reporting date (June 30, 2018) and for the Cambridge Town School District's reporting period (the year ended June 30, 2018). These amounts are measured as of the measurement date and for the measurement period (the period between the prior and current measurement dates). GASB Statement No. 68 requires that the current measurement date be no earlier than the end of the employer's prior fiscal year. For the reporting date of June 30, 2018, the State has chosen to use the end of the prior fiscal year (June 30, 2017) as the measurement date, and the year ended June 30, 2017 as the measurement period.

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 TEACHERS RETIREMENT (continued)

The total pension liability is determined by an actuarial valuation performed as of the measurement date, or by the use of update procedures to roll forward to the measurement date amounts from an actuarial valuation as of a date no more than 30 months and 1 day earlier than the employer's most recent fiscal year-end. The State has elected to apply update procedures to roll forward amounts from an actuarial valuation performed as of June 30, 2016, to the measurement date of June 30, 2017.

Schedule A – Employers' Allocation as of June 30, 2016

Fiscal Year Ended June 30, 2016						
2016 Allocated Contribution	Employer Proportion	Net Pension Liability	Total Deferred Outflows	Total Deferred Inflows	Net Pension Liability 1% Decrease (6.95% Disc Rate)	Net Pension Liability 1% Decrease (8.95% Disc Rate)
\$ 231,895	0.31669%	\$4,147,100	\$ 544,353	\$ (74,880)	\$ 5,189,396	\$ 3,272,340

Schedule B – Employers' Allocation as of June 30, 2017

Fiscal Year Ended June 30, 2017						
Portion of State Contribution	Employer Proportion	Net Pension Liability	Total Deferred Outflows	Total Deferred Inflows	Net Pension Liability 1% Decrease (6.50% Disc Rate)	Net Pension Liability 1% Decrease (8.50% Disc Rate)
\$ 1,668,695	0.25252%	\$3,743,433	\$ 586,472	\$ 598,659	\$ 4,638,653	\$ 2,996,246

Schedule C – Employer's Allocation as of June 30, 2017

Deferred Outflows of Resources							
Employer Proportion	Net Pension Liability	Difference Between Expected and Actual Experience	Changes in Assumptions	Changes in Benefits	Difference Between Projected and Actual Investment Earnings	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows
0.2525%	\$ 3,743,433	\$ 40,908	\$ 388,279	\$ -	\$ 157,285	\$ -	\$586,472

Deferred Inflows of Resources					
Difference Between Expected and Actual Experience	Changes in Assumptions	Changes in Benefits	Difference Between Projected and Actual Investment Earnings	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows
\$ -	\$ 9,121	\$ -	\$ -	\$ 589,538	\$ 598,659

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 TEACHERS RETIREMENT (continued)

Pension Expense Recognized		
Proportionate Share of Pension Plan Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total
\$ 468,513	\$ (191,873)	\$ 276,640

Schedule D – Employer’s Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 2017

Fiscal Year Ending June 30,					
2018	2019	2020	2021	2022	Thereafter
\$ 12,717	\$ 25,505	\$ (26,919)	\$ (23,491)	\$ -	\$ -

Schedule E – Covered Payroll

FY 2017	FY 2016	FY 2015
\$ 1,668,695	\$ 2,051,496	\$ 1,802,243

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of the VSTRS or its participating employers. VSTRS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Comprehensive Annual Financial Report (CAFR). The CAFR can be viewed on the State's Department of Finance & Management website at

<http://finance.vermont.gov/reports and publications/cafr>

Plan Description

The Vermont State Teachers' Retirement System 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, 2017, the retirement system consisted of 266 participating employers.

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 TEACHERS RETIREMENT (continued)

The plan was created in 1947, and is governed by Title 16, V.S.A. Chapter 555.

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 who 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 below:

VSTRS	GROUP A	GROUP C - GROUP #1*	Group C - Group #2++
Normal service retirement eligibility (no reduction)	Age 60 or 30 years of service	Age 62 or with 30 years of service	Age 65 or when the sum of age and service equals 90
Average Final Compensation (AFC)	Highest 3 consecutive years, including unused annual leave, sick leave and bonus/incentives	Highest 3 consecutive years, excluding all payments for anything other than service actually performed	Highest 3 consecutive years, excluding all payments for anything other than service actually performed
Benefit formula - normal service retirement	1.67% x creditable service x AFC	1.25% x service prior to 6/30/90 x AFC + 1.67% x service after 7/1/90 x AFC	1.25% x service prior to 6/30/90 x AFC + 1.67% x service after 7/1/90 x AFC, 2.0% after attaining 20 years
Maximum Benefit Payable	100% of AFC	53.34% of AFC	60% of AFC
Post-Retirement COLA	Full CPI, up to a maximum of 5% after 12 months of retirement; minimum of 1%	50% CPI, up to a maximum of 5% after 12 months of retirement or with 30 years; minimum of 1%	50% CPI, up to a maximum of 5%, minimum of 1% after 12 months of normal retirement or age 65
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 minimum of 25% of AFC	Unreduced, accrued benefit minimum of 25% of AFC	Unreduced, accrued benefit 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

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 TEACHERS RETIREMENT (continued)

* 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

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.

Significant Actuarial Assumptions and Methods

The total pension liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, using the following assumptions:

Investment rate of return: 7.50%, net of pension plan investment expenses, including inflation

Salary Increases: Ranging from 3.75% to 9.09%. Representative values of the assumed annual rates of future salary increases are as follows:

Age	Annual Rate of Salary Increase
20	9.09%
25	7.78%
30	6.47%
35	5.60%
40	4.92%
45	4.93%
50	4.09%
55	3.85%
60	3.75%

Mortality:

Pre-retirement: 98% of RP-2014 White Collar Employee with generational projection using Scale SSA-2017

Healthy Post-retirement: 98% of RP-2014 White Collar Annuitant with generational projection using Scale SSA-2017

Disabled Post-retirement: RP-2014 Disabled Mortality Table with generational projection using Scale SSA-2017

Inflation: 2.5%

Spouse's Age: Females three years younger than males

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 TEACHERS RETIREMENT (continued)

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 1.4% per annum for Group C members (beginning at age 62 for Group C members who elect reduced early retirement).

Inactive Members: Valuation liability equals 332.5% 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 Asset: The amount of the assets for valuation purposes equals the preliminary asset value plus 20% of the difference between the market and preliminary asset values. The preliminary asset value is equal to the previous year's asset value (for valuation purposes) adjusted for contributions less benefit payments and expenses and expected investment income. If necessary, a further adjustment is made to ensure that the valuation assets are within 20% of the market value.

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 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 rates of return for each major asset class included in the target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
US Equity	16.00%	6.07%
Non-US Equity	16.00%	7.42%
Global Equity	9.00%	6.85%
Fixed Income	24.00%	2.41%
Real Estate	8.00%	4.62%
Private Markets	15.00%	7.80%
Hedge Funds	8.00%	3.95%
Risk Parity	4.00%	4.84%

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 TEACHERS RETIREMENT (continued)

Discount rate

The discount rate used to measure the total pension liability was 7.50%. 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 contribute to contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is compromised 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.

During the year ended June 30, 2018 the state of Vermont contributed \$276,640 on behalf of Cambridge Town School District.

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (OPEB)

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

Schedule A – Employers' Allocation

2016 Employer Proportion	2017 Employer Proportion	Net OPEB Liability	Total Deferred Outflows	Total Deferred Inflows	Net OPEB Liability - 1% Decrease in Discount Rate (2.58%)	Net OPEB Liability - 1% Increase in Discount Rate (4.58%)	Net OPEB Liability - 1% Decrease in Healthcare Cost Trend Rates	Net OPEB Liability - 1% Increase in Healthcare Cost Trend Rates
0.38686%	0.31601%	\$ 2,946,104	\$ -	\$ 80,720	\$ 3,384,815	\$ 2,583,378	\$ 2,528,127	\$ 3,474,558

Schedule B – Employers Allocation of OPEB Amounts as of June 30, 2017

Deferred Outflows of Resources						
Employer Proportion	Net OPEB Liability	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Changes in Assumptions	Difference Between Projected and Actual Investment Earnings	Difference Between Expected and Actual Experience	Total Deferred Outflows
0.31601%	\$ 2,946,104	\$ -	\$ -	\$ -	\$ -	\$ -

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Deferred Inflows of Resources				
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Changes in Assumptions	Difference Between Projected and Actual Investment Earnings	Difference Between Expected and Actual Experience	Total Deferred Inflows
\$ -	\$ 80,720	\$ -	\$ -	\$ 80,720

Pension Expense Recognized		
Proportionate Share of OPEB Expense	Net Amortization of Deferred Amounts from Change in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Employer OPEB Expense
\$ 161,945	\$ -	\$ 161,945

Schedule C – Employers’ Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 2017

Fiscal Year					
2018	2019	2020	2021	2022	Thereafter
\$ 24,168	\$ 24,168	\$ 24,168	\$ 24,168	\$ 8,216	\$ -

Plan Description

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

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

The plan covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2017, the plan consisted of 266 participating employers.

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

All assets of the Plan are held in a single trust and are available to pay OPEB benefits to all members.

Summary of Plan

Eligibility:

VSTRS retirees and their spouses are eligible for health coverage if the retiree is eligible for pension benefits. Pension eligibility requirements are below:

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

- Retirement: Attainment of 30 years of creditable service, or age 55

Group C – Public school teachers employed within the State of Vermont on or after July 1, 1990. Teachers hired before July 1, 1990 and were Group B members in service on July 1, 1990 are now Group C members. Grandfathered participants are Group C members who were within five years of normal retirement eligibility as defined prior to July 1, 2010.

- Retirement Group C Grandfathered: Attainment of age 62, or 30 years creditable service, or age 55 with 5 years of creditable service.
- Retirement Group C Non-grandfathered: Attainment of age 65, or age plus creditable service equal to 90, or age 55 with 5 years of creditable service.

Vesting and Disability: 5 years of creditable service. Participants who terminate with 5 years of service under the age of 55 may elect coverage upon receiving pension benefits.

Benefit Types: Medical and prescription drug. Retirees pay the full cost for dental benefits.

Duration of Coverage: Lifetime.

Spousal Benefits: Same benefits as for retirees.

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Spousal Coverage: Lifetime.

Retiree Contributions:

Retired before June 30, 2010:

Retirees with at least 10 years of service pay premium costs in excess of an 80% VSTRS subsidy. Retirees with less than 10 years of service do not receive any premium subsidy. Spouses do not receive any premium subsidy, regardless of the retiree's service.

Retired after June 30, 2010:

Retirees pay premium costs in excess of the following VSTRS subsidy, based on service:

<u>Retiree Subsidy Level</u>	<u>Subsidy</u>
Years of Service at June 30, 2010	
10 years or more	80%
Less than 10 years	
Less than 15 years at retirement	0%
15-19.99 years at retirement	60%
20-24.99 years at retirement	70%
25 or more years at retirement	80%

Spouses of retirees can receive an 80% subsidy, if they meet the following requirements:

Spouse Coverage with 80% Subsidy

<u>Years of Service at June 30, 2010</u>	<u>Required Years of Service at Retirement</u>
Less than 10 years	25 years of service at retirement
Between 10 and 14.99 years	25 years of service at retirement
Between 15 and 24.99 years	10 additional years from June 30, 2010
Between 25 and 29.99 years	35 years of service at retirement
30 or more years	5 additional years from June 30, 2010

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

Premium Reduction Option:

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

Actuarial assumptions

The Total OPEB Liability used the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate: 3.58% based on the short-term bond rate

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Salary Increase Rate: Varies by age. Representative values of the assumed annual interest rates of future salary increases as follows:

Age	Annual Rate of Salary Increase
25	7.78%
30	6.47%
35	5.60%
40	4.92%
45	4.43%
50	4.09%
55	3.85%
60	3.75%

Inflation: 2.75%

Healthcare Cost: Non-Medicare –7.50% graded to 4.50% over 12 years

Trend Rates: Medicare – 7.75% graded to 4.50% over 11 years

Retiree Contributions: Equal to health trend

Pre-retirement Mortality: 98% of RP-2014 White Collar Employee with generational projection using Scale SSA-2017

Post-retirement Mortality: 98% of RP-2014 With Collar Annuitant with generational projection using Scale SSA-2017

Disabled Mortality: RP-2014 Disabled Mortality Table with generational projection using Scale SSA-2017

Actuarial Cost Method: Entry-Age Normal, Level Percentage of Pay

Asset Valuation Method: Market Value

Measurement Date: June 30, 2017

Actuarial Valuation Date: June 30, 2016

Per Capita Cost Development:

Medical and Prescription Drug

Per capita claims costs were based on claims for the period July 1, 2015 through June 30, 2017. Claims were separated by non-Medicare and Medicare retirees, and by medical and prescription drug. Claims were separated by plan year, then adjusted as follows:

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

- Total claims were divided by the number of adult members to yield a per capita claim,
- The per capita claim was trended to the midpoint of the valuation year at assumed trend rates, and
- The per capita claim was adjusted for the effect of any plan changes.

Per capita claims for each plan year were then combined by taking a weighted average. The weights used in this average account for a number of factors including each plan year's volatility of claims experience and distance to the valuation year. Actuarial factors were then applied to the weighted average cost to estimate individual retiree and spouse costs by age and by gender.

Administrative Expenses

Per capita claims costs were based on claims for the period July 1, 2015 through June 30, 2017. Claims were separated by plan year, then adjusted as described above to yield a combined weighted average per capita claims cost.

Per Capita Health Costs:

Medical and prescription drug claims for the year beginning July 1, 2017 are shown in the table below for retirees and for spouses at selected ages. These costs are net of deductibles and other benefit plan cost sharing provisions.

Age	Medical				Prescription Drugs			
	Retiree		Spouse		Retiree		Spouse	
	Male	Female	Male	Female	Male	Female	Male	Female
50	\$ 7,969	\$ 9,077	\$ 5,566	\$ 7,288	\$ 1,515	\$ 1,725	\$ 1,058	\$ 1,385
55	9,464	9,771	7,448	8,436	1,799	1,857	1,416	1,603
60	11,239	10,532	9,971	9,784	2,136	2,002	1,895	1,860
64	12,894	11,172	12,587	11,012	2,451	2,123	2,392	2,093
65	1,472	1,251	1,472	1,251	1,896	1,612	1,896	1,612
70	1,706	1,348	1,706	1,348	2,197	1,737	2,197	1,737
75	1,839	1,451	1,839	1,451	2,368	1,869	2,368	1,869

Administrative Expenses:

An annual administrative expense of \$526 per participant with health and welfare coverage increasing at 3.0% per year was added to projected incurred claim costs in developing the benefit obligations.

Health Care Cost Trend Rates:

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The rates shown below are "net" and are applied to the net per capita costs shown above. The trend shown for a particular plan year is the rate that is applied to that year's cost to yield the next year's projected cost.

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Year Ending June 30,	Rate (%)	
	Pre-Medicare Health Costs	Medicare Health Costs
2018	7.50	7.75
2019	7.25	7.45
2020	7.00	7.15
2021	6.75	6.85
2022	6.50	6.55
2023	6.25	6.25
2024	6.00	5.95
2025	5.75	5.65
2026	5.50	5.36
2027	5.25	5.05
2028	5.00	4.75
2029	4.75	4.50
2030+	4.50	4.50

The trend rate assumptions were developed using Segal's internal guidelines, which are established each year using data sources such as the 2018 Segal Health Trend Survey, internal client results, trends from other published surveys prepared by the S&P Dow Jones Indices, consulting firms and brokers, and CPI statistics published by the Bureau of Labor Statistics.

Retiree Contribution Increase Rate:

Retiree contributions were assumed to increase with health trend. Retiree contribution rates were based on 2017 premiums. Plan premiums were weighted by actual retiree and dependent enrolment, separately for non-Medicare and Medicare.

Health Care Reform Assumption:

The Plan is assumed to be in compliance with the Patient Protection and Affordable Care Act (PPACA) and the Health Care and Education Reconciliation Act (HCERA) of 2010 as of the valuation date. The valuation includes the projected effect of the Act's provision which imposes an excise tax on high cost employer-sponsored health coverage beginning in 2020. The excise tax limit is assumed to increase by 2.5% each year after 2018.

During the year ended June 30, 2018 the state of Vermont contributed \$161,945 on behalf of Cambridge Town School District.

NOTE 11 ASSESSMENTS

Supervisory Union Assessment

The District also pays for its proportionate share of expense relating to the Lamoille North Supervisory Union. The District paid \$679,612 of such expenses during the year ended June 30, 2018.

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 12 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and injuries to employees. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

In addition, Cambridge Town School District is a member of the Vermont School Boards' Association Insurance Trust, Inc. (VSBIT) Medical Benefits Program and Unemployment Compensation Program. VSBIT is a nonprofit corporation formed in 1978 to provide insurance and risk management programs for Vermont school districts and is owned by the participating districts.

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

NOTE 13 CONTINGENCY

The School District receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the School District's Independent Auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable fund. Based on prior experience, the School District Administration believes such disallowance, if any, would be immaterial.

NOTE 14 NON-CASH TRANSACTIONS

The Cambridge Town School District received Federal Commodities for use in food service in the amount of \$12,555 for the cost of shipping. The value of the commodities received is not included in the food service budget and is not part of food service revenue or expenditures.

NOTE 15 OPERATING LEASE

The School District leases equipment under an operating lease which expires in July 2019. Minimum future rental payments under non-cancelable operating lease having remaining terms in excess of one year as of June 30, 2018 for the next years as follow:

Year Ending June 30,	
2019	\$ 14,045

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 OPERATING LEASE (continued)

Total rent expense for the year ended June 30, 2018 was \$29,056.

NOTE 16 COMMITTED FUND BALANCES

General Fund:	
Prepaid Expenses	<u>\$ 12,411</u>

Assigned Fund Balance at June 30, 2018 is as follows:

Capital Projects Fund:	
Assigned for Gym Floor Repairs	<u>\$ 33,425</u>

Committed Fund Balance at June 30, 2018 are as follows:

General Fund:	
Committed for Sweet Property	\$ 50,176
Committed for FY19 Expenditures	190,947
Committed for Future Capital Expenditures	<u>35,643</u>
 Total General Fund	 <u>\$ 276,766</u>

Capital Projects Fund:	
Committed for Capital Expenditures	<u>\$ 176,824</u>

NOTE 17 COLLECTIVE BARGAINING AGREEMENTS

The District has entered into three collective bargaining agreements with the Lamoille North Education Association. The support staff and the para-educator collective bargaining agreements, along with the teacher collective bargaining agreement all expire on June 30, 2019.

NOTE 18 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditure exceeded appropriations in the General Fund by \$206,260. The excess is offset by excess of revenues over appropriations in the General Fund.

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 19 ADOPTION OF NEW ACCOUNTING POLICY

GASB 75 Accounting and Financial Reporting for OPEB other than Pensions became effective for fiscal years beginning after June 15, 2017. The Vermont State Teachers' Retirement System provides postemployment benefits to eligible VSTRS employees who retire from the System through a cost-sharing, multiple-employer postemployment benefit (OPEB) plan. The State has taken the position that the postemployment liability belongs to the State and not the District, therefore the only amounts included in the District's financial statements is the amount the State has contributed on behalf of the District. This is reflected as revenue and expense in the District-wide Statement of Activities and has no effect on the District's change in net position. The OPEB is disclosed in Note 10 of the financial statements.

NOTE 20 SUBSEQUENT EVENTS

On July 2, 2018, the School District obtained a tax anticipation note with Community National Bank in the amount of \$2,235,735. The note is due June 30, 2019 with 2.80% interest.

In accordance with professional accounting standards, the School District has evaluated subsequent events through November 28, 2018 which is the date the financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2018, have been incorporated into these basic financial statements herein.

REQUIRED SUPPLEMENTARY INFORMATION

Cambridge Town School District
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
State Grants:				
Education Spending Grant	\$ 4,903,675	\$ 4,904,924	\$ 4,866,921	\$ (38,003)
Education Spending Grant - Transportation	-	-	107,095	107,095
Education Spending Grant - Special Education	266,664	166,664	152,270	(14,394)
Federal Grants:				
IDEA B Grant	39,575	25,414	25,414	-
Consolidated Federal Program	208,155	208,155	208,155	-
Other Federal Grants	29,585	42,400	35,143	(7,257)
Medicaid/EPSDT Reimbursement	42,000	47,370	28,472	(18,898)
Food Service	-	172,214	157,785	(14,429)
Transportation Service	-	-	11,969	11,969
Interest Income	35,000	35,000	65,142	30,142
Miscellaneous	21,225	32,050	36,341	4,291
TOTAL REVENUES	5,545,879	5,634,191	5,694,707	60,516
EXPENDITURES				
Instruction Services	1,737,055	1,731,358	1,594,914	136,444
Art	46,558	46,558	47,602	(1,044)
Physical Education	68,944	70,344	68,707	1,637
Music/Band Services	80,892	80,892	79,982	910
Special Education	454,123	339,462	305,999	33,463
Preschool Program	116,887	138,137	172,753	(34,616)
Guidance Services	200,203	200,203	185,302	14,901
Health Services	56,603	60,573	56,983	3,590
Speech and Psychological Services	18,766	12,766	13,304	(538)
Improvement of Instruction	55,354	55,654	55,515	139
Educational Media Service	79,592	79,592	75,670	3,922
Board/Fiscal/Audit	21,645	21,645	11,814	9,831
Superintendent's Office	678,148	678,148	678,148	-
Principal's Office	270,346	270,346	252,904	17,442
Fiscal Services - Treasurer	9,964	9,964	16,642	(6,678)
Maintenance of Plant	523,903	523,903	483,060	40,843
Pupil Transportation	233,251	235,287	434,447	(199,160)

See Accompanying Notes to Basic Financial Statements.

Cambridge Town School District
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (continued)				
Technical Service	171,525	171,525	184,033	(12,508)
Food Service	50,060	222,274	207,529	14,745
Interest on short term loans	40,000	40,000	52,162	(12,162)
Debt Service	400,000	400,000	399,883	117
Educational Support Systems	267,939	267,939	259,855	8,084
EEE Expenditure	-	13,500	8,640	4,860
TOTAL EXPENDITURES	5,581,758	5,670,070	5,645,848	24,222
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(35,879)	(35,879)	48,859	84,738
OTHER FINANCING SOURCES				
Proceeds from Long Term Debt	-	-	93,515	93,515
Proceeds from Sale of Fixed Asset	-	-	8,000	8,000
Transfers to Capital Projects	-	-	(169,173)	(169,173)
TOTAL OTHER FINANCING SOURCES	-	-	(67,658)	(67,658)
NET CHANGE IN FUND BALANCE	\$ (35,879)	\$ (35,879)	\$ (18,799)	\$ 17,080

See Accompanying Notes to Basic Financial Statements.

Cambridge Town School District
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2018

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.25252%	0.31669%	0.32315%	0.3241%	0.3193%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>3,743,433</u>	<u>4,147,100</u>	<u>3,834,209</u>	<u>3,106,605</u>	<u>3,228,189</u>
Total	<u>\$ 3,743,433</u>	<u>\$ 4,147,100</u>	<u>\$ 3,834,209</u>	<u>\$ 3,106,605</u>	<u>\$ 3,228,189</u>
District's covered-employee payroll	<u>\$ 1,664,122</u>	<u>\$ 1,668,906</u>	<u>\$ 1,802,243</u>	<u>\$ 1,837,366</u>	<u>\$ 1,799,673</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	53.98%	55.31%	58.22%	64.02%	60.59%

Significant Actuarial Assumptions and methods are described in Note 13 to the financial statements. The following changes in assumptions and methods were effective June 30, 2017:

1. *Assumed inflation was lowered from 3% to 2.5%*
2. *The investment return assumption was lowered from 7.95% to 7.50%*
3. *The salary increase assumption was lowered by .37% at each age*
4. *Assumed COLA increases were lowered from 3% to 2.55% for Group A Members and from 1.5%-1.4% for Group C members.*
5. *The mortality tables were updated from variations of RP-2000 with static projection to 98% of the RP-2014 white collar table with generational improvement for healthy participants & the RP-2014 disable mortality table with generational improvement for disabled participants.*

See Accompanying Notes to Basic Financial Statements.

Cambridge Town School District
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
For the Year Ended June 30, 2018

	<u>2017</u>
District's proportion of the net OPEB liability (asset)	0.3160%
District's proportionate share of the net OPEB liability (asset)	\$ -
State's proportionate share of the net OPEB liability (asset) associated with the District	<u>2,946,104</u>
Total	<u>\$ 2,946,104</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-2.94%

*Significant Actuarial Assumptions and methods are described in Note 10 to the financial statements.
There were no changes in methods or assumptions during the year ended June 30, 2018.*

See Accompanying Notes to Basic Financial Statements.

ADDITIONAL REPORT



Kittell Branagan & Sargent

Certified Public Accountants

Vermont License # 167

INDEPENDENT AUDITOR'S REPORT

To the School Board
Cambridge, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cambridge Town School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cambridge Town School District, as of June 30, 2018, 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 Principle

As described in Note 19 to the financial statements, in 2018, the District adopted new accounting guidance, *GASBS No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information on pages 33-34, the schedule of proportionate changes of net pension liability on page 35 and the schedule of the proportionate changes of the net OPEB liability on page 36 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated, on our consideration of the Cambridge Town School District's internal control over financial reporting November 28, 2018 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 Cambridge Town School District's internal control over financial reporting and compliance.

Kittell Branagan & Sargent