

Eden Town School District
BASIC FINANCIAL STATEMENTS
June 30, 2016

Eden Town School District
TABLE OF CONTENTS
June 30, 2016

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	
MANAGEMENT’S DISCUSSION AND ANALYSIS	
BASIC FINANCIAL STATEMENTS:	
District-Wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet - Governmental Funds	3
Statement of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds	5
Statement of Net Position - Fiduciary Funds	8
Statement of Changes in Fiduciary Net Position	9
Notes to Basic Financial Statements	10
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – General Fund	27
Schedule of Proportionate Share of the Net Pension Liability	29
	<u>Report</u>
ADDITIONAL REPORTS	
Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards	1



Kittell Branagan & Sargent

Certified Public Accountants

Vermont License #167

INDEPENDENT AUDITOR'S REPORT

To the School Board
Eden Town School District
Eden, 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 Eden Town School District, as of and for the year ended June 30, 2016, 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 Eden Town School District, as of June 30, 2016, 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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information on pages 27-28 and the schedule of proportionate share of the net pension liability on page 29 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 October 24, 2016, on our consideration of the Eden Town School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eden Town School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Kattell Brannigan". The signature is written in dark ink and is positioned above the typed name and date.

St. Albans, Vermont
October 24, 2016

Eden Town School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

Our discussion and analysis of Eden School District financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2016. 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 supported primarily by property taxes.

Eden Town School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

- 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 grant funding were not available.

Analysis of Overall Financial Information:

ASSETS				
		FY15	FY16	% Change
Current Assets	\$	206,857	\$ 950,052	359%
Capital Assets	\$	816,891	\$ 997,734	22%
TOTAL ASSETS	\$	1,023,748	\$ 1,947,786	90%

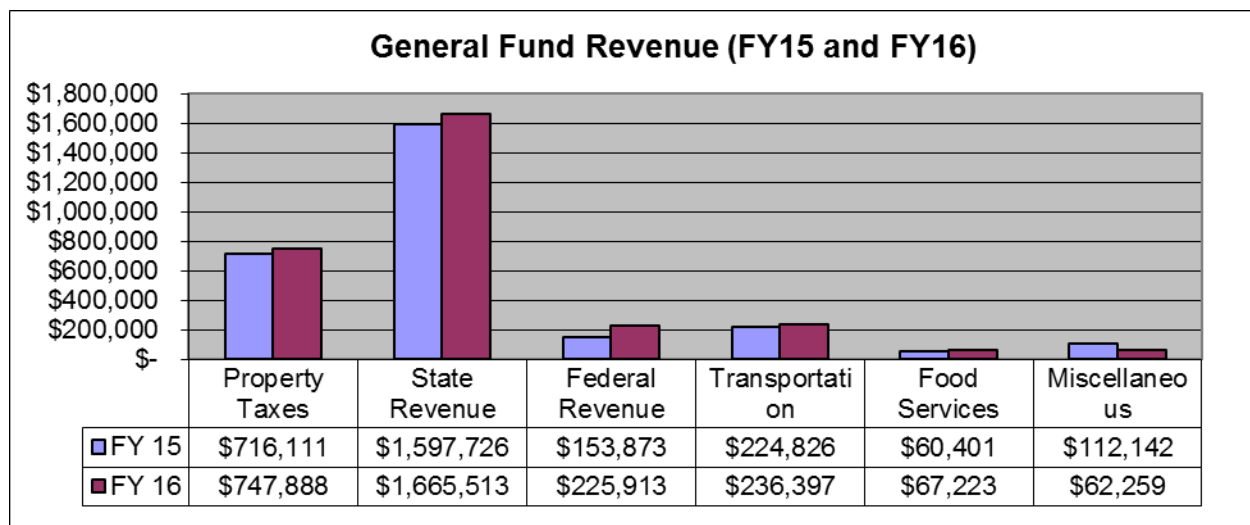
LIABILITIES				
		FY15	FY16	% Change
Current Liabilities	\$	56,618	\$ 252,306	346%
Long-Term Liabilities	\$	39,887	\$ 626,224	1470%
TOTAL LIABILITIES	\$	96,505	\$ 878,530	810%

NET POSITION				
		FY15	FY16	% Change
Net Investment in Capital Assets	\$	808,403	\$ 989,665	22%
Unrestricted	\$	118,840	\$ 79,591	-33%
TOTAL NET POSITION	\$	927,243	\$ 1,069,256	15%

The previous chart provides a snapshot of the district's finances for the 2016 fiscal year.

REVENUES

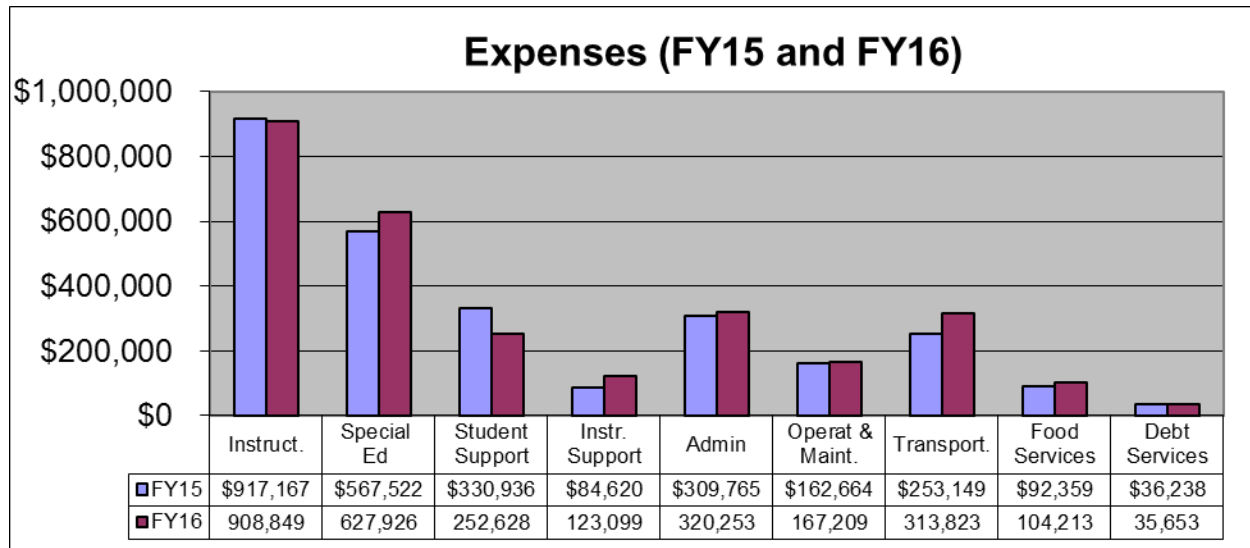
With the exception of miscellaneous revenues, revenues increased across all categories. The main fluctuation in revenues was the special education revenues and federal revenues offsetting higher costs for the State and Federally supported programs.



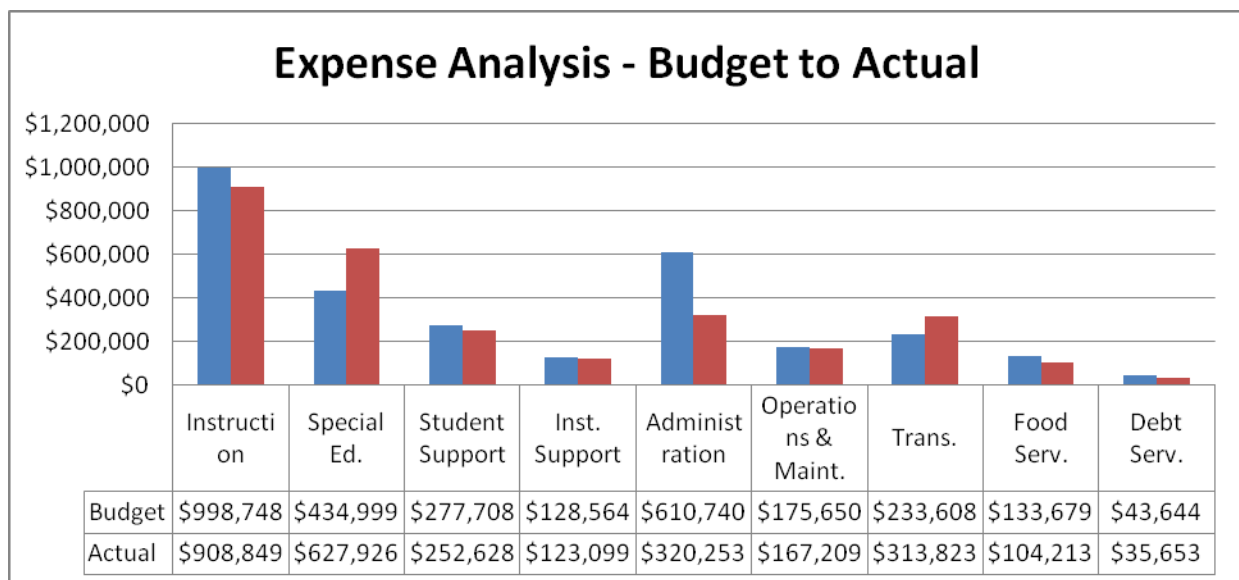
Eden Town School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2016

EXPENSES

The Schools' expenditures of \$2,853,653 were \$99,233 higher than FY15, but \$183,687 under the amount budgeted. Cost reductions in student support services, primarily health services, offset cost overruns in special education, instruction support and transportation. Additionally, a change in health election in administration and a change in demand placed upon debt service and past obligations necessitated reductions elsewhere.



Actual expenses were less than budget due to the need in areas primarily in transportation, administration and debt service. Transportation expenses are higher than budget due primarily to the purchase of a new bus. Food Service revenues continue to be less than required, compelling the General Fund to cover the short-fall. Instruction in FY16 was budgeted based on the FY15 budget, both years' actual expenditures have come in lower. Administration was budgeted with the expectation of higher costs at the SU level, however the final assessment paid was significantly less. While special education is reimbursed by approximately 56%, some expenses, such as those for children prior to kindergarten (Pre-K) age, do not qualify for adequate reimbursement. Therefore, in FY2015, we approached special education costs with a new strategy of utilizing grants to cover the pre-K expenditures allowing the state reimbursement formula to be applied more generously. The following chart reflects areas of difference between budget and actual expenditures.



Eden Town School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

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	7/1/15	Excess (Deficiency) of Revenues over Expenditures	Fund Balance	6/30/16
	\$150,629	\$578,269		\$728,898

The total accumulated fund balance reflected above consists of \$2,133 Non-spendable for inventory and prepaid expenses, \$40,223 committed for bus capital needs, and \$30,872 committed for capital expenditures from the General Fund. \$426,479 committed for capital expenditures from the Capital Projects Fund. \$229,191 remaining in Unassigned fund balance, \$31,645 of which has been recommended to reduce a deficit in food service. There is an additional \$22,627 held in trust from the sale of the old school house.

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 13 of the Report details the status of the District's net capital assets.

Description	Balance - 7/1/15	Increase/Decrease	Balance - 6/30/16
Land	\$10,440	\$0	\$10,440
Construction In Progress	\$0	\$188,300	\$188,300
Depreciable Assets	\$2,129,770	\$89,326	\$2,219,096
Accumulated Depreciation	-\$1,323,319	-\$96,783	-\$1,420,102
Capital Assets, Net	\$816,891	\$180,843	\$997,734

Long-Term Debt:

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

1. At June 30 2010, the District had \$40,000 in one outstanding bond, which was for the construction of the Eden Elementary School. Bond principal and interest were paid from the General Fund. As of June 30, 2013, the full long term bonded debt of the district has been fulfilled. In March of 2015, a new construction bond for \$615,000 was voted by the electorate. For the next 20-years, \$30,750 in principal payments and corresponding interest will be budgeted and expended.

Bond Type	Original Amount	Projected Interest	Final Pay. Date
School Construction	\$615,000	\$210,011	11/2035

2. At June 30, the district had \$34,278 in termination benefits payable (Note 9.) This is per the contract with the Teachers' Association regarding retirement benefits. \$11,781 in Support Staff retirement was expended to fund 403b plans (Note 8.)

Eden Town School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

3. Long term debt payables for upgrades to the water system are comprised of \$8,098 in principal payments and \$2,219 in interest through 2032.

Current Issues:

- Management: In September, 2016, the LNSU hired a new superintendent.
- Consolidation Efforts: Act 153 & Act 156 are provisions in laws that consolidate some functions in the central office and offers incentives for districts to consolidate. Some of the consolidation implementations, such as those in special education and transportation, have been delayed until July 1, 2014. However, this was delayed for the LNSU due to lack of a negotiated agreement with the union addressing some consolidation issues. 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 are difficult. Subsequently, the legislature passed Act 46 in May, 2015 that provides incentives for consolidation that lowers the tax impact on districts if they voluntarily consolidate as a single district. The LNSU established a committee to look at the possibility and impact of consolidating. A vote of its' citizenry was held on April 12, 2016. Eden Central School District along with Belvidere Central School District, Johnson Elementary School District and Hyde Park Elementary School District voted to consolidate into one school district. Waterville Elementary School District and Cambridge Elementary School District voted to not participate in the consolidation. Effective July 1, 2017, Eden Central School will operate as a member of the Lamoille North Modified Unified Union School District.
- Enrollment: The Eden School District had experienced a trend of decrease in student enrollment 3 of the last 5 years. This decrease is of concern as the state evaluates costs and numbers of students in their school systems. Eden's equalized pupil count (EPC) had decreased over the course of 8 years, and until recently hovered in the 240's. In 2012, the trend has reversed and pupil enrollment is on the increase again, jumping to 250.6 FTE in 2014-2015 and 252.07 in 2016.

FY 2009	FY 2010	FY 2011	FY 2012	FY2013	FY2014	FY2015	FY2016
259.89	250.79	242.01	241.70	245.43	242.6	250.6	252.07

- Physical Plant: The Eden facility has antiquated, inefficient, HVAC controls as well as aging boilers and pipes that have caused some issues with blockages in lines and inefficient heating. With the successful bond vote, work to replace the burners and retrofit at least one boiler to a propane fired system began fall of 2015-2016. Additional bond work occurred in FY16 and will continue through FY17.
- Taxes: Property taxes in Vermont are set by calculation of total spent per student 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 until a locale does a property reassessment and this has the effect of increasing the property tax rate. A slowing economy started in the fall of 2008 and poor sales have been reflected in the CLA.

The effect of the Common Level of Appraisal (Vermont's adjustment factor to bring a town's appraised values to fair market values) on Eden's final tax rate has greatly affected Eden taxes as their real estate market tends to increase rapidly due to appreciated lakefront property. However, since the recession and reappraisal of property, that affect has diminished. Education tax rates have actually fallen in recent years before rising last year.

Eden Town School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

Common Level of Appraisal C.L.A. FY08:	65.93%	
Common Level of Appraisal C.L.A. FY09:	110.57%	(Result of Reappraisal)
Common Level of Appraisal C.L.A. FY10:	97.86%	
Common Level of Appraisal C.L.A. FY11:	93.37%	
Common Level of Appraisal C.L.A. FY12:	96.77%	
Common Level of Appraisal C.L.A. FY13:	103.6%	
Common Level of Appraisal C.L.A. FY14:	106.73%	
Common Level of Appraisal C.L.A. FY15:	104.48%	
Common Level of Appraisal C.L.A. FY16:	103.42%	

- Poverty: With the recent economic downturn, Eden has experienced high unemployment with levels reaching 22.1% in March, 2009 and subsequently, 18.9% in March 2010. More recently, in June, 2016 unemployment was at 6.3%, showing an improvement overall, yet still lagging with the state. Children qualifying for Free & Reduced lunches have reached a high of 82%, and more recently 63% reflecting a challenged economic region, but showing improvement.
- The Eden School District is a member of the Lamoille Union School District #18 (LUSD #18). Eden 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.

Eden Town School District
DISTRICT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
June 30, 2016

ASSETS

	Governmental Activities
CURRENT ASSETS	
Cash	\$ 241,574
Restricted Cash	615,029
Due from LNSU	83,118
Other Receivables	7,851
Due from Other Funds	347
Inventory	558
Prepaid expenses	<u>1,575</u>
TOTAL CURRENT ASSETS	<u>950,052</u>
 CAPITAL ASSETS, net	 <u>997,734</u>
 TOTAL ASSETS	 <u>\$ 1,947,786</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES	
Accounts Payable and Accrued Liabilities	\$ 177,574
Accrued Salaries and Taxes	33,803
Accrued Interest	5,830
Unearned Revenue	3,947
Current Portion of Note Payable	402
Current Portion of Bond Payable	<u>30,750</u>
TOTAL CURRENT LIABILITIES	<u>252,306</u>
 LONG-TERM LIABILITIES, net of current portion	
Retirement Benefits Payable	34,278
Note Payable	7,696
Bond Payable	<u>584,250</u>
TOTAL LONG-TERM LIABILITIES	<u>626,224</u>
 TOTAL LIABILITIES	 <u>878,530</u>
 NET POSITION	
Net Investment in Capital Assets	989,665
Unrestricted	<u>79,591</u>
TOTAL NET POSITION	<u>1,069,256</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 1,947,786</u>

See Accompanying Notes to Basic Financial Statements

Eden Town School District
DISTRICT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Operating Grants and Revenues	Capital Grants and Revenues	Governmental Activities
Governmental activities:					
Instruction Services	\$ 911,311	\$ 28,095	\$ 2,014,689	\$ -	\$ 1,131,473
Special Education	498,667	-	427,930	-	(70,737)
Guidance Services	160,736	-	-	-	(160,736)
Health and Psychological Services	58,688	-	16,699	-	(41,989)
Speech and Other Services	118,552	-	50,446	-	(68,106)
Improvement of Instruction	48,973	-	-	-	(48,973)
Educational Media Services	33,203	-	-	-	(33,203)
Board of Education Services	10,603	-	-	-	(10,603)
District Treasurer Services	17,425	-	-	-	(17,425)
Legal, Audit and Negotiation Services	1,405	-	-	-	(1,405)
Superintendent's Office	117,450	-	-	-	(117,450)
Principal's Office	173,370	-	-	-	(173,370)
Maintenance of Plant and Projects	167,209	-	-	33,452	(133,757)
Pupil Transportation	224,497	236,398	78,768	-	90,669
Food Service	104,212	9,869	57,353	-	(36,990)
Computer Technology	74,126	-	-	-	(74,126)
Debt Service	35,263	-	-	-	(35,263)
EEE Expenditure	10,707	-	16,154	-	5,447
Miscellaneous	6,217	-	-	-	(6,217)
Depreciation:					
Unallocated	96,783	-	-	-	(96,783)
Total governmental activities	<u>\$ 2,869,397</u>	<u>\$ 274,362</u>	<u>\$ 2,662,039</u>	<u>\$ 33,452</u>	<u>100,456</u>
General revenues:					
Unrestricted investment earnings					13,967
Miscellaneous					<u>27,590</u>
Total general revenues					<u>41,557</u>
Change in Net Position					142,013
Net Position, beginning					<u>927,243</u>
Net Position, ending					<u>\$ 1,069,256</u>

See Accompanying Notes to Basic Financial Statements

Eden Town School District
FUND FINANCIAL STATEMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2016

		Governmental Fund Types		
		General	Capital	
		Fund	Project Fund	Total
<u>ASSETS</u>				
ASSETS				
Cash	\$	241,574	\$ -	\$ 241,574
Restricted Cash		-	615,029	615,029
Due from LNSU		83,118	-	83,118
Other Receivables		7,851	-	7,851
Due to Other Funds		121,478	-	121,478
Inventory		558	-	558
Prepaid Expenses		1,575	-	1,575
TOTAL CURRENT ASSETS		<u>\$ 456,154</u>	<u>\$ 615,029</u>	<u>\$ 1,071,183</u>
<u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$	110,155	\$ 67,419	\$ 177,574
Due to Other Funds		-	121,131	121,131
Accrued Salaries and Taxes		33,803	-	33,803
Accrued Interest		5,830	-	5,830
Unearned Revenue		3,947	-	3,947
TOTAL LIABILITIES		<u>153,735</u>	<u>188,550</u>	<u>342,285</u>
FUND BALANCES				
Non-Spendable Fund Balance		2,133	-	2,133
Committed Fund Balance		71,095	426,479	497,574
Unassigned Fund Balance		229,191	-	229,191
TOTAL FUND BALANCE		<u>302,419</u>	<u>426,479</u>	<u>728,898</u>
TOTAL LIABILITIES AND FUND BALANCE		<u>\$ 456,154</u>	<u>\$ 615,029</u>	<u>\$ 1,071,183</u>

See Accompanying Notes to Basic Financial Statements

Eden Town School District
FUND FINANCIAL STATEMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2016

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

Total fund balances - governmental funds	\$ 728,898
---	-------------------

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	2,417,836
----------------	-----------

Accumulated Depreciation	(1,420,102)
--------------------------	-------------

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:

Note Payable	(8,098)
--------------	---------

Bond Payable	(615,000)
--------------	-----------

Retirement Benefits Payable	<u>(34,278)</u>
-----------------------------	-----------------

Total net position - governmental activities	<u>\$ 1,069,256</u>
---	----------------------------

See Accompanying Notes to Basic Financial Statements

Eden Town School District
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GENERAL FUND
For the Year Ended June 30, 2016

	Governmental Fund Types		
	General Fund	Capital Projects Fund	Total
REVENUES			
State Revenue	\$ 2,413,401	\$ -	\$ 2,413,401
Federal Revenue	209,214	-	209,214
Services to Other LEA's	23,095	-	23,095
Medicaid Reimbursement	16,699	-	16,699
Food Service	67,223	-	67,223
Interest Income	13,938	29	13,967
Transportation	236,397	-	236,397
Miscellaneous	25,226	-	25,226
TOTAL REVENUES	3,005,193	29	3,005,222
EXPENDITURES			
Instruction Services	908,849	-	908,849
Special Education - Elementary	498,667	-	498,667
Guidance Services	160,736	-	160,736
Health Services	53,487	-	53,487
Speech and Other Services	123,754	-	123,754
Improvement of Instruction	48,973	-	48,973
Educational Media Services	29,395	-	29,395
Board of Education Services	10,603	-	10,603
District Treasurer Services	17,425	-	17,425
Legal, Audit and Negotiation Services	1,405	-	1,405
Superintendent's Office	117,450	-	117,450
Principal's Office	173,370	-	173,370
Fiscal Services - Interest	15,089	-	15,089
Maintenance of Plant and Projects	167,209	188,300	355,509
Pupil Transportation	313,823	-	313,823
Food Service	104,213	-	104,213
Computer Technology	77,934	-	77,934
Debt Service	20,564	-	20,564
EEE Expenditure	10,707	-	10,707
TOTAL EXPENDITURES	2,853,653	188,300	3,041,953

See Accompanying Notes to Basic Financial Statements

Eden Town School District
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GENERAL FUND
For the Year Ended June 30, 2016

	Governmental Fund Types		
	General Fund	Capital Projects Fund	Total
EXCESS/(DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENDITURES	151,540	(188,271)	(36,731)
OTHER FINANCING SOURCES			
Proceeds from Sale of Bond	-	615,000	615,000
NET CHANGE IN FUND BALANCE	151,540	426,729	578,269
FUND BALANCE, Beginning of Year	150,879	(250)	150,629
FUND BALANCE, End of Year	<u>\$ 302,419</u>	<u>\$ 426,479</u>	<u>\$ 728,898</u>

See Accompanying Notes to Basic Financial Statements

Eden Town School District
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GENERAL FUND
For the Year Ended June 30, 2016

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

Total net change in fund balances - governmental funds	\$ 578,269
---	-------------------

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	(96,783)
----------------------	----------

Capital Outlays	277,626
-----------------	---------

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	(615,000)
--	-----------

Payment of notes and bonds payable principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the statement of net position.

Principal payments of notes payable	390
-------------------------------------	-----

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:

Termination Benefits Accrued	(8,406)
Termination Benefits Paid	<u>5,917</u>

Change in net position of governmental activities	<u>\$ 142,013</u>
--	--------------------------

See Accompanying Notes to Basic Financial Statements

Eden Town School District
FUND FINANCIAL STATEMENTS
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
June 30, 2016

	<u>Fiduciary Fund Types</u>	
	<u>Private Purpose Trusts</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
ASSETS		
Cash	\$ 22,643	12,145
<u>LIABILITIES AND NET POSITION</u>		
LIABILITIES		
Due to Other Funds	\$ -	\$ 347
Due to Other Student Groups	-	1,121
Deferred Revenue	-	10,677
TOTAL LIABILITIES	-	12,145
NET POSITION		
Held in trust for Grammer School Sale and other purposes	12,603	-
Restricted	10,040	-
TOTAL NET POSITION	22,643	-
TOTAL LIABILITIES AND NET POSITION	\$ 22,643	\$ 12,145

See Accompanying Notes to Basic Financial Statements

Eden Town School District
FUND FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2016

	Fiduciary Fund Types
	Private Purpose Trusts
ADDITIONS	
Interest Income	\$ 16
DEDUCTIONS	-
CHANGE IN NET POSITION	16
NET POSITION, Beginning of Year	22,627
NET POSITION, End of Year	\$ 22,643

See Accompanying Notes to Basic Financial Statements

Eden Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

All operations of the School District are controlled by a three member School Board, 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 School Board. 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, and fiduciary 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.

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.

Eden Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The School District reports the following major governmental funds:

- * 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.

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).

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 Eden Town School District's policy to use the fund balance in the following order, (1) Committed, (2) Assigned, (3) Unassigned.

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 trust fund. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance reserve. Annual operating budgets are adopted each fiscal year through the passage of an annual budget ordinance and amended as required.

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.

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.

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

Eden Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 position.

Property Taxes

Property taxes are due and payable on November 15, February 15 and May 15th. 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 are divided into the following components:

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

Restricted net position – consists of net position 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 Statement No. 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.

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

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

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

Unassigned – All amounts not included in other classifications.

Eden Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Concentration of Risk

Eden Town School District is a public school district located in the Town of Eden. The District receives the majority of its revenues from property taxes assessed on residences of the Town. Additionally, the District receives revenues from the State of Vermont as Federal and State aid to education and as special education grants.

Inventories

Inventories consist of food and supplies for the food service program and are valued at cost on a first-in, first-out basis.

NOTE 2 CASH, INVESTMENTS AND CATEGORIES OF RISK

The District authorizes the Treasurer to invest excess cash in bank accounts (ex: certificates of deposits), obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

The cash deposits in the School District accounts as of June 30, 2016 consisted of the following:

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 236,014	\$ 575,015
Right to Offset with Related Debt	365,029	365,029
Uninsured	<u>290,348</u>	<u>290,349</u>
 TOTAL	 <u>\$ 891,391</u>	 <u>\$ 1,230,393</u>

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

NOTE 3 SHORT-TERM OBLIGATIONS

The School District's revenue anticipation note activity, including amount outstanding and interest rate, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
2.8% Revenue Anticipation Note	<u>\$ -</u>	<u>\$ 538,889</u>	<u>\$ (538,889)</u>	<u>\$ -</u>

Eden Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 3 SHORT-TERM OBLIGATIONS (continued)

All of the notes are backed by the full faith and credit of the School District and mature within one year.

NOTE 4 NOTE PAYABLE

The District had the following note payable at June 30, 2016:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Note payable with US Bank payments of \$645 due annually on January 1st at 3.00% interest, due January 2032.	\$ 8,488	\$ -	\$ (390)	\$ 8,098	\$ 402

Anticipated maturities of notes payable are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 402	\$ 243	\$ 645
2018	414	231	645
2019	426	219	645
2020	439	206	645
2021	452	192	644
2022-2026	2,473	751	3,224
2027-2031	2,867	357	3,224
2032	<u>625</u>	<u>20</u>	<u>645</u>
Total	<u>\$ 8,098</u>	<u>\$ 2,219</u>	<u>\$ 10,317</u>

NOTE 5 BOND PAYABLE

The District had the following bond payable at June 30, 2016:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bond payable with Vermont Municipal Bond Bank, payments of \$30,750 due annually on November 1st including semi annual interest at 3.4%, due due November 2035.	\$ -	\$ 615,000	\$ -	615,000	\$ 30,750

Eden Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 5 BOND PAYABLE (continued)

Anticipated maturities of notes payable are as follows:

June 30,	Principal	Interest	Total
2017	\$ 30,750	\$ 17,363	\$ 48,113
2018	30,750	17,057	47,807
2019	30,750	16,659	47,409
2020	30,750	16,184	46,934
2021	30,750	15,633	46,383
2022-2026	153,750	67,154	220,904
2027-2031	153,750	44,240	197,990
2032-2035	153,750	15,721	169,471
Total	<u>\$ 615,000</u>	<u>\$ 210,011</u>	<u>\$ 825,011</u>

NOTE 6 NET POSITION HELD IN TRUST

In October 1984, the Lamoille Grammar School Corporation was closed and the assets and Chesamore Hall were sold. The proceeds from the sale of these assets, \$12,603, are shown as assets held in trust in the fiduciary fund as they are non-expendable. The District is allowed to spend interest earned on this original investment.

NOTE 7 TEACHER 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 Eden Town School District's proportional share of the overall amounts of the Vermont State Teachers' Retirement System (VSTRS) plan. Eden Town School District's portion has been allocated based on Eden 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 Eden Town School District's reporting date (June 30, 2016) and for the Eden Town School District's reporting period (the year ended June 30, 2016). 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, 2016, the State has chosen to use the end of the prior fiscal year (June 30, 2015) as the measurement date, and the year ended June 30, 2015 as the measurement period.

Eden Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 7 TEACHER 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, 2014, to the measurement date of June 30, 2015.

Schedule A – Employers' Allocation as of June 30, 2014

Fiscal Year Ended June 30, 2014				
Reported Salaries	Employer Proportion	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
\$ 866,077	0.15279%	\$ 4,069,913	\$ 2,605,556	\$ 1,464,357

Fiscal Year Ended June 30, 2014			
Total Deferred Outflows	Total Deferred Inflows	Net Pension Liability 1% Decrease (7.15% Disc Rate)	Net Pension Liability 1% Increase (9.15% Disc Rate)
\$ -	\$ (302,213)	\$ 1,923,156	\$ 1,079,224

Schedule B- Employer's Allocation as of June 30, 2015

Fiscal Year Ended June 30, 2015				
Portion of State Contribution	Employer Proportion	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
\$ 109,433	0.15010%	\$ 4,262,143	\$ 2,481,253	\$ 1,780,890

Fiscal Year Ended June 30, 2015			
Total Deferred Outflows	Total Deferred Inflows	Net Pension Liability 1% Decrease (6.95% Disc Rate)	Net Pension Liability 1% Increase (8.95% Disc Rate)
\$ 153,509	\$ (127,302)	\$ 2,261,410	\$ 1,377,777

Eden Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 7 TEACHER RETIREMENT (continued)

Schedule C – Employers’ Allocation of Pension Amounts as of June 30, 2015

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
0.15010%	\$ 1,780,890	\$ 22,518	\$ 64,716	\$ -	\$ 66,275	\$ -	\$ 153,509

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
\$ -	\$ -	\$ -	\$ -	\$ (127,302)	\$ (12,302)

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
\$ 157,660	\$ (60,113)	\$ 97,547

Schedule D- Employer’s Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 2015

Fiscal Year Ending June 30,					
2016	2017	2018	2019	2020	Thereafter
\$ (23,253)	\$ (23,253)	\$ 29,784	\$ 42,928	\$ -	\$ -

Schedule E- Covered Payroll

FY 2015	FY 2014
\$ 837,095	\$ 866,077

Eden Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 7 TEACHER RETIREMENT (continued)

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, 2015, the retirement system consisted of 288 participating employers.

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

Eden Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 7 TEACHER RETIREMENT (continued)

VSTRS	GROUP A	GROUP C - GROUP #1*	Group C - Group #2++
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
Medical Benefits	Health subsidy based on member's service credit	Health subsidy based on member's service credit	Health subsidy based on member's service credit
Dental	Member pays full premium	Member pays full premium	Member pays full premium
Employee Contributions	2.5% of gross salary	5.0% of gross salary with 5 or more years of service as of 7/1/14; 6.0% of gross salary if less than 5 years of service as of 7/1/14	5.0% of gross salary with 5 or more years of service as of 7/1/14; 6.0% of gross salary if less than 5 years of service as of 7/1/14
Employer Contributions	Varies based on actuarial recommendation	Varies based on actuarial recommendation	Varies based on actuarial recommendation

* 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

Significant Actuarial Assumptions and Methods

The total pension liability as of June 30, 2015 was determined by rolling forward the total pension liability as of June 30, 2014 to June 30, 2015 using the actuarial assumptions outlined below. These assumptions were selected on the basis of the experience study that was performed for the five year period ending June 30, 2010. The recommended assumption changes based on this experience study were adopted by the Board at its May 24, 2011 Board meeting, and were effective for the June 30, 2011 actuarial valuation. The 7.95% expected rate of return on assets was adopted by the Board at a meeting on July 2, 2015.

Interest Rate: 7.95% per annum. Through June 30, 2015, a select-and-ultimate interest rate set, specified below. The interest rate set is restarted every year:

Eden Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 7 TEACHER RETIREMENT (continued)

Year 1: 6.25%	Year 10: 8.50%
Year 2: 6.75%	Year 11: 8.50%
Year 3: 7.00%	Year 12: 8.50%
Year 4: 7.50%	Year 13: 8.50%
Year 5: 7.75%	Year 14: 8.50%
Year 6: 8.25%	Year 15: 8.50%
Year 7: 8.25%	Year 16: 8.75%
Year 8: 8.25%	Year 17 and later: 9.00%
Year 9: 8.50%	

Salary Increases: Representative values of the assumed annual rates of future salary increases are as follows:

Age	Annual Rate of Salary Increase
25	8.40%
30	7.05%
35	6.15%
40	5.45%
45	4.95%
50	4.60%
55	4.35%
60	4.25%
64	4.25%

Deaths After Retirement: The 1995 Buck Mortality Tables set back three years for males and one year for females, for retirees, terminated vested members and beneficiaries; the RP-2000 Disabled Life Table with projection to 2016 using Scale AA for disabled retirees. The tables used contain a margin to reflect anticipated mortality improvement after the valuation date.

Inflation: the separately stated assumptions for investment return, salary increases and cost of living adjustments are consistent with an expected annual inflation rate of 3.00% to 3.25% per year.

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

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 3% per annum for Group A members and 1.5% per annum for Group C members (beginning at age 62 for Group C members who elect reduced early retirement).

Inactive Members: A liability equal to 350% of accumulated contributions of inactive members is included in the valuation liabilities.

Actuarial Cost Method: The individual entry age normal actuarial cost method was used. For actuarial valuations prior to June 30, 2006, the entry age normal method with frozen initial liability was used.

Eden Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 7 TEACHER RETIREMENT (continued)

Asset Valuation Method: 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.

Member Data: 344 members terminated on June 30, 2014 and retired on July 1, 2015 were included with a valuation status as members receiving benefits. 511 members who were active on June 30, 2014 and terminated on July 1, 2014, were included with a valuation status as inactive. For those terminated members with at least five years of service, the system will automatically vest them six years after their termination if they do not withdraw.

Health and Medical Benefits for Retirees: Not included in this valuation.

Long-term expected rate of return

The long-term expected rate of return on System investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variable and the asset classes. These best estimate ranges were combined to produce forecasts of the short, intermediate, and longer term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles. To reflect this in the rate-of-return assumption, a Select and Ultimate assumption setting approach, which is cited in Section 3.8.4 of Actuarial Standard of Practice No. 27 as an alternative to a single assumed rate of return, is employed.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity	32.00%	8.61%
Fixed Income	35.00%	1.91%
Alternatives	17.00%	6.93%
Multi-strategy	16.00%	4.88%

Nominal long-term expected rates of return for these asset classes are equal to the sum of the above expected long-term real rates and the expected long-term inflation rate of 3.0%

Discount rate

The discount rate used to measure the total pension liability was 7.95%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

Eden Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 7 TEACHER RETIREMENT (continued)

The following presents the entity's proportionate share of the net pension liability calculated using the discount rate of 7.95 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.95%) or one percent higher (8.95%):

1% Decrease (6.95%)	Discount Rate (7.95%)	1% Increase (8.95%)
\$ 1,506,647,377	\$ 1,186,504,853	\$ 917,933,969

During the year ended June 30, 2016 the state of Vermont contributed \$127,754 on behalf of the Eden Town School District.

NOTE 8 DEFINED CONTRIBUTION PLAN

The Eden 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. 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 \$260,564. Contributions by the District were \$11,781 in fiscal year 2016.

NOTE 9 RETIREMENT BENEFITS

Teachers

Teachers retiring from the District after having served more than fifteen years and have reached age 55 while still employed shall receive pay for all unused, accumulated sick leave, vacation and retirement at the rate of \$50/day, subject to a maximum cap of \$9,250. This is per the contract with the Teachers' Association. The potential liability at June 30, 2016 was \$34,278 for 7 employees.

	June 30, 2015 Balance	Additions	Principal Reduction	June 30, 2016 Balance
Termination Benefits	\$ 31,789	\$ 8,406	\$ (5,917)	\$ 34,278

NOTE 10 ASSESSMENTS

Supervisory Union Assessment

The District also pays for its proportionate share of expense relating to the Lamoille North Supervisory Union. The District paid \$117,910 of such expenses during the year ended June 30, 2016. The Supervisory Union owed the District \$67,444 at June 30, 2016 for amounts received for grant programs administered by the Supervisory Union.

Eden Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 11 NON-CASH TRANSACTIONS

The Eden Town School District received Federal Commodities for use in food service in the amount of \$3,729. 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 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, Eden 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 health insurance coverage, VSBIT has established a self-funded fully insured program in conjunction with Blue Cross and Blue Shield (BCBS). A portion of member contributions is used to purchase reinsurance and to fund a reserve required by the reinsurance. Contributions in excess of claims requirements, reserve fund requirements, reinsurance and administrative costs are returned to participants.

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 result in an actual or projected financial deficit and VSBIT is unable to meet its required obligations, the program will be terminated with each member assessed their proportioned share of the deficit.

NOTE 13 CONTINGENCY

The School District participates in a number of Federal and State assisted grant programs, which are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended June 30, 2016, have not been reviewed by the grantor agencies. Accordingly, the Districts' compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time, although the Districts expects such amounts, if any, to be immaterial.

Eden Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 14 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2016 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 10,440	\$ -	\$ -	\$ 10,440
Construction in progress	<u>-</u>	<u>188,300</u>	<u>-</u>	<u>188,300</u>
Total capital assets, not being depreciated	<u>10,440</u>	<u>188,300</u>	<u>-</u>	<u>198,740</u>
Capital assets, being depreciated				
Buildings and improvements	1,495,608	-	-	1,495,608
Equipment and machinery	<u>634,162</u>	<u>89,326</u>	<u>-</u>	<u>723,488</u>
Total capital assets, being depreciated	<u>2,129,770</u>	<u>89,326</u>	<u>-</u>	<u>2,219,096</u>
Accumulated depreciation for				
Buildings and improvements	(883,954)	(42,824)	-	(926,778)
Equipment and machinery	<u>(439,365)</u>	<u>(53,959)</u>	<u>-</u>	<u>(493,324)</u>
Total accumulated depreciation	<u>(1,323,319)</u>	<u>(96,783)</u>	<u>-</u>	<u>(1,420,102)</u>
Total capital assets, being depreciated, net	<u>806,451</u>	<u>(7,457)</u>	<u>-</u>	<u>798,994</u>
Governmental activities, capital assets, net	<u>\$ 816,891</u>	<u>\$ (7,457)</u>	<u>\$ -</u>	<u>\$ 997,734</u>

NOTE 15 OPERATING LEASE

The School District leases equipment under an operating lease which expires in April 2019. Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2016 for the next year is as follow:

Year Ending June 30,	
2017	\$ 4,090
2018	4,090
2019	3,068

Total rent expense for the year ended June 30, 2016 was \$3,655.

Eden Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 16 FUND BALANCES

Non-Spendable Fund Balances at June 30, 2016 are as follows:

General Fund:

Non-Spendable for Inventory	\$ 558
Non-Spendable for Prepaid Expenses	<u>1,575</u>
	<u>2,133</u>

Committed Fund Balances at June 30, 2016 are as follows:

General Fund:

Committed for Bus Fund	\$ 40,223
Committed for Capital Expenditures	<u>30,872</u>
	<u>\$ 71,095</u>

Capital Projects Fund:

Committed for Capital Expenditures	<u>\$ 426,479</u>
------------------------------------	---------------------

NOTE 17 COLLECTIVE BARGAINING AGREEMENTS

The District has entered into two collective bargaining agreements with the Lamoille North Education Association. The support staff and the para-educator collective bargaining agreement, along with the teacher collective bargaining agreement all expire on June 30, 2017.

NOTE 18 TRANSPORTATION CONTRACT

The district has a transportation contract with Lamoille Union High School effective August 31, 2015 through June 30, 2016 in which the district received \$230,447 during fiscal year 2016 from the High School for use of its buses. On May 23, 2016 the district renewed this transportation contract for fiscal year 2017 with Lamoille Union High School for use of the buses in the amount of \$237,591.

NOTE 19 UNIFIED DISTRICT

On March 1, 2016, the voters of Lamoille Union High School District #18, Eden Town School District, Johnson Town School District, Hyde Park Town School District and Belvidere Town School District authorized the creation of a Unified School District, encompassing each of the districts. The pre-existing school districts will halt governance operations and cease to exist upon the close of business on June 30, 2017. All assets, debts, and liabilities of each district will be transferred to the Unified School District at the close of business on June 30, 2017.

Eden Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 20 SUBSEQUENT EVENTS

On July 1, 2016, the School District obtained a tax anticipation note with Community National Bank in the amount of \$351,601. The note was drawn down in full on July 1, 2016 and is due on June 30, 2017 with 2.80% interest.

In accordance with Accounting Standards, the District has evaluated subsequent events through October 24, 2016, which is the date these basic financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2016, have been incorporated into these basic financial statements herein.

REQUIRED SUPPLEMENTARY INFORMATION

Eden Town School District
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
State Grants:				
Education Spending Grant	\$ 1,962,267	\$ 1,962,267	\$ 1,990,223	\$ 27,956
Education Spending Grant - Transportation	78,768	78,768	78,768	-
Special Education Grant	344,997	344,997	328,256	(16,741)
Essential Early Education	16,154	16,154	16,154	-
Federal Grants:				
21st Centry Grant	17,218	24,466	24,466	-
IDEA B Grant	12,298	57,629	50,446	(7,183)
Tobacco Grant	-	902	902	-
School Improvement Grant	-	45,000	33,452	(11,548)
Consolidated Grant	92,318	100,500	99,948	(552)
Services to Other LEA's	21,704	21,704	23,095	1,391
Medicaid Reimbursement	24,000	24,000	16,699	(7,301)
Food Service	-	83,374	67,223	(16,151)
Interest Income	6,500	6,500	13,938	7,438
Transportation - Secondary + Special education	230,472	230,472	230,447	(25)
Transportation - Other	2,000	2,000	5,950	3,950
Miscellaneous	17,707	38,607	25,226	(13,381)
TOTAL REVENUES	2,826,403	3,037,340	3,005,193	(32,147)
EXPENDITURES				
Instruction - Elementary	783,212	840,255	749,615	90,640
Art	18,457	18,457	19,781	(1,324)
Physical Education	58,163	58,163	50,759	7,404
Music	22,311	22,311	20,701	1,610
Special Education - Elementary	340,150	373,449	498,667	(125,218)
Pre-School	59,562	59,562	67,993	(8,431)
Guidance Services	154,499	154,499	160,736	(6,237)
Health Services	51,774	51,774	53,487	(1,713)
Psychological Services	10,000	10,000	-	10,000
Speech Services	54,122	56,279	118,552	(62,273)
Other Support Services	5,000	5,000	5,202	(202)
Improvement of Instruction	28,197	59,272	48,973	10,299

See Accompanying Notes to Basic Financial Statements.

Eden Town School District
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (continued)				
Educational Media Services	50,465	50,465	29,395	21,070
Instructional Technology	5,970	5,970	3,808	2,162
Board of Education Services	10,088	10,088	10,603	(515)
District Treasurer Services	15,879	15,879	17,425	(1,546)
Legal and Negotiation Services	1,470	1,470	1,405	65
Superintendent's Office	415,703	415,703	117,450	298,253
Principal's Office	167,600	167,600	173,370	(5,770)
Fiscal Services - Interest	8,000	8,000	15,089	(7,089)
Maintenance of Plant	175,650	175,650	167,209	8,441
Pupil Transportation	233,923	233,608	313,823	(80,215)
Computer Technology	64,842	69,292	74,126	(4,834)
Debt Service - Principal and Interest	35,644	35,644	20,564	15,080
EEE Expenses	5,271	5,271	10,707	(5,436)
Food Service	<u>50,451</u>	<u>133,679</u>	<u>104,213</u>	<u>29,466</u>
 TOTAL EXPENDITURES	 <u>2,826,403</u>	 <u>3,037,340</u>	 <u>2,853,653</u>	 <u>183,687</u>
 NET CHANGE IN FUND BALANCE	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 151,540</u>	 <u>\$ 151,540</u>

See Accompanying Notes to Basic Financial Statements.

Eden Town School District
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2016

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.15010%	0.1738%	0.1528%
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>1,780,890</u>	<u>1,464,357</u>	<u>1,756,816</u>
Total	<u>\$ 1,780,890</u>	<u>\$ 1,464,357</u>	<u>\$ 1,756,816</u>
District's covered-employee payroll	\$ 837,095	\$ 866,077	\$ 979,402
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	58.22%	64.02%	60.59%

Significant Actuarial Assumptions and methods are described in Note 6 to the financial statements. There were no changes in methods or assumptions during the year ended June 30, 2016.

See Accompanying Notes to Basic Financial Statements.

ADDITIONAL REPORTS



Kittell Branagan & Sargent

Certified Public Accountants

Vermont License #167

Report 1

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

Board of School Commissioners
Eden Town School District
Eden, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Eden Town School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Eden Town School District basic financial statements, and have issued our report thereon dated October 24, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eden Town School District financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kittell Brangman & Sargent

St. Albans, Vermont
October 24, 2016