

Cambridge Town School District
BASIC FINANCIAL STATEMENTS
June 30, 2021

Cambridge Town School District
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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, 2021, 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, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 34-35, the schedule of proportionate changes of net pension liability on page 36 and the schedule of the proportionate changes of the net OPEB liability on page 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cambridge Town School District's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated, December 6, 2021 on our consideration of the Cambridge 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 Cambridge Town School District's internal control over financial reporting and compliance.

Kittell Brannan & Sargent

St. Albans, Vermont
December 6, 2021

Cambridge Town School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2021. 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, Statement of Changes in Net Position (Statement of Activities), 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 Revenues, Expenditures and Changes in Fund Balance 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:

Cambridge Town School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

- 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.
 - 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 FY21

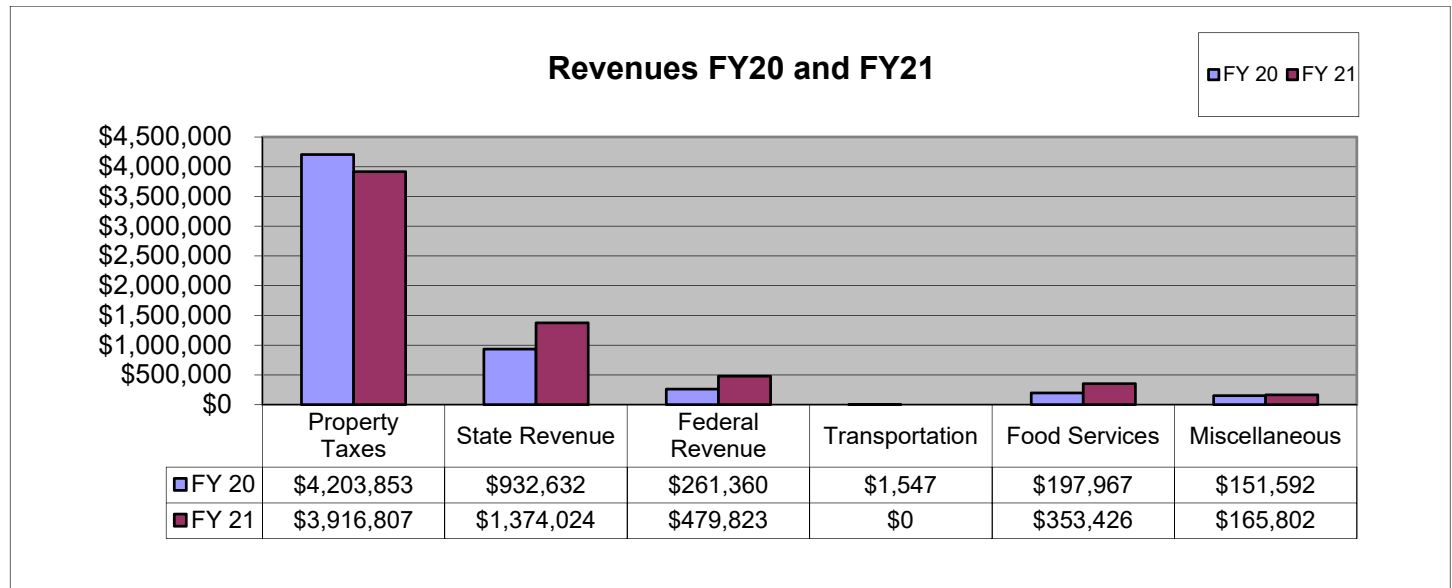
ASSETS				
	FY20		FY21	% Change
Current Assets	\$ 952,429	\$	1,355,134	42.28%
Capital Assets	\$ 6,398,674	\$	6,155,151	-3.81%
TOTAL ASSETS	\$ 7,351,103	\$	7,510,285	2.17%

LIABILITIES				
	FY20		FY21	% Change
Current Liabilities	\$ 507,302	\$	547,603	7.94%
Long-Term Liabilities	\$ 1,643,622	\$	1,274,887	-22.43%
TOTAL LIABILITIES	\$ 2,150,924	\$	1,822,490	-15.27%

NET ASSETS				
	FY20		FY21	% Change
Net Investment in	\$ 4,458,765	\$	4,612,151	3.44%
Capital Assets	\$ 10,117	\$	119,396	100.00%
Unrestricted	\$ 731,297	\$	956,248	30.76%
TOTAL NET ASSETS	\$ 5,200,179	\$	5,687,795	9.38%

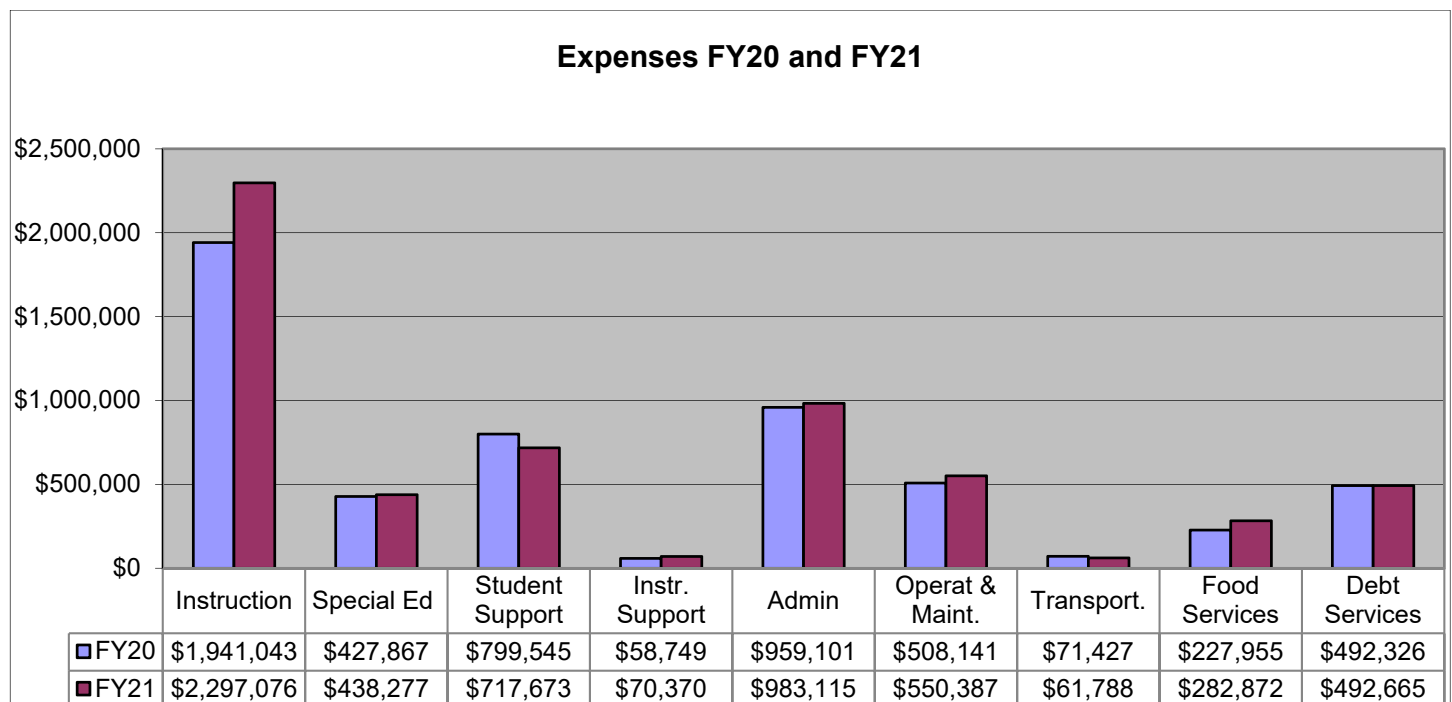
Cambridge Town School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

FY 21 Revenues



The chart above shows revenues of \$6,289,882, an increase of \$540,931 from FY 20 due to an increase in State and Federal revenue and an increase in food service revenues. This is a direct result of the various state and federal sources available due to the COVID 19 pandemic.

FY21 Expenditures



The chart above shows expenses of \$5,894,223, an increase of \$408,069 from FY 20. This is directly related to the shift to on sight learning, rather than remote instruction. Instruction, Operations & Maintenance and Food service are all indicative of students and staff being on sight, with an increased need for instruction, a sanitary learning environment and meals. Transportation costs remained level due to use of buses to deliver food in FY2020, and a continued driver shortage in FY2021.

Cambridge Town School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

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 06/30/20	Balance	Excess (Deficiency) of Expenditures	Revenues over	Fund 6/30/21	Balance
\$804,630		325,901		\$1,130,531	

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

\$32,172 Non-spendable (Prepaid as of 06/30/21)
 \$50,000 Committed for Sweet Property
 \$4,957 Committed for Sweet CD interest
 \$300,000 Committed for FY 22 Expenses
 \$15,169 Committed for HRA
 \$186,429 Committed for Capital Projects
 \$110,638 Restricted for School Nutrition Services
 \$8,758 Restricted for Student Activities
 \$422,408 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 further details the status of the District's net capital assets.

Description	Balance - 7/1/20	Increase/Decrease	Balance - 6/30/21
Land	\$467		\$467
Construction in Progress	\$55,295	(\$55,295)	\$0
Depreciable Assets	\$11,267,419	\$158,735	\$11,426,154
Accumulated Depreciation	(\$4,924,508)	(\$346,962)	(\$5,271,470)
Net Assets	\$6,398,673	(\$243,522)	\$6,155,151

Long-Term Debt & Obligations:

The District has three categories of long-term debt, defined as Bond Payables, Lease Purchase Payables and Termination Benefits Payable. More detail can be found in Note 5, 6 and 7.

- At year end, there remained \$1,525,000 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	06/30/20 Balance	FY '21 Principal Payment	6/30/21 Balance	Final Date	Pay.
Construction	\$6,110,000	\$1,830,000	\$305,000	\$1,525,000	12/01/2025	

Cambridge Town School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

2. At June 30, 2021 the District had \$18,000 in outstanding notes payable which were for the purchase of school buses. Principal and interest are being paid from the General Fund.

Lease Purchase	Original Amount	6/30/20 Balance	FY Payments '21	6/30/20 Balance	Final Date Pay.
1 School Bus	\$89,000	\$17,800	\$17,800	\$0	6/1/21
1 School Bus	\$90,000	\$36,000	\$18,000	\$18,000	Feb 2022
1 School Bus	\$93,515	\$56,109	\$56,109	\$0	June 2023

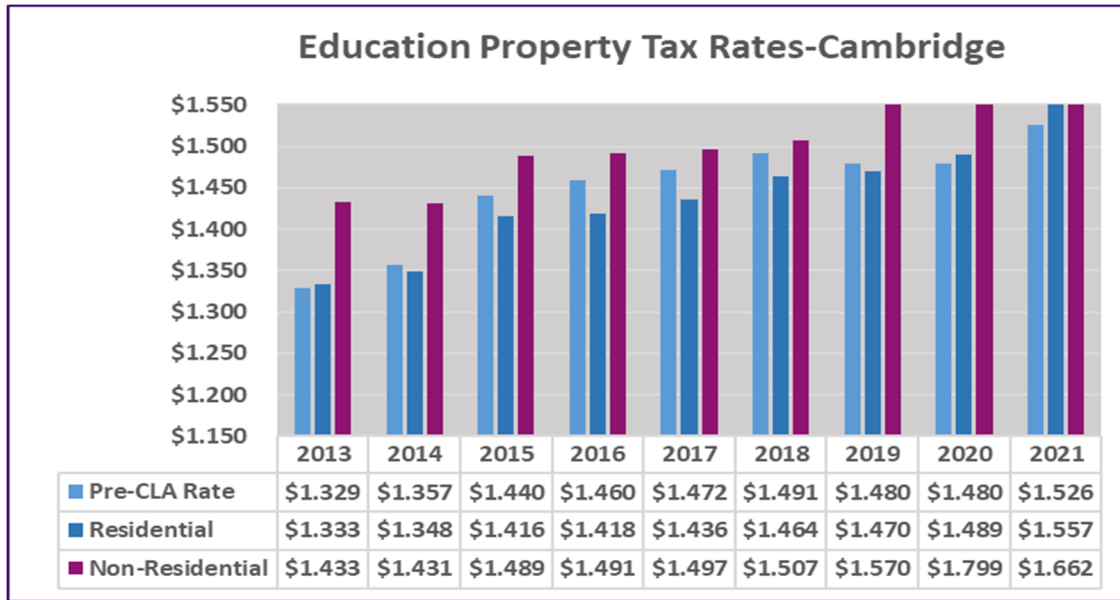
3. At June 30, 2021 the district had \$54,887 in termination benefits payable. This is per the contract with the Support Staff and Teachers regarding retirement benefits.
4. Fiscal year 2021 contributions for Support Staff Retirement plan were \$9,450.

Current Issues:

- Collective Bargaining Agreements: All Collective Bargaining Agreements expired on 06/30/2021. A new 1-year agreement for the Support Staff was ratified and are set to expire June of 2022. A new 2-year agreement for the Teachers was ratified and set to expire June of 2023.
- Enrollment: Beginning in 2009, Cambridge experienced an upturn in enrollment. Unlike many of Vermont's schools, the Cambridge Town School District had not experienced a decline in student enrollment, until FY 2018. New housing starts, including low income Section-8 housing, resulted in increases in birth rates and will corresponded to an increased number of students. In 2018 and 2019, Cambridge experienced a drop in enrollment. However, fall of 2019 shows an increase. Cambridge expected to see further increase in students for 2021, however due to the COVID-19 pandemic, enrollment numbers across the Supervisory Union have dropped.
- Taxes: Property taxes in Vermont are set by calculation of total budgeted cost per equalized pupil in each district, divided by the State announced yield, and 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 local property values increase, the CLA goes down which has the effect of increasing the tax rate.

The impact of the Common Level of Appraisal (Vermont's adjustment factor to bring a town's appraised values to fair market values) has affected Cambridge tax rates, but less so than in other Lamoille towns as Cambridge real estate market, and values, tend to remain stable. In 2017, a reappraisal of property adjusted the C.L.A. Rates have dropped slightly each fiscal year since, as reflected in the following:

Cambridge Town School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021



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%
Common Level of Appraisal C.L.A FY19:	100.65%
Common Level of Appraisal C.L.A FY20:	99.33%
Common Level of Appraisal C.L.A FY21:	97.98%

- The Cambridge School District is a member of the Lamoille North Modified Unified Union School District #058B (LUSD). Cambridge sends all of its secondary students to LUSD. LUSD 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 802-851-1174 or cgallagher@lnsd.org.

Cambridge Town School District
DISTRICT-WIDE FINANCIAL STATEMENT
STATEMENT OF NET POSITION
June 30, 2021

ASSETS

Governmental
Activities

CURRENT ASSETS

Cash	\$ 1,020,818
Due from LNSU	287,558
Other receivables	14,586
Prepaid expenses	<u>32,172</u>
TOTAL CURRENT ASSETS	<u>1,355,134</u>

CAPITAL ASSETS, net	<u>6,155,151</u>
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TOTAL ASSETS	<u><u>\$ 7,510,285</u></u>
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LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	\$ 123,690
Accrued salaries and taxes	42,971
Current portion bonds payable	305,000
Current portion notes payable	18,000
Unearned revenue	<u>57,942</u>
TOTAL CURRENT LIABILITIES	<u>547,603</u>

LONG-TERM LIABILITIES, net of current portion

Bonds payable	1,220,000
Termination benefits payable	<u>54,887</u>
TOTAL LONG-TERM LIABILITIES, net of current portion	<u>1,274,887</u>

TOTAL LIABILITIES	<u>1,822,490</u>
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NET POSITION

Net investment in capital assets	4,612,151
Restricted	119,396
Unrestricted	<u>956,248</u>
TOTAL NET POSITION	<u>5,687,795</u>

TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 7,510,285</u></u>
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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, 2021

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	\$ 2,300,374	\$ -	\$ 5,916,103	\$ -	\$ 3,615,729
Special Education	420,716	-	202,428	-	(218,288)
Preschool Program	254,665	-	-	-	(254,665)
Guidance Services	217,133	-	-	-	(217,133)
Health Services	113,731	-	-	-	(113,731)
Speech and Psychological Services	13,778	-	-	-	(13,778)
Improvement of Instruction	70,370	-	-	-	(70,370)
Educational Media Service	215,042	-	-	-	(215,042)
Board/Fiscal/Audit	14,562	-	-	-	(14,562)
Superintendent's Office	677,064	-	-	-	(677,064)
Principal's Office	282,707	-	-	-	(282,707)
Fiscal Services - Treasurer	8,782	-	-	-	(8,782)
Maintenance of Plant	523,323	-	-	-	(523,323)
Pupil Transportation	61,086	-	-	-	(61,086)
Technical Services	172,885	-	-	-	(172,885)
Food Service	282,873	286,592	66,835	-	70,554
EEE Expenditures	5,509	-	-	-	(5,509)
Interest on Short Term Loans	39,502	-	-	-	(39,502)
Interest Expense	54,596	-	-	-	(54,596)
Depreciation - unallocated	346,962	-	-	-	(346,962)
Total Governmental Activities	<u>\$ 6,075,660</u>	<u>\$ 286,592</u>	<u>\$ 6,185,366</u>	<u>\$ -</u>	<u>396,298</u>
General revenues:					
Unrestricted Investment Earnings					54,438
Miscellaneous					<u>36,880</u>
Total General Revenues					<u>91,318</u>
Change in Net Position					487,616
Net Position, beginning					<u>5,200,179</u>
Net Position, ending					<u>\$ 5,687,795</u>

See Accompanying Notes to Basic Financial Statements.

Cambridge Town School District
FUND FINANCIAL STATEMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021

		Governmental Fund Types			
		General Fund	Capital Projects Fund	Special Revenue Fund	Total
<u>ASSETS</u>					
CURRENT ASSETS					
Cash	\$	998,397	\$ -	\$ 22,421	\$ 1,020,818
Due from LNSU		287,558	-	-	287,558
Due from Other Funds		-	73,958	-	73,958
Other Receivables		14,586	-	-	14,586
Prepaid Expenses		32,172	-	-	32,172
TOTAL CURRENT ASSETS		<u>\$ 1,332,713</u>	<u>\$ 73,958</u>	<u>\$ 22,421</u>	<u>\$ 1,429,092</u>
<u>LIABILITIES AND FUND BALANCE</u>					
CURRENT LIABILITIES					
Accounts Payable and Accrued Liabilities	\$	123,690	\$ -	\$ -	\$ 123,690
Accrued Salaries and Taxes		42,971	-	-	42,971
Due to Other Funds		68,674	-	5,284	73,958
Unearned Revenue		49,563	-	8,379	57,942
TOTAL CURRENT LIABILITIES		<u>284,898</u>	<u>-</u>	<u>13,663</u>	<u>298,561</u>
FUND BALANCES					
Nonspendable		32,172	-	-	32,172
Restricted		110,638	-	8,758	119,396
Committed		482,597	73,958	-	556,555
Unassigned		422,408	-	-	422,408
TOTAL FUND BALANCE		<u>1,047,815</u>	<u>73,958</u>	<u>8,758</u>	<u>1,130,531</u>
TOTAL LIABILITIES AND FUND BALANCE		<u>\$ 1,332,713</u>	<u>\$ 73,958</u>	<u>\$ 22,421</u>	<u>\$ 1,429,092</u>

See Accompanying Notes to Basic Financial Statements.

Cambridge Town School District
FUND FINANCIAL STATEMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021

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

Total fund balances - governmental funds	\$ 1,130,531
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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	11,426,621
Accumulated Depreciation	(5,271,470)

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	(18,000)
Bonds Payable	(1,525,000)
Termination Benefits Payable	<u>(54,887)</u>

Total net position - governmental activities	<u>\$ 5,687,795</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, 2021

	Governmental Fund Types			
	General Fund	Capital Projects Fund	Special Revenue Fund	Total
REVENUES				
State Revenue	\$ 5,290,831	\$ -		\$ 5,290,831
Federal Revenue	469,238	-		469,238
Medicaid Reimbursement	10,585	-		10,585
Food Service	353,426	-		353,426
Interest Income	54,432	4	2	54,438
Miscellaneous	111,370	-	11,119	122,489
TOTAL REVENUES	<u>6,289,882</u>	<u>4</u>	<u>11,121</u>	<u>6,301,007</u>
EXPENDITURES				
Instruction Services	1,610,003	-		1,610,003
Art	53,033	-		53,033
Physical Education	72,562	-		72,562
Music/Band Services	85,933	-		85,933
Athletics	140	-		140
Special Education	420,726	-		420,726
Preschool Program	262,994	-		262,994
Guidance Services	217,133	-		217,133
Health Services	113,731	-		113,731
Speech and Psychological Services	12,041	-		12,041
Improvement of Instruction	70,370	-		70,370
Educational Media Service	216,083	-		216,083
Board/Fiscal/Audit	14,562	-		14,562
Superintendent's Office	677,064	-		677,064
Principal's Office	282,707	-		282,707
Fiscal Services - Treasurer	8,782	-		8,782
Maintenance of Plant	550,387	78,519		628,906
Pupil Transportation	61,788	-		61,788
Technical Services	170,726	-		170,726
Food Service	282,872	-		282,872
Interest on Short Term Loans	39,502	-		39,502
Debt Service	453,163	-		453,163
Reading/Language Arts	212,412	-		212,412
EEE Expenditure	5,510	-		5,510
Miscellaenous Expense	-	-	2,363	2,363
TOTAL EXPENDITURES	<u>5,894,224</u>	<u>78,519</u>	<u>2,363</u>	<u>5,975,106</u>
NET CHANGE IN FUND BALANCE	395,658	(78,515)	8,758	325,901
FUND BALANCE, Beginning of Year	<u>652,157</u>	<u>152,473</u>	<u>-</u>	<u>804,630</u>
FUND BALANCE, End of Year	<u>\$ 1,047,815</u>	<u>\$ 73,958</u>	<u>\$ 8,758</u>	<u>\$ 1,130,531</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, 2021

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	\$ 325,901
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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	(346,962)
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Capital Outlays	103,439
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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	12,281
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Retirement Benefits Accrued	(3,952)
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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	91,909
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Bond Payments	<u>305,000</u>
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Change in net position of governmental activities	<u>\$ 487,616</u>
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See Accompanying Notes to Basic Financial Statements.

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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, 2021 consisted of the following:

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 926,907	\$ 921,877
Right to Offset by Debt	18,000	18,000
Uninsured	<u>75,911</u>	<u>108,815</u>
 TOTAL	 <u><u>\$ 1,020,818</u></u>	 <u><u>\$ 1,048,692</u></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, 2021

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 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	55,295	-	(55,295)	-
Total capital assets, not being depreciated	55,761	-	(55,295)	466
Capital assets, being depreciated				
Land improvements	122,022	6,536	-	128,558
Buildings and improvements	9,803,797	152,200	-	9,955,997
Furniture and equipment	570,134	-	-	570,134
Buses	771,466	-	-	771,466
Total capital assets, being depreciated	11,267,419	158,736	-	11,426,155
Accumulated depreciation for				
Land improvements	(41,102)	(6,896)	-	(47,998)
Buildings and improvements	(4,070,791)	(247,780)	-	(4,318,571)
Furniture and equipment	(457,444)	(15,139)	-	(472,583)
Buses	(355,171)	(77,147)	-	(432,318)
Total accumulated depreciation	(4,924,508)	(346,962)	-	(5,271,470)
Total capital assets, being depreciated, net	6,342,911	(188,226)	-	6,154,685
Governmental activities capital assets, net	\$6,398,672	\$ (188,226)	\$ (55,295)	\$ 6,155,151

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 1.75%	\$ -	\$ 2,266,600	\$ (2,266,600)	\$ -

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 BONDS PAYABLE

The District had the following bond payable at June 30, 2021:

	<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>\$ 1,830,000</u>	<u>\$ -</u>	<u>\$ (305,000)</u>	<u>\$ 1,525,000</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>
2022	\$ 305,000	\$ 61,793	\$ (17,928)	\$ 348,865
2023	305,000	48,251	(18,824)	334,427
2024	305,000	34,602	(18,824)	320,778
2025	305,000	20,862	(17,032)	308,830
2026	<u>305,000</u>	<u>6,985</u>	<u>(8,964)</u>	<u>303,021</u>
TOTAL	<u>\$ 1,525,000</u>	<u>\$ 172,493</u>	<u>\$ (81,572)</u>	<u>\$ 1,615,921</u>

NOTE 6 NOTES PAYABLE

The District had the following notes payable at June 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Note Payable Union Bank, 1.25% interest, due June 2021. The District plans to renew this note annually until paid in full	<u>\$ 17,800</u>	<u>\$ -</u>	<u>\$ (17,800)</u>	<u>\$ -</u>	<u>\$ -</u>
Note Payable Union Bank, 1.35% interest rate, due February, 2022 The district plans to renew this note annually until paid in full	<u>36,000</u>	<u>-</u>	<u>(18,000)</u>	<u>18,000</u>	<u>18,000</u>

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

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, 1.25% interest rate, due June, 2023 The district plans to renew this note annually until paid in full	56,109	-	(56,109)	-	-
Total Notes Payable	<u>\$ 109,909</u>	<u>\$ -</u>	<u>\$ (91,909)</u>	<u>\$ 18,000</u>	<u>\$ 18,000</u>

Maturities of notes payable are as follows:

Maturities of notes payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	<u>\$ 18,000</u>	<u>\$ 243</u>	<u>\$ 18,243</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.

The amount of these termination benefits accumulated as of June 30, 2021 is \$54,887.

	<u>June 30, 2020 Balance</u>	<u>Additions</u>	<u>Principal Reduction</u>	<u>June 30, 2021 Balance</u>
Termination Benefits	<u>\$ 63,216</u>	<u>\$ 3,952</u>	<u>\$ (12,281)</u>	<u>\$ 54,887</u>

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

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 \$310,323. Contributions by the District were \$9,450 during fiscal year 2021.

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, 2021) and for the Cambridge Town School District's reporting period (the year ended June 30, 2021). 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, 2021, the State has chosen to use the end of the prior fiscal year (June 30, 2020) as the measurement date, and the year ended June 30, 2020 as the measurement period.

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, 2019, to the measurement date of June 30, 2020.

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 9 TEACHERS RETIREMENT (continued)

Schedule A – Employers' Allocation as of June 30, 2019

Fiscal Year Ended June 30, 2018						
2019 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% Increase (8.95% Disc Rate)
\$ 1,661,799	0.24185%	\$ 3,774,296	\$ 309,162	\$ 310,450	\$ 4,687,250	\$ 3,004,016

Schedule B – Employers' Allocation as of June 30, 2020

Fiscal Year Ended June 30, 2019						
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% Increase (8.50% Disc Rate)
\$ 1,590,042	0.22276%	\$ 4,346,370	\$ 759,914	\$ 277,754	\$ 5,413,868	\$ 3,458,724

Schedule C – Employer's Allocation as of June 30, 2020

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
0.22276%	\$ 4,346,370	\$ 118,273	\$ 519,537	\$ -	\$ 122,103	\$ -	\$ 759,914

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
\$ -	\$ 18,354	\$ -	\$ -	\$ 259,400	\$ 277,754

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

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
\$ 644,257	\$ (287,766)	\$ 356,491

Schedule D – Employer’s Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 2020

Fiscal Year Ending June 30,					
2021	2022	2023	2024	2025	Thereafter
\$ 136,675	\$ 159,961	\$ 159,515	\$ 26,009	\$ -	\$ -

Schedule E – Covered Payroll

FY 2020	FY 2019	FY 2018
\$ 1,590,042	\$ 1,661,799	\$ 1,669,781

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, 2020, the retirement system consisted of 379 participating employers.

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

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 9 TEACHERS RETIREMENT (continued)

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% x AFC after attaining 20 years
Maximum Benefit Payable	100% of AFC	53.34% of AFC	60% of AFC
Post-Retirement COLA	Full CPI, up to a maximum of 5% after 12 months of retirement; minimum of 1%	50% CPI, up to a maximum of 5% after 12 months of retirement or with 30 years; minimum of 1%	50% CPI, up to a maximum of 5%, minimum of 1% after 12 months of normal retirement or age 65
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Early Retirement Reduction	Actuarial reduction	6% per year from age 62	Actuarial reduction
Disability Benefits	Unreduced, accrued benefit 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, 2021

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, 2020 was determined based on the June 30, 2019 actuarial valuation:

Investment rate of return: 7.00%

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

Age	Annual Rate of Salary Increase
20	10.50%
25	9.50%
30	6.50%
35	5.95%
40	5.30%
45	4.50%
50	4.20%
55	3.50%
60	3.55%

Mortality:

Pre-retirement: PubT-2010 Teacher Employee Table with generational projection using scale MP-2019

Retiree Healthy Post-retirement: PubT-2010 Teacher Retiree Table with generational projection using scale MP-2019

Beneficiary Healthy Post-retirement: 109% of the Pub-2010 Contingent Survivor Table with generational projection using scale MP-2019

Disabled Post-retirement: PubNS-2010 Non-Safety Disabled Retiree Mortality Table with generational projection using scale MP-2019

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 9 TEACHERS RETIREMENT (continued)

Inflation: 2.3%

Spouse's Age: Females three years younger than males

Cost-of-Living Adjustments: 2.4% (1.60% for 2020 and 0.00% for 2021) for Group A members and 1.35% (1.00% for 2020 and 1.00% for 2021) for Group C members

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.

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

Long-term expected rate of return

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

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

ASSET CLASS

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	29.00%	7.07%
US Equity-Large Cap	4.00%	6.19%
US Equity-Small/Mid Cap	3.00%	6.93%
Non-US Equity-Large Cap	5.00%	7.01%
Non-US Equity-Small Cap	2.00%	7.66%
Emerging Markets Debt	4.00%	3.66%
Core Bond	14.00%	39.00%
Private and Alternative Credit	10.00%	6.03%
US TIPS	3.00%	-0.20%
Core Real Estate	5.00%	4.06%
Non-Core Real Estate	3.00%	6.43%
Private Equity	10.00%	11.27%
Infrastructure/Farmland	2.00%	5.44%

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 9 TEACHERS RETIREMENT (continued)

Discount rate

The discount rate used to measure the total pension liability was 7.00%. 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.

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.00%) or one percent higher (8.00%) than the current rate:

1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
\$ 5,413,868	\$ 4,346,370	\$ 3,458,724

During the year ended June 30, 2021 the state of Vermont contributed \$318,137 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

2019 Employer Proportion	2020 Employer Proportion	Net OPEB Liability	Total Deferred Outflows	Total Deferred Inflows	Net OPEB Liability - 1% Decrease in Discount Rate (1.21%)	Net OPEB Liability - 1% Increase in Discount Rate (3.21%)	Net OPEB Liability - 1% Decrease in Healthcare Cost Trend Rates	Net OPEB Liability - 1% Increase in Healthcare Cost Trend Rates
0.28946%	0.27740%	\$ 3,493,638	\$589,205	\$ 280,283	\$ 4,137,597	\$ 2,980,172	\$ 2,897,913	\$ 4,280,659

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

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

Schedule B – Employers Allocation of OPEB Amounts as of June 30, 2020

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
0.27740%	\$ 3,493,638	\$ -	\$ 450,640	\$ -	\$ 138,565	\$ 589,205

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
\$ 224,980	\$ 50,424	\$ 4,879	\$ -	\$ 280,283

OPEB Expense Recognized		
Proportionate Share of Plan 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
\$ 351,432	\$ (89,162)	\$ 262,270

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

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

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

Fiscal Year					
2021	2022	2023	2024	2025	Thereafter
\$ 89,537	\$ 102,530	\$ 97,750	\$ 19,108	\$ -	\$ -

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).

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, 2019, the plan consisted of 184 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.

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

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

- 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.

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.

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

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

Premium Reduction Option:

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

Actuarial assumptions

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

Discount Rate: 2.21% based on the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of June 30, 2020.

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

Age	Annual Rate of Salary Increase
20	10.50%
25	9.50%
30	6.50%
35	5.95%
40	5.30%
45	4.50%
50	4.20%
55	3.80%
60	3.55%

Inflation: 2.00%

Retiree Contributions: Retiree contributions were assumed to increase with health trend. Rates were based on premiums effective July 1, 2020. Plan premiums were weighted by actual retiree and dependent enrollment, separately for non-Medicare and Medicare.

Mortality Rates: Pre-retirement mortality:
98% of RP-2006 White Collar Employee with generational projection using Scale SSA-2017

Post-retirement mortality:
98% of RP-2006 White Collar Annuitant with generational projection using Scale SSA-2017

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

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

Disabled mortality:
RP-2006 Disabled Mortality Table with generational projection
using Scale SSA-2017

The tables with the generational projection to the ages of member as of the measurement date reasonably reflect the mortality experience of the Plan as of the measurement date. The mortality tables were then adjusted further years using a generational projection with Scale SSA-2017 to reflect future mortality improvement.

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

Asset Valuation Method: Market Value

Measurement Date: June 30, 2020

Actuarial Valuation Date: June 30, 2019

Per Capita Cost Development:

Medical and Prescription Drug

Per capita claims costs were based on claims for the period July 1, 2016 through June 30, 2019. Claims were separated by non-Medicare and Medicare retirees, and by claim type (medical vs. prescription drug). Claims were separated by plan year, then adjusted as follows:

- 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. The prescription drug claims were then adjusted for assumed rebates and EGWP reimbursements.

Administrative Expenses

Per capita claims costs were based on expenses for the period July 1, 2016 through June 30, 2019. Expenses 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, 2019 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.

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

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

Age	Medical				Prescription Drugs			
	Retiree		Spouse		Retiree		Souse	
	Male	Female	Male	Female	Male	Female	Male	Female
50	\$ 8,363	\$ 9,526	\$ 5,842	\$ 7,649	\$ 1,571	\$ 1,789	\$ 1,097	\$ 1,437
55	9,932	10,255	7,817	8,854	1,865	1,926	1,468	1,663
60	11,796	11,053	10,465	10,269	2,215	2,076	1,965	1,929
64	13,533	11,726	13,210	11,557	2,542	2,202	2,481	2,171
65	1,517	1,289	1,517	1,289	2,239	1,903	2,239	1,903
70	1,758	1,390	1,758	1,390	2,595	2,051	2,595	2,051
75	1,895	1,496	1,895	1,496	2,797	2,208	2,797	2,208

Administrative Expenses:

An annual administrative expense of \$580 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.

Year Ending June 30,	Rate (%)	
	Non-Medicare	Medicare
2021	6.925	6.140
2022	6.700	6.000
2023	6.475	5.860
2024	6.250	5.720
2025	6.025	5.580
2026	5.800	5.440
2027	5.575	5.300
2028	5.350	5.160
2029	5.125	5.020
2030	4.900	4.880
2031	4.675	4.740
2032	4.500	4.600
2033 & Later	4.500	4.500

The trend rate assumptions were developed using Segal's internal guidelines, which are established each year using data sources such as the 2019 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.

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

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

Retiree Contribution Increase Rate:

Retiree contributions were assumed to increase with health trend. Retiree contribution rates were based on 2018 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 2022. The excise tax limit is assumed to increase by 2.0% each year after 2019.

During the year ended June 30, 2021 the state of Vermont contributed \$(262,270) 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 \$677,064 of such expenses during the year ended June 30, 2021.

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.

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

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 \$15,464 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 August 2022. Minimum future rental payments under non-cancelable operating lease having remaining terms in excess of one year as of June 30, 2021 for the next years as follow:

Year Ending June 30,	
2022	\$ 25,925
2023	4,321

Total rent expense for the year ended June 30, 2021 was \$29,923.

NOTE 16 COMMITTED FUND BALANCES

Nonspendable Fund Balance at June 30, 2021 is as follows:

General Fund:	
Prepaid Expenses	<u>\$ 32,172</u>

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 16 COMMITTED FUND BALANCES (continued)

Committed Fund Balance at June 30, 2021 are as follows:

General Fund:

Committed for Sweet Property	\$ 50,000
Committed for Sweet CD Interest	4,957
Committed for FY22 Expenditures	300,000
Committed for Capital Improvements	112,471
Committed for HRA	<u>15,169</u>

Total General Fund	<u>\$ 482,597</u>
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Capital Projects Fund:

Committed for Capital Expenditures	<u>\$ 73,958</u>
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Restricted Fund Balance at June 30, 2021 are as follows:

Restricted for Food Service	<u>\$ 110,638</u>
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Restricted for Student Activities	<u>\$ 8,758</u>
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NOTE 17 COLLECTIVE BARGAINING AGREEMENTS

The District has entered into two collective bargaining agreements with the Lamoille North Education Association. The support staff collective bargaining agreement and the teacher collective bargaining agreement. The support staff agreement expires on June 30, 2022 while the teacher agreement expires on June 30, 2023.

NOTE 18 INTERFUND RECEIVABLE AND PAYABLE BALANCES

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ 68,674
Capital Projects Fund	73,958	-
Special Revenue Fund	<u>-</u>	<u>5,284</u>
Total Fund Financial Statement Balances	<u>\$ 73,958</u>	<u>\$ 73,958</u>

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 18 INTERFUND RECEIVABLE AND PAYABLE BALANCES (continued)

The School District generally maintains one cash account in the General Fund to pay expenditures and receive payments for efficiency. All interfund balances resulted from time lag between the dates the (1) reimbursable expenditures occur, (2) transactions are recoded in the accounting system and (3) repayments between funds are made

NOTE 19 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures exceeded appropriations in the General Fund by \$102,553. The excess was offset by current year revenues over appropriations.

NOTE 20 SUBSEQUENT EVENTS

On July 1, 2021 the School District obtained a tax anticipation note with Union Bank in the amount of \$1,901,917. The note is due June 30, 2022 with 0.95% interest.

In accordance with professional accounting standards, the School District has evaluated subsequent events through December 6, 2021 which is the date the financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2021, have been incorporated into these basic financial statements herein.

The Cambridge Town School District evaluated its June 30, 2021 financial statements through December 6, 2021, the date the financial statements were available to be issued. As a result of the spread of the COVID-19 Coronavirus, economic uncertainties have arisen which are likely to negatively impact net income. Other financial impact could occur though such potential impact and the duration cannot be reasonably estimated at this time. In March 2020, the Governor of Vermont declared a state of emergency and issued an order to close all nonessential businesses. The closure lasted for months and has still not completely resumed. Some businesses continue to be impacted due to restrictions in operations and the requirement for at least partial student remote learning. Due to the uncertainty of the effect of the virus and whether there could be a resurgence, possible effects may include, but are not limited to, disruption to the Cambridge Town School District's cash flow and receivable collections, absenteeism in the Cambridge Town School District's labor workforce, unavailability of products and supplies used in operations, and decline in value of assets held by the Cambridge Town School District's including property and equipment.

REQUIRED SUPPLEMENTARY INFORMATION

Cambridge Town School District
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
State Grants:				
Education Spending Grant	\$ 5,071,557	\$ 5,067,467	\$ 5,071,557	\$ 4,090
Education Spending Grant - Transportation	-	-	-	-
Education Spending Grant - Special Education	236,369	236,369	191,843	(44,526)
Education Spending Grant - Other State Grants	-	5,000	27,431	22,431
Federal Grants:				
IDEA B Grant	24,450	31,363	31,886	523
Consolidated Federal Program	143,664	139,485	132,457	(7,028)
Other Federal Grants	49,798	51,401	304,895	253,494
Medicaid/EPSDT Reimbursement	28,193	28,193	10,585	(17,608)
Food Service	-	3,700	353,426	349,726
Interest Income	65,000	65,000	54,432	(10,568)
Miscellaneous	14,000	54,036	111,370	57,334
TOTAL REVENUES	5,633,031	5,682,014	6,289,882	607,868
EXPENDITURES				
Instruction Services	1,531,013	1,523,451	1,610,003	(86,552)
Art	57,295	57,295	53,033	4,262
Physical Education	76,385	76,385	72,562	3,823
Music/Band Services	90,515	90,515	85,933	4,582
Athletics	-	-	140	(140)
Co-Curricular	1,500	8,500	-	8,500
Special Education	454,746	477,604	420,726	56,878
Preschool Program	255,515	264,980	262,994	1,986
Guidance Services	224,786	224,786	217,133	7,653
Health Services	86,624	86,624	113,731	(27,107)
Speech and Psychological Services	10,252	10,252	12,041	(1,789)
Improvement of Instruction	71,233	99,951	70,370	29,581
Educational Media Service	157,009	157,009	216,083	(59,074)
Board/Fiscal/Audit	20,462	20,462	14,562	5,900
Superintendent's Office	677,064	677,064	677,064	-
Principal's Office	311,892	311,892	282,707	29,185
Fiscal Services - Treasurer	7,200	7,200	8,782	(1,582)
Maintenance of Plant	497,734	497,734	550,387	(52,653)
Pupil Transportation	232,426	232,426	61,788	170,638

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, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES (continued)				
Technical Service	135,608	135,608	170,726	(35,118)
Food Service	81,049	85,499	282,872	(197,373)
Interest on Short Term Loans	62,117	62,117	39,502	22,615
Debt Service	423,320	423,320	453,163	(29,843)
Reading/Language Arts	210,861	210,861	212,412	(1,551)
EEE Expenditure	66,080	50,135	5,510	44,625
TOTAL EXPENDITURES	5,742,686	5,791,670	5,894,224	(102,554)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(109,655)	(109,656)	395,658	505,314
NET CHANGE IN FUND BALANCE	\$ (109,655)	\$ (109,656)	\$ 395,658	\$ 505,314

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, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.22276%	0.24185%	0.24700%	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>4,346,370</u>	<u>3,774,296</u>	<u>3,731,386</u>	<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>\$ 4,346,370</u>	<u>\$ 3,774,296</u>	<u>\$ 3,731,386</u>	<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>\$ 2,163,791</u>	<u>\$ 1,623,114</u>	<u>\$ 1,661,799</u>	<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%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	50.00%	54.96%	54.81%	53.98%	55.31%	58.22%	64.02%	60.59%

Significant Actuarial Assumptions and methods are described in Note 9 to the financial statements.

Significant Actuarial Assumptions and methods are described in Note 9 to the financial statements.

Changes in Assumptions:

The following changes were effective June 30, 2020:

- The investment return assumption was lowered from 7.50% to 7.00%
- The inflation assumption was lowered from 2.50% to 2.30%
- The COLA assumption was lowered from 2.55% to 2.40% for Group A members and from 1.40% to 1.35% for Group C members.
- The mortality assumptions were updated as follows:
 - Pre-Retirement:
 - PubT-2010 Teacher Employee Table with generational projection using scale MP-2019.

See Accompanying 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, 2020

Changes in Assumptions- Continued

Healthy Post-Retirement - Retirees:

- Pub T-2010 Teacher Healthy Retiree Table with generational projection using scale MP-2019

Healthy Post-Retirement - Beneficiaries:

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

Disabled Retirees:

- All Groups- PubNS-2010 Non-safety Disabled Retiree Mortality Table with generational projection using scale MP-2019
- There were minor increases to the merit and seniority (and productivity) portion of individual salary increases for members between age 20-59 and minor decreases for members age 60 and older plus the revised inflation assumption.
- The active retirement rates were updated as followed:
 - For Group A and Group C-Grandfathered: One set of age-based rates for members eligible for unreduced benefits and one set of age-based rates for all members.
 - For Group C-Non-grandfathered: A rate of 30% for members during the first year of unreduced eligibility, one set of age-based rates for members after the first year of unreduced eligibility, and one set of age-based rates for all other members.
- The inactive retirement assumption was updated as follows:
 - For Group A and Group C-Grandfathered: Add a rate of 10% from ERA for each year until NRA, then 100% at NRA.
 - Group C-Non-grandfathered: A rate of 50% from age 62-69, then 100% at age 70.
- The liability load of accumulated contributions for Inactive Members was removed. Liabilities for Inactive Members are now based on 100% of the accumulated contributions. Inactive Members who are vested immediately become Deferred Members, and the liabilities for all Deferred Members are based on the accrued benefit.
- There were major reductions to all rates of termination.
- The disability retirement rates were increased by 5% for females and decreased by 10% for males.

See Accompanying 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, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability (asset)	0.27740%	0.28946%	0.31489%	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>3,493,638</u>	<u>3,012,559</u>	<u>3,004,951</u>	<u>2,946,104</u>
Total	<u>\$ 3,493,638</u>	<u>\$ 3,012,559</u>	<u>\$ 3,004,951</u>	<u>\$ 2,946,104</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.69%	0.03%	-2.85%	-2.94%

Significant Actuarial Assumptions and methods are described in Note 10 to the financial statements. The following were changes in assumptions during the year ended June 30, 2020.

Benefit Changes:

None

Changes of Assumptions:

The discount rate was decreased from 3.50% to 2.21%.

The excise tax was repealed on December 20, 2019.

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

The assumed health care trends, salary scale, mortality rates, disability rates, withdrawal rates, and retirement rates were modified.

The percentage of terminated vested participants who are eligible for a subsidy assumed to elect coverage was decreased from 60% to 50%.

The percentage of current retirees who have not elected coverage and are eligible for a subsidy and have retired within the past year assumed to elect coverage was increased from 40% to 60%.

The percentage of future retirees who elect to continue their health coverage at retirement assumed to have an eligible spouse who also opts for health coverage was decreased from 60% to 40% for males and 50% to 25% for females.

See Accompanying Notes to Basic Financial Statements

Cambridge Town School District

ADDITIONAL REPORTS REQUIRED BY
THE SINGLE AUDIT ACT

June 30, 2021

SINGLE AUDIT ACT- REPORT AND SCHEDULES

Cambridge Town School District
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Additional Award Identifier	Pass Through Grantor Number	Federal CFDA Number	Federal Expenditures
U. S. Department of Education				
Passed through Lamoille North Supervisory Union				
Title I A		05100-4250S0252101	84.010	\$ 136,299
IDEA B (Special Education Cluster)		05100-4226S0252101	84.027	31,886
Title IV-B 21st Century Learning Communities		05100-4611S0252102	84.287	2,655
Education Stabilization Fund	COVID-19	05100-4590S0252101 ESSER II	84.425D	6,092
Education Stabilization Fund	COVID-19	05100-4590S0252101 ESSER I	84.425D	99,244
Total Education Stabilization Fund				105,336
Total U.S. Department of Education				276,176
U.S. Department of Agriculture				
Passed through Lamoille North Supervisory Union				
Child Nutrition Cluster				
Summer Food Service Program for Children		05100-4455S0252000	10.559	286,263
Child and Adult Care Food Program		05100-4453S0252000	10.558	4,119
Child and Adult Care Food Program		05100-4454S0252100	10.558	59,010
Total Child and Adult Care Food Program				63,129
Total U.S. Department of Agriculture				349,392
U.S. Department of Treasury				
Passed through Lamoille North Supervisory Union				
Coronavirus Relief Fund	COVID-19	05100-4592S0252100	21.019	179,540
U.S Department of Health and Human Services				
Passed through State of Vermont, Department of Health and Human Services				
CCDF Cluster				
Child Care and Development Block Grant		03440-CRSSA00111	93.575	4,057
Child Care and Development Block Grant		03440-CRSSA00110	93.575	9,465
Total Child Care and Development Block Grant				13,522

NOTE A BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of Cambridge Town School District underprograms of the federal government for the year ended June 30, 2020. The information in this JSchedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, *Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of Cambridge Town School District, it is not intended to and does not present the financial position, changes in net cash flows of Lamoille North Supervisory Union.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Cambridge Town School District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



Kittell Branagan & Sargent

Certified Public Accountants

Vermont License #167

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

To the School Board
Cambridge, 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 Cambridge Town School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Cambridge Town School District's basic financial statements, and have issued our report thereon dated December 6, 2021.

Internal Control over Financial Reporting

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

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

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 Cambridge Town School Districts 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.

A handwritten signature in black ink that reads "Kaitell Branagan & Sargent". The signature is written in a cursive, flowing style.

St. Albans, Vermont
December 6, 2021



Kittell Branagan & Sargent

Certified Public Accountants

Vermont License #167

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

To the School Board
Hyde Park, Vermont

Report on Compliance for Each Major Federal Program

We have audited the Cambridge Town School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Cambridge Town School District's major federal programs for the year ended June 30, 2021. Cambridge Town School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Cambridge Town School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in black ink, appearing to read "K. B. Bramagn". To the right of the signature is a small, stylized mark that looks like a cross or a star.

St. Albans, Vermont
December 6, 2021

Cambridge Town School District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Cambridge Town School District.
2. There were no significant deficiencies disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Cambridge Town School District were disclosed during the audit.
4. There were no significant deficiencies disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for Cambridge Town School District expresses an unmodified opinion.
6. There were no audit findings relative to the major federal award programs for Cambridge Town School District.
7. The programs tested as major programs were:

USAA	#10.559	Summer Food Service Program for Children
TREAS	#21.019	Coronavirus Relief Fund
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Cambridge Town School District was not determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

- There were no findings related to the financial statements audit.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

- There were no findings or questioned costs related to the major federal award programs.