

Lamoille North Modified Unified Union School District

BASIC FINANCIAL STATEMENTS

June 30, 2021

Lamoille North Modified Unified Union School District
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Kittell Branagan & Sargent

Certified Public Accountants

Vermont License #167

INDEPENDENT AUDITOR'S REPORT

To the School Board
Lamoille North Modified Unified Union School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund, and the aggregate remaining fund information of Lamoille North Modified Unified Union School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the 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, business-type activities, and each major fund, and the aggregate remaining fund information of the Lamoille North Modified Unified Union School District, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As discussed in Note 26 to the financial statements, effective July 1, 2020, the Lamoille North Unified Modified Unified Union School District adopted new accounting guidance. GASB statement No.84. Fiduciary Funds. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information on pages 50-53, the schedule of the proportionate share of the net pension liability-VSTRS on page 54, the schedule of the proportionate share of the net pension liability-VMERS on page 56, the schedule of contributions-VMERS on page 59, and the schedule of the proportionate share of the net OPEB liability-VSTRS on page 61 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 Lamoille North Modified Unified Union 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 (CFR) 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 relate 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 January 18, 2022, on our consideration of the Lamoille North Modified Unified Union School District 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 Lamoille North Modified Unified Union School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Kittell Brannagan & Sugut". The signature is written in black ink and is positioned above the typed text.

St. Albans, Vermont
January 18, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Lamoille North Modified Unified Union School District (LNMUUSD) 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 and the Balance Sheet—Governmental Funds provide information about the activities of the District as a whole, and present a longer-term view of the District's finances. Fund financial statements such as the Statement of Activities follow under the Notes section of the Report. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

The Statement of Net Position - Proprietary Funds provides financial information about activities for which the District operates as an "Enterprise Fund". The activity that this Fund reports stems from the construction of a house by the Technical Center for sale to a private owner.

The Statement of Net Position - Fiduciary Funds provides 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 assets 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:

Lamoille North Modified Unified Union 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 not available to pay for them. In most cases, special revenue activities would not be provided if grant funding were not available.

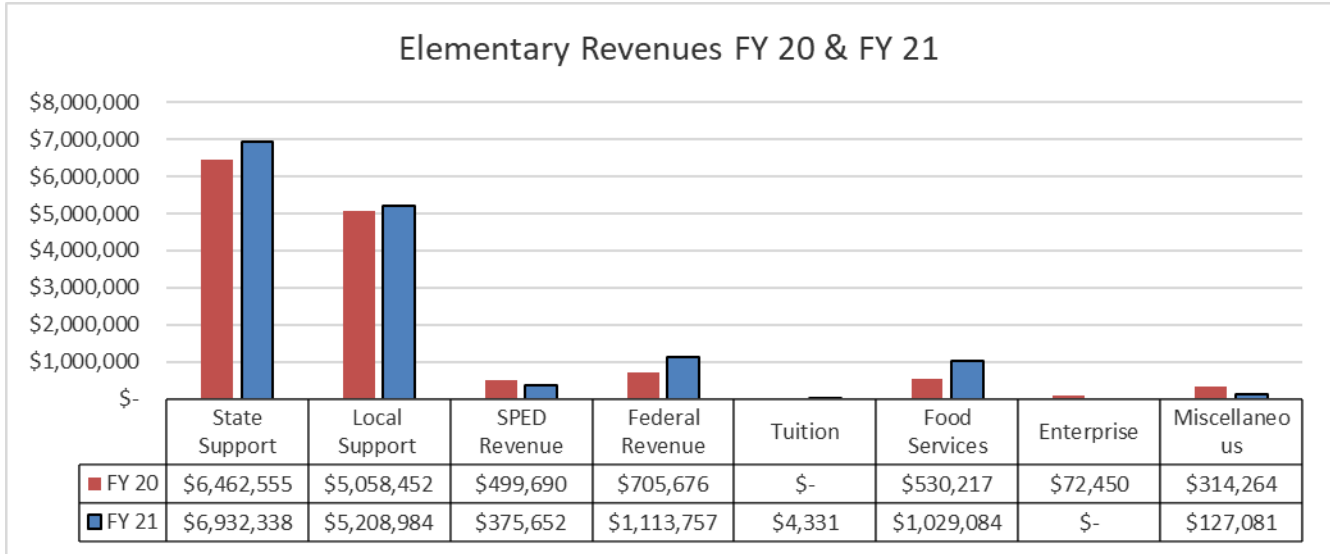
Analysis of Overall Financial Information: The chart below provides a snapshot of the financial picture of the district for FY 21:

ASSETS		
	<u>FY20 Restated</u>	<u>FY21</u>
Total Current Assets	\$ 6,648,806	\$ 6,412,537
Total Noncurrent Assets	\$ 36,184,066	\$ 35,997,224
Deferred Outflows	\$ 75,644	\$ 83,067
TOTAL ASSETS	\$ 42,908,516	\$ 42,492,828
LIABILITIES		
	<u>FY20 Restated</u>	<u>FY21</u>
Current Liabilities	\$ 1,935,931	\$ 3,011,623
Long-Term Liabilities	\$ 17,289,882	\$ 15,499,771
TOTAL LIABILITIES	\$ 19,225,813	\$ 18,511,394
DEFERRED INFLOW	\$ 57,204	\$ 49,233
NET POSITION		
	<u>FY20 Restated</u>	<u>FY21</u>
Net Investment in Capital Assets (net of related debt)	\$ 17,546,231	\$ 18,207,011
Restricted	\$ 1,410,580	\$ 1,549,789
Unrestricted	\$ 4,668,688	\$ 4,175,401
TOTAL NET ASSETS	\$ 23,625,499	\$ 23,932,201

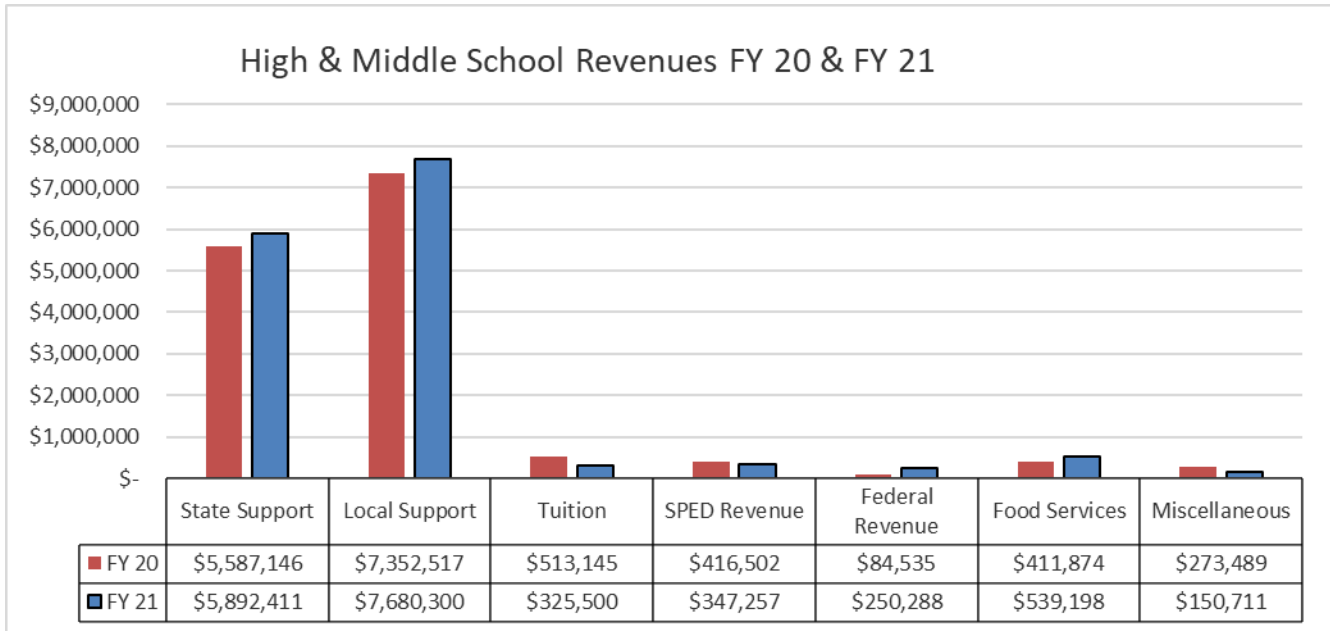
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FY 21 REVENUES:

LNMUUSD elementary revenue in FY21 totals \$14,791,227. This amount is \$1,147,923 higher than FY 20, due to increases in all revenues with the exception of our Special Education Reimbursement and Enterprise fund of Beyond the Bell. COVID grant funding increased federal grant revenue and food service revenue.

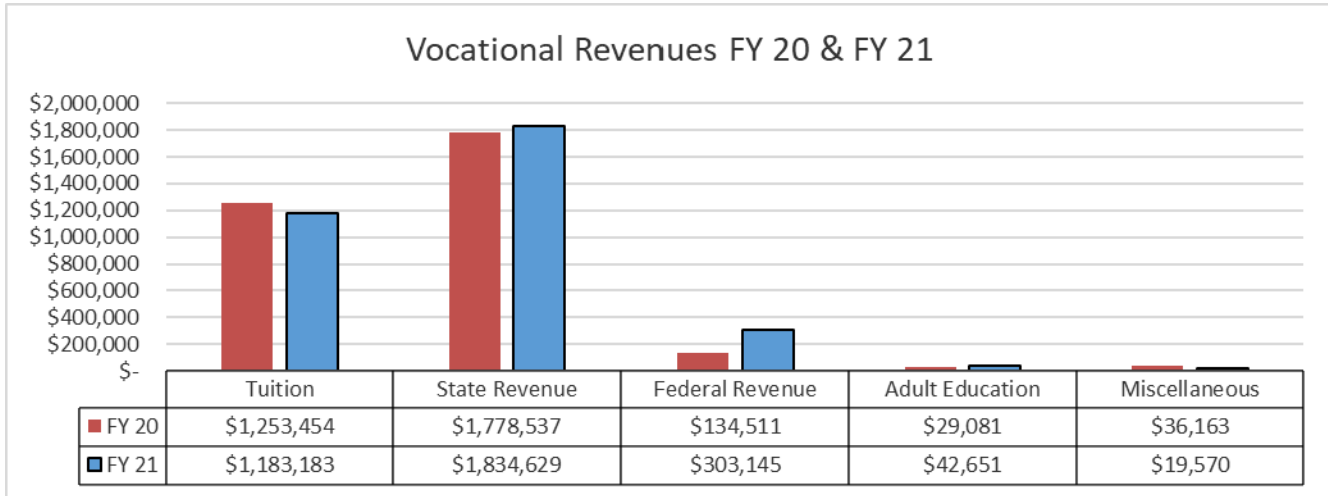


LNMUUSD Grade 7-12 revenue totals \$15,185,665 in FY21, an increase of \$546,457 over the prior year due to increases in most revenues, with the exception of tuition, special education revenue and miscellaneous.



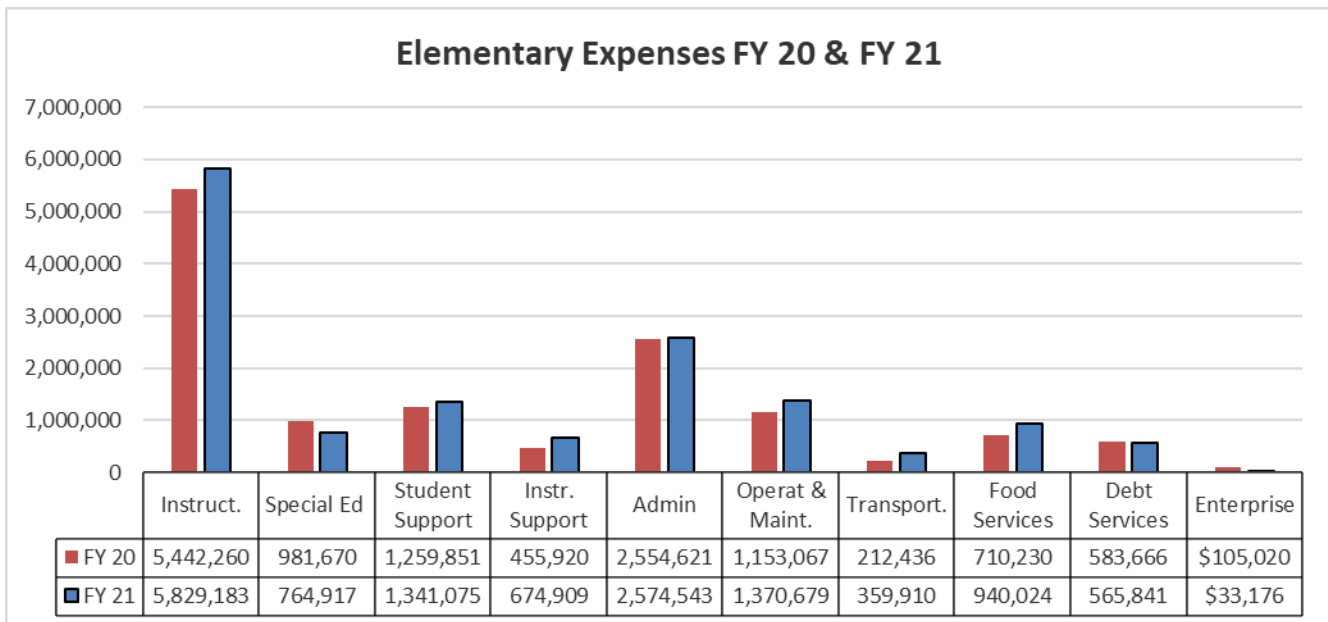
Lamoille North Modified Unified Union School District
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2021

The tech center revenues in FY21 total \$3,383,178. This is \$151,432 higher than FY 20 revenues. COVID grant funding increased the federal revenues in FY 21.



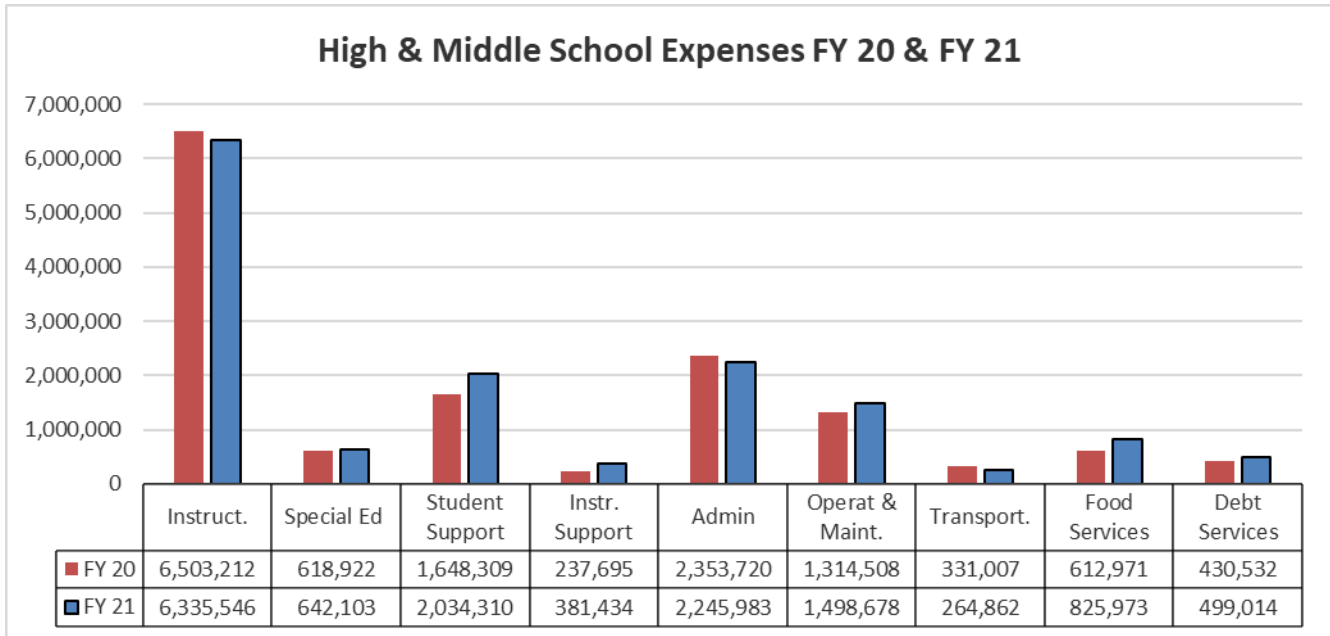
EXPENDITURES:

LNMUUSD elementary expenses in FY21 total \$14,454,257. This is \$995,516 higher than expenses in FY 20. A return to on-sight and hybrid learning increased expenses. Federal COVID-19 grant support allowed for increased Operation and Maintenance expenditures necessary to combat the virus along with the continuation of free meals for all students.

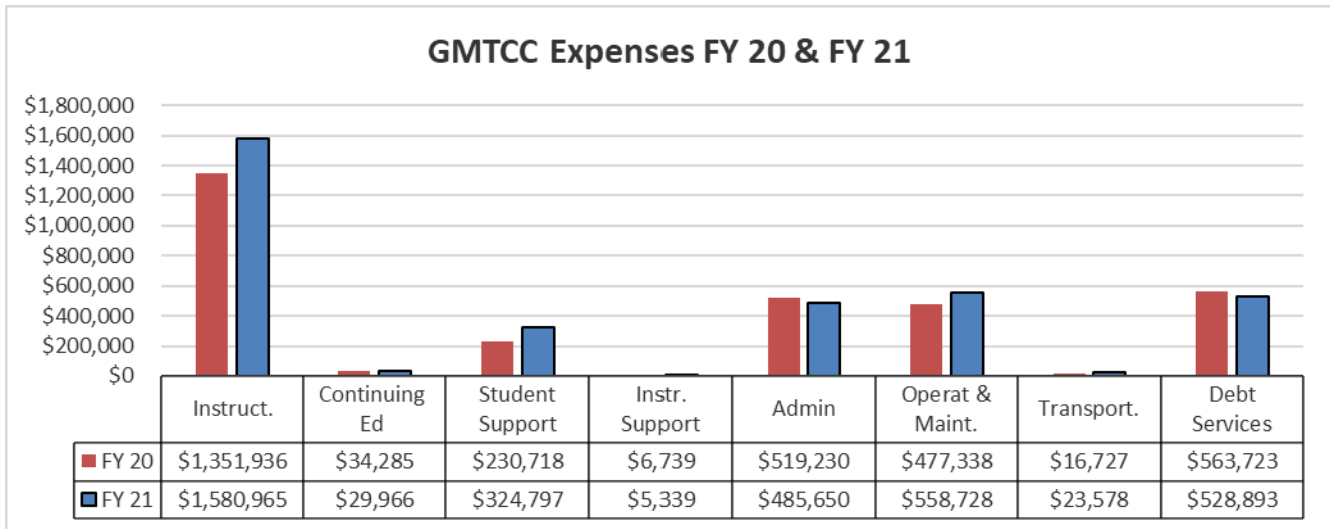


Lamoille North Modified Unified Union School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2021

LNMUUSD grades 7-12 expenses in FY21 total \$14,727,903. This is \$677,027 higher than in FY 20. Again a return to on-sight and hybrid learning increased most expenses compared to FY 20 as students returned to the classrooms. Federal COVID-19 grant support allowed for increased Operation and Maintenance expenditures necessary to combat the virus along with the continuation of free meals for all students.



LNMUUSD vocational expenses in FY21 total \$3,537,916. This is \$337,220 higher than FY 20. Again, a return to on-sight and hybrid learning increased most expenses compared to FY 20 as students returned to the classrooms. Federal COVID-19 grant support allowed for increased Operation and Maintenance expenditures necessary to combat the virus along with the continuation of free meals for all students.



Lamoille North Modified Unified Union School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

CHANGE IN GENERAL FUND BALANCE:

While FY2021 expenses came in higher than budget, the FY2021 revenues also came in higher than budgeted.

The total accumulated fund balances are reflected bellow and in Note 21:

LNMUUSD Fund Balances and Pledges 6/30/21

Unassigned High School/Middle School	\$ 547,584
Unassigned Vocational	\$ (41,648)
Unassigned Elementary	\$ 378,823
 Non-Spendable: Inventory & Prepaid Items	 \$ 74,495
 Committed for FY22 Elementary Expenditures	 \$ 431,606
Committed for FY22 High/Middle School Expenditures	\$ 368,394
Committed for FY22 Vocational Tuition	\$ 193,219
Committed for FY22 GMTCC Expenditures	\$ 200,000
Committed for FY22 Capital Improvements	\$ 273,680
Committed for HRAs	\$ 151,414
Committed for Rowland Epic Academy	\$ 800
Committed for Farm to School	\$ 1,462
Committed for Eden Bus Reserve	\$ 41,308
Committed for Food Service	\$ 125,122
Committed for Beyond the Bell	\$ 12,567
Committed for Lamoille Campus Cupboard	\$ 825
Committed for Eden Grammer School	\$ 22,658
Committed for Adult Education	\$ 16,906
Committed Capital Projects - JES	\$ 70,995
Committed Capital Projects - ECS	\$ 59,904
Committed Capital Projects - HPES	\$ 89,965
Committed Capital Projects - GMTCC	\$ 931,346
Committed for Cricket Hill Trail	\$ 6,268
Committed for LUSD Technology	\$ 2,057
Committed Capital Reserves	\$ 759,715
 Restricted for Investments (QZAB)	 \$ 1,063,047
Restricted by Donors - NEW student activity & scholarships	\$ 394,717

Lamoille North Modified Unified Union School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

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 5 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	\$278,810		\$278,810
Construction in Progress	\$1,220,694	(\$1,184,447)	\$36,246
Depreciable Assets	\$59,395,865	\$2,302,127	\$61,697,992
Accumulated Depreciation	(\$25,685,245)	(\$1,393,627)	(\$27,078,871)
Net Assets	\$35,210,124	(\$275,947)	\$34,934,177

LONG-TERM DEBT:

The District has four categories of long-term debt, defined as Bond Payables, Notes Payable, Capital Leases and Termination Benefits Payable.

1. As of June 30, 2021, the district had \$16,808,173 in six outstanding bond principals. Further detail can be found in Note 6.
2. As of June 30, 2021, operating lease expense totaled \$60,068. Further detail can be found in Note 9
3. As of June 30, 2021, notes payable totaled \$5,965 and was for one Eden Campus note for a water project in 2013. Further detail can be found in Note 7.
4. At June 30, 2021, the district had \$378,145 in termination benefits payable. This payable is from accrued employee vacation and sick leave. Further detail can be found in Note 10

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 is set to expire June of 2022. A new 2-year agreement for the Teachers was ratified and set to expire June of 2023.
- Like many of Vermont's school districts, the Lamoille North School District has experienced a trend of decreasing student enrollment. This decrease is of concern as the state evaluates costs and numbers of students in their school systems. LNMUUSD's equalized pupil count (EPC) has struggled at the elementary level for a few years now. This downward trend was expected to reverse, and showed some leveling out in fall 2019. However, as a result of the COVID-19 pandemic enrollment numbers will be difficult to project going forward. Lower equalized pupil counts scaled by poverty and other factors have the effect of increased tax rates.

Lamoille North Modified Unified Union School District
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2021

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
LUMS/LUHS	889.77	866.62	854.01	824.81	788.31	794.63	790.50	810.43	840.35
Elementary Schools	—	—	—	—	676.38	680.45	675.66	657.77	663.56

- The Green Mountain Technology & Career Center has seen recent decline in student enrollment as well. Since fiscal year 2019 the six semester averaged pupil FTE counts have hovered between 129 and 139.

FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
171.61	167.82	154.01	164.8	153.95	139.30	129.10	131.20	129.10

- Students eligible for special education services have an Individual Education Plan (IEP) developed based on the student's specific needs. Only expenses associated with IEPs are eligible to be classified as special education expenses and eligible for reimbursement at the various State rates.

The Schools are seeing students with increasingly complex profiles – homelessness, mental health and emotional disturbance issues, but not always qualifying under special education definitions for IEP services. This has been exasperated by the COVID-19 pandemic. These profiles are requiring the Schools to make greater use of non-special education consultants, professionals, and other specialized student support services.

- Students qualifying for Free & Reduced lunches in the Elementary Schools and Secondary Schools reached 52.10% and 31.99% respectively in fall 2020, reflecting a much challenged economic region with a current combined Free & Reduced eligibility of 40.14%.

In response to the COVID-19 pandemic, the Federal School Nutrition Programs temporarily instituted universal meals for all children ages one to eighteen at the end of fiscal year 2020. This program has been continued through fiscal year 2022, and is making it difficult for schools to collect Free & Reduced information from all district families.

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.

Lamoille North Modified Unified Union School District
DISTRICT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
June 30, 2021

ASSETS AND DEFERRED OUTFLOWS

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
CURRENT ASSETS			
Cash	\$ 5,099,569	\$ -	\$ 5,099,569
Restricted Cash	86,972	-	86,972
Other receivables	295,980	-	295,980
Due from LNSU	666,702	-	666,702
Due from other funds	-	40,986	40,986
Inventory	3,748	52,039	55,787
Prepaid expenses	166,541	-	166,541
TOTAL CURRENT ASSETS	<u>6,319,512</u>	<u>93,025</u>	<u>6,412,537</u>
NONCURRENT ASSETS			
Restricted investment	1,063,047	-	1,063,047
Capital assets, net	34,934,177	-	34,934,177
TOTAL NONCURRENT ASSETS	<u>35,997,224</u>	<u>-</u>	<u>35,997,224</u>
DEFERRED OUTFLOWS			
	<u>83,067</u>	<u>-</u>	<u>83,067</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 42,399,803</u>	<u>\$ 93,025</u>	<u>\$ 42,492,828</u>

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

CURRENT LIABILITIES			
Accounts payable	\$ 725,460	\$ -	\$ 725,460
Due to other funds	40,986	-	40,986
Deposit on house	-	1,000	1,000
Accrued salaries and benefits	297,228	-	297,228
Accrued interest	60,450	-	60,450
Unearned revenue	45,864	-	45,864
Current portion bonds payable	1,840,169	-	1,840,169
Current portion notes payable	466	-	466
TOTAL CURRENT LIABILITIES	<u>3,010,623</u>	<u>1,000</u>	<u>3,011,623</u>
LONG-TERM LIABILITIES, net of current portion			
Bonds payable	14,968,004	-	14,968,004
Notes payable	5,499	-	5,499
Termination benefits payable	378,145	-	378,145
Net Pension Liability	148,123	-	148,123
TOTAL LONG-TERM LIABILITIES, net of current portion	<u>15,499,771</u>	<u>-</u>	<u>15,499,771</u>
TOTAL LIABILITIES	<u>18,510,394</u>	<u>1,000</u>	<u>18,511,394</u>
DEFERRED INFLOWS			
	<u>49,233</u>	<u>-</u>	<u>49,233</u>
NET POSITION			
Net investment in capital assets	18,207,011	-	18,207,011
Restricted	1,457,764	92,025	1,549,789
Unrestricted	4,175,401	-	4,175,401
TOTAL NET POSITION	<u>23,840,176</u>	<u>92,025</u>	<u>23,932,201</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 42,399,803</u>	<u>\$ 93,025</u>	<u>\$ 42,492,828</u>

See Accompanying Notes to Basic Financial Statements.

Lamoille North Modified Unified Union School District
DISTRICT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Revenues	Capital Grants and Revenues	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Elementary Instruction	\$ 24,843,938	\$ 734,812	\$ 13,972,053	\$ -	\$ (10,137,073)	\$ -	\$ (10,137,073)
High School & Middle School Instruction	15,495,623	372,512	13,447,530	-	(1,675,581)	-	(1,675,581)
Vocational Instruction	1,680,787	13,324,282	1,722,912	-	13,366,407	-	13,366,407
Construction Costs	32,449	-	-	-	(32,449)	-	(32,449)
Depreciation/amortization - unallocated	1,557,246	-	-	-	(1,557,246)	-	(1,557,246)
Total governmental activities	\$ 43,610,043	\$ 14,431,606	\$ 29,142,495	\$ -	(35,942)	-	(35,942)
General revenues:							
Unrestricted investment earnings					144,780	-	144,780
Restricted investment earnings					12,765	-	12,765
Donations					168,493	-	168,493
Gain on sale of asset					(1,024)	-	(1,024)
Scholarships					3,233	-	3,233
Transfers					(2,500)	-	(2,500)
Miscellaneous					16,897	-	16,897
Total general revenues					342,644	-	342,644
Change in net position					306,702	-	306,702
Net position, beginning, as restated					23,533,474	92,025	23,625,499
Net position, ending					\$ 23,840,176	\$ 92,025	\$ 23,932,201

See Accompanying Notes to Basic Financial Statements.

Lamoille North Modified Unified Union School District
 FUND FINANCIAL STATEMENTS
 BALANCE SHEETS - GOVERNMENTAL FUNDS
 June 30, 2021

	Governmental Fund Types			
	General Fund	Capital Projects Fund	Special Revenue	Total
<u>ASSETS</u>				
CURRENT ASSETS				
Cash	\$ 3,770,962	\$ 931,345	\$ 397,262	\$ 5,099,569
Restricted Cash	-	86,972	-	86,972
Due from LNSU	666,702	-	-	666,702
Other Receivables	295,980	-	-	295,980
Due from Other Funds	-	916,197	-	916,197
Inventory	3,748	-	-	3,748
Prepaid Expenses	70,747	-	-	70,747
	<u>4,808,139</u>	<u>1,934,514</u>	<u>397,262</u>	<u>7,139,915</u>
TOTAL CURRENT ASSETS				
NONCURRENT ASSETS				
Restricted Investment	-	1,063,047	-	1,063,047
	<u>-</u>	<u>1,063,047</u>	<u>-</u>	<u>1,063,047</u>
TOTAL ASSETS				
	<u>\$ 4,808,139</u>	<u>\$ 2,997,561</u>	<u>\$ 397,262</u>	<u>\$ 8,202,962</u>
<u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Accounts Payable	\$ 711,195	\$ 14,265	\$ -	\$ 725,460
Accrued Payroll and Related Liabilities	296,953	-	274	297,227
Due to Other Funds	954,912	-	2,271	957,183
Unearned Revenue	45,864	-	-	45,864
	<u>2,008,924</u>	<u>14,265</u>	<u>2,545</u>	<u>2,025,734</u>
TOTAL CURRENT LIABILITIES				
FUND BALANCES				
Nonspendable	74,495	-	-	74,495
Restricted	-	1,063,047	394,717	1,457,764
Committed	1,839,961	1,920,249	-	3,760,210
Unassigned	884,759	-	-	884,759
	<u>2,799,215</u>	<u>2,983,296</u>	<u>394,717</u>	<u>6,177,228</u>
TOTAL FUND BALANCE				
TOTAL LIABILITIES AND FUND BALANCE				
	<u>\$ 4,808,139</u>	<u>\$ 2,997,561</u>	<u>\$ 397,262</u>	<u>\$ 8,202,962</u>

See Accompanying Notes to Basic Financial Statements.

Lamoille North Modified Unified Union School District
 FUND FINANCIAL STATEMENTS
 BALANCE SHEETS - GOVERNMENTAL FUNDS
 June 30, 2021

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

Total fund balances - governmental funds \$ 6,177,228

Amounts reported for governmental activities in the statement of net position
 are different because:

Long-term assets, are not realizable in the current period and therefore are not
 reported as assets in the funds. Long-term assets at year-end consist of:

Prepaid expenditures	95,793
----------------------	--------

Capital assets used in governmental activities are not financial resources
 and therefore are not reported as assets in governmental funds.

Capital Assets	62,013,048
Accumulated Depreciation	(27,078,871)

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:

Bonds Payable	(16,808,173)
Notes Payable	(5,965)
Accrued Interest Payable	(60,450)
Termination Benefits Payable	(378,145)
Net Pension Liability	(148,123)

Deferred outflows of resources represent the consumption of net position
 that is applicable to future reporting period and therefore not reported as
 assets in the funds 83,067

Deferred inflows of resources represents the acquisition of net assets
 applicable to a future reporting period and therefore are not reported as
 liabilities in the funds. (49,233)

Total net position - governmental activities \$ 23,840,176

See Accompanying Notes to Basic Financial Statements.

Lamoille North Modified Unified Union 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	Total
REVENUES				
Elementary Education	\$ 14,732,800	\$ -	\$ -	\$ 14,732,800
High School and Middle School Education	15,117,698	-	-	15,117,698
Vocational Education	3,365,574	-	-	3,365,574
Interest Income	143,998	26,395	978	171,371
Donations	-	-	166,968	166,968
Miscellaneous Income	-	5,161	-	5,161
TOTAL REVENUES	<u>33,360,070</u>	<u>31,556</u>	<u>167,946</u>	<u>33,559,572</u>
EXPENDITURES				
Elementary Education	14,454,257	-	-	14,454,257
High School and Middle School Education	14,727,903	-	-	14,727,903
Vocational Education	3,537,916	-	-	3,537,916
Construction Costs	-	1,174,139	-	1,174,139
Scholarships	-	-	20,610	20,610
Miscellaneous Expense	-	-	97,233	97,233
TOTAL EXPENDITURES	<u>32,720,076</u>	<u>1,174,139</u>	<u>117,843</u>	<u>34,012,058</u>
EXCESS/(DEFICIENCIES) OF REVENUES OVER/(UNDER) EXPENDITURES	<u>639,994</u>	<u>(1,142,583)</u>	<u>50,103</u>	<u>(452,486)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Asset	2,500	-	-	2,500
Transfers Out	(2,500)	2,500	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
NET CHANGE IN FUND BALANCE	639,994	(1,140,083)	50,103	(449,986)
FUND BALANCE, Beginning of Year, as Restated	<u>2,159,221</u>	<u>4,123,379</u>	<u>344,614</u>	<u>6,627,214</u>
FUND BALANCE, End of Year	<u>\$ 2,799,215</u>	<u>\$ 2,983,296</u>	<u>\$ 394,717</u>	<u>\$ 6,177,228</u>

See Accompanying Notes to Basic Financial Statements.

Lamoille North Modified Unified Union School District
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
 June 30, 2021

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

Total net change in fund balances - governmental funds \$ (449,986)

Amounts reported for governmental activities in the statement of activities
 are different because:

Long-term assets, are not realizable in the current period and therefore are not
 reported as assets in the funds. Long-term assets at year-end consist of:

Prepaid Expense	95,794
-----------------	--------

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	(1,557,248)
Capital Outlays	1,284,824
Gain on Disposal of Assets	(3,524)

Some expenses reported in the Statement of Activities do not require
 the use of current financial resources and therefore are not reported
 as expenditures in governmental funds:

Termination Benefits Paid	44,013
Termination Benefits Accrued	(65,820)
Pension Expense	(13,322)

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:

Bond Payments	971,519
Note Payments	452
	452

Change in net position of governmental activities **\$ 306,702**

See Accompanying Notes to Basic Financial Statements.

Lamoille North Modified Unified Union School District
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION - PROPRIETARY FUNDS
 June 30, 2021

	<u>Proprietary Fund Types</u> Vocational Building Trades
<u>ASSETS</u>	
ASSETS	
Inventory	\$ 52,039
Due from Other Funds	<u>40,986</u>
TOTAL ASSETS	<u>\$ 93,025</u>
<u>LIABILITIES AND NET POSITION</u>	
LIABILITIES	
Deferred Revenue	<u>\$ 1,000</u>
TOTAL LIABILITIES	<u>1,000</u>
NET POSITION	
Restricted	<u>92,025</u>
TOTAL NET ASSETS	<u>92,025</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 93,025</u>

See Accompanying Notes to Basic Financial Statements.

Lamoille North Modified Unified Union School District
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
 For the Year Ended June 30, 2021

	<u>Proprietary Fund Types</u> <u>Vocational Building Trades</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash payments for materials and services	\$ -
NET CASH FROM OPERATING ACTIVITIES	<u>-</u>
NET DECREASE IN CASH	-
CASH- BEGINNING OF YEAR	<u>-</u>
CASH- END OF YEAR	<u><u>\$ -</u></u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating Income	\$ -
Adjustment to reconcile operating income to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Inventory	(36,888)
Deposit on House	1,000
Due to Other Funds	<u>35,888</u>
Net cash used by operating activities	<u><u>\$ -</u></u>

See Accompanying Notes to Basic Financial Statements.

Lamoille North Modified Unified Union School District
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION - FIDUCIARY FUNDS
 June 30, 2021

	Fiduciary Fund Type
	Private Purpose Trusts
<u>ASSETS</u>	
ASSETS	
Cash	\$ <u>22,658</u>
<u>LIABILITIES AND NET POSITION</u>	
TOTAL LIABILITIES	\$ <u>-</u>
NET POSITION	
Held in Trust for Grammar School Sales and Other Purposes	<u>22,658</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 22,658</u>

See Accompanying Notes to Basic Financial Statements.

Lamoille North Modified Unified Union School District
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
 June 30, 2021

	<u>Fiduciary Fund Type</u> <u>Private Purpose Trusts</u>
ADDITIONS	
Miscellaneous Revenues	\$ -
Interest Income	-
TOTAL ADDITIONS	<u>-</u>
DEDUCTIONS	
Student Activity	-
Scholarships	-
TOTAL DEDUCTIONS	<u>-</u>
CHANGE IN NET POSITION	-
NET POSITION, Beginning of Year	<u>22,658</u>
NET POSITION, End of Year	<u>\$ 22,658</u>

See Accompanying Notes to Basic Financial Statements

Lamoille North Modified Unified Union 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 an eighteen-member Board of School Directors, 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 School Directors. 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.

The District provides elementary and secondary education for the Towns of Belvidere, Eden, Hyde Park, Johnson and Waterville, Vermont. The District provides secondary education for the towns previously noted and Town of Cambridge, Vermont. The District also operates a Vocational Center, which serves towns located in the Lamoille North Supervisory Union, the Lamoille South Supervisory Union and the Orleans Southwest Supervisory Union. The District is a member of the Lamoille North Supervisory Union (LNSU) from which is received superintendent and business services.

District-wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Assessments, tuition 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 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.
- * The special revenue fund accounts for various school donations.

The School District reports the following trust funds:

Private-Purpose Trust Funds

- * Assets Held in Trust for Grammar School Sales – these two trust funds are used to hold the proceeds from two old school house buildings that were sold.

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.

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Principal and Vocational Director submit to the School 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.
- * Two public hearings are conducted to inform taxpayers of the budget. The first hearing is held at the Annual District Meeting which is held on the third Tuesday in February. The second hearing is held within 10 days prior to the ballot vote.
- * The District budget is voted on Town Meeting Day by Australian ballot. The proposed budget is distributed to the legal voters of the District 10 days before the Annual Meeting.
- * 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.

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are reported at fair value. Changes in the fair value of investments are recorded as investment income. The reported value is basically the same as the fair value of the Fund's shares.

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). Lamoille North Modified Unified Union 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.

Inventories

Inventories are valued at cost, using the first-in, first-out method.

Capital Assets

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

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

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

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).

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Government-Wide and Proprietary Fund Net Position

Government-wide and Proprietary Fund 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 position that are restricted by the District's creditors, by enabling legislation, by grantors (both federal and state), and/or by contributors.

Unrestricted – all other net position reported in this category.

Government Fund Balances

Effective July 1, 2010, the District adopted the provisions of GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

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

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

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

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

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

Unassigned – All amounts not included in other classifications.

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 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.

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 CASH

The cash deposits in the School District accounts as of June 30, 2021 consisted of the following:

	Bank Balance	Book Balance
Insured (FDIC)	\$ 844,833	\$ 846,493
Collateralized *	7,999,020	1,902,189
Uninsured	3,811,316	2,460,517
 TOTAL	 \$12,655,169	 \$ 5,209,199

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

* Cash deposits held by the School District at June 30, 2021 are secured through a repurchase agreement with Community Bank and Peoples United Bank.

NOTE 3 RESTRICTED INVESTMENTS

During the year ended June 30, 2006, Lamoille North Modified Unified Union School District obtained a qualified zone academy bond in the amount of \$1,217,000. Under the terms of this bond, the School District is required to transfer monies annually into an investment account. These annual deposits, as well as any investment earnings, will be used towards the payment of principal at bond maturity in October 2022.

Investments at June 30, 2021 consisted of the following:

	Cost	Market Value
FHLMC Discount Note	\$ 1,050,083	\$ 1,063,047
	\$ 1,050,083	\$ 1,063,047

All investments are categorized as Level 1 and recorded at fair value as of June 30, 2021. As required by professional accounting standards, investment assets are classified entirely based upon the lowest level of input that is significant to the fair value measurement.

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 4 ACCOUNTS RECEIVABLE

General Fund:

State of Vermont	\$ 245,954
Miscellaneous	<u>50,026</u>
Total General Fund	<u>\$ 295,980</u>

NOTE 5 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 278,810	\$ -	\$ -	\$ 278,810
Construction in progress	<u>1,220,694</u>	<u>36,247</u>	<u>(1,220,694)</u>	<u>36,246</u>
Total capital assets, not being depreciated	<u>1,499,504</u>	<u>36,247</u>	<u>(1,220,694)</u>	<u>315,056</u>
Capital assets, being depreciated				
Land improvements	353,496	-	-	353,496
Buildings and improvements	53,333,779	2,266,538	-	55,600,316
Vehicles	622,111	34,700	(167,144)	489,667
Furniture and equipment	<u>5,086,479</u>	<u>168,033</u>	<u>-</u>	<u>5,254,513</u>
Total capital assets, being depreciated	<u>59,395,865</u>	<u>2,469,271</u>	<u>(167,144)</u>	<u>61,697,992</u>
Accumulated depreciation for				
Land improvements	(142,682)	(27,987)	-	(170,669)
Buildings and improvements	(20,849,348)	(1,355,052)	-	(22,204,399)
Vehicles	(422,417)	(37,911)	163,621	(296,708)
Furniture and equipment	<u>(4,270,798)</u>	<u>(136,298)</u>	<u>-</u>	<u>(4,407,095)</u>
Total accumulated depreciation	<u>(25,685,245)</u>	<u>(1,557,248)</u>	<u>163,621</u>	<u>(27,078,871)</u>
Total capital assets, being depreciated, net	<u>33,710,620</u>	<u>912,023</u>	<u>(3,523)</u>	<u>34,619,121</u>
Governmental activities capital assets, net	<u>\$ 35,210,124</u>	<u>\$ 948,270</u>	<u>\$(1,224,217)</u>	<u>\$ 34,934,177</u>

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 6 BONDS PAYABLE

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
<u>LUHS #18 Campus</u>					
Vermont Municipal Bond Bank, 20 yr. bond, dated 7/10/00, 4.344% to 5.64% interest payable semi-annually, \$465,000 principal payable annually Dec. 1, 2001 to 2014, \$460,000 principal payable annually Dec.1, 2015 to 2020.	\$ 460,000	\$ -	\$ (460,000)	\$ -	\$ -
Vermont Municipal Bond Bank, 20 yr. bond dated 7/20/06, 3.835% to 4.665% interest payable semi-annually, \$395,000 principal payable annually Dec. 1, 2007 to 2025, \$350,000 principal payable Dec. 1, 2026.	2,720,000	-	(395,000)	2,325,000	395,000
Bank of America Qualified Zone Academy Bond, dated 10/1/06, at 0% interest. Principal payable in full at bond maturity on 10/1/21.	1,217,000	-	-	1,217,000	1,217,000
Vermont Municipal Bond Bank, 20 yr. bond, dated 2/1/2020, at a variable interest payable semi-annually, \$111,650 principal payable annually June 1, 2022 to 2041.	2,233,000	-	-	2,233,000	111,650
<u>Johnson Campus</u>					
Vermont Municipal Bond Bank, annual principal payments of \$85,769 in 2018 - 2030 and interest due semi-annually at various interest rates, currently 3.115%, matures December, 2029	857,692	-	(85,769)	771,923	85,769

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 6 BONDS PAYABLE (continued)

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
<u>Eden Campus</u>					
Vermont Municipal Bond Bank, annual principal payments of \$30,750 due annually on November 1st including semi annual interest at 3.4%, due November, 2035	492,000	-	(30,750)	461,250	30,750
<u>Hyde Park Campus</u>					
Vermont Municipal Bond Bank, Principal payments due annually beginning on November 1, 2022 and variable interest payments due semiannually through November, 2047.	9,800,000	-	-	9,800,000	-
 Total Bonds Payable	<u>\$ 17,779,692</u>	<u>\$ -</u>	<u>\$ (971,519)</u>	<u>\$ 16,808,173</u>	<u>\$ 1,840,169</u>

Maturities of bonds payable are as follows:

	Principal	Interest	Savings Allocation	Total
2022	\$ 1,840,169	\$ 547,824	\$ (16,920)	\$ 2,371,073
2023	1,000,092	521,227	(15,924)	1,505,395
2024	1,000,092	489,364	(15,924)	1,473,532
2025	1,000,092	456,319	(14,930)	1,441,481
2026	1,000,092	422,353	(21,897)	1,400,548
2027-2031	3,289,692	1,733,452	(7,962)	5,015,182
2032-2036	2,596,615	1,287,309	-	3,883,924
2037-2041	2,442,865	836,113	-	3,278,978
2042-2046	1,884,615	381,635	-	2,266,250
2047-2051	753,849	33,923	-	787,772
 TOTALS	<u>\$ 16,808,173</u>	<u>\$ 6,709,519</u>	<u>\$ (93,557)</u>	<u>\$ 23,424,135</u>

The total interest expense paid on the bonds listed above for the year ended June 30, 2021 was \$528,181.

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 NOTES PAYABLE

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Eden Campus note payable with US Bank, payments of \$645 due annually on January 1st at 3.00% interest, due January 2032.	\$ 6,417	\$ -	\$ (452)	\$ 5,965	\$ 466

NOTE 7 NOTES PAYABLE (continued)

Maturities of notes payable are as follows:

	Principal	Interest	Total
2022	\$ 466	\$ 179	\$ 645
2023	480	165	645
2024	494	151	645
2025	509	136	645
2026	524	121	645
2027-2031	2,867	357	3,224
2032-2036	625	1,954	2,579
	\$ 5,965	\$ 3,063	\$ 9,028

The total interest expense paid on the note listed above for the year ended June 30, 2021 was \$0 due to interest waived on all payments 6/1/2020 – 5/31/2021.

NOTE 8 SHORT-TERM DEBT

Short-term debt consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Revenue Anticipation Note (2.3%)	\$ -	\$ 5,524,600	\$ (5,524,600)	\$ -

Total interest expense paid on the revenue anticipation note during the year ended June 30, 2021 was \$96,282.

Lamoille North Modified Unified Union School District
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 9 OPERATING LEASE

The School District leases equipment and vehicles under operating leases which expire between August 2019 and May 2020. Minimum future rental payments under non-cancelable operating leases have remaining terms in excess of one year as of June 30, 2021 as follows:

Year Ending June 30,	
2022	\$ 47,623
2023	7,860
2024	4,585
Total	\$ 60,068

The total lease expense for the year ended June 30, 2021 was \$48,610.

NOTE 10 TERMINATION BENEFITS

Grandfathered Teachers

Upon retirement, teachers with at least ten years of service by July 1, 2010 and have reached the age of 55 are entitled to reimbursement for unused sick leave at the rate of \$50 per day up to a maximum of \$9,250 per the contract with the Teachers' Association.

Non-Grandfathered Teachers

Upon retirement, teachers with at least fifteen years of service to the district and have reached the age of 55 are entitled to reimbursement for unused sick leave at the rate of \$50 per day up to a maximum of \$9,250 per the contract with the Teachers' Association.

Support Staff

Upon retirement, support staff with at least ten years of consecutive service to the district and have reached the age of 55 are entitled to reimbursement for unused sick leave at the rate of \$50 per day up to a maximum of \$7,500 per the contract for support staff. Also, upon termination all support staff are eligible to be paid up to 180 hours of accrued vacation time.

The total amount of these termination benefits accumulated as of June 30, 2021 is \$378,145.

	June 30, 2020 Balance	Additions	Principle Reductions	June 30, 2021 Balance
Termination Benefits	\$ 356,338	\$ 65,820	\$ 44,013	\$ 378,145

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 11 DEFINED CONTRIBUTION PLANS

The Lamoille North Modified Unified Union School District participates in the Lamoille North Supervisory Retirement Plan, which is a 403 (b) 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 new 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 \$2,157,394 in fiscal year 2021. Contributions accrued at year end by the District to be paid in fiscal year 2022 were \$65,898.

NOTE 12 TEACHERS RETIREMENT- VSTRS

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 Lamoille North Modified Unified Union School District's proportional share of the overall amounts of the Vermont State Teachers' Retirement System (VSTRS) plan. Lamoille North Modified Unified Union School District's portion has been allocated based on Lamoille North Modified Unified Union 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 Lamoille North Modified Unified Union School District's reporting date (June 30, 2021) and for the Lamoille North Modified Unified Union 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, 2018.

Lamoille North Modified Unified Union School District
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 12 TEACHERS RETIREMENT- VSTRS (continued)

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

Fiscal Year Ended June 30, 2019						
2018 Allocated Contribution	Employer Proportion	Net Pension Liability	Total Deferred Outflows	Total Deferred Inflows	Net Pension Liability 1% Decrease (6.95% Discount Rate)	Net Pension Liability 1% Increase (8.95% Discount Rate)
\$ 9,432,439	1.37272%	\$ 21,423,056	\$ 10,385,903	\$ 226,202	\$ 26,605,020	\$ 17,050,918

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

Fiscal Year Ended June 30, 2020						
Portion of State Contribution	Employer Proportion	Net Pension Liability	Total Deferred Outflows	Total Deferred Inflows	Net Pension Liability 1% Decrease (6.50% Discount Rate)	Net Pension Liability 1% Increase (8.50% Discount Rate)
\$ 9,786,583	1.37108%	\$ 26,751,566	\$ 9,004,058	\$ 130,807	\$ 33,321,935	\$ 21,288,178

Schedule C – Employers’ Allocation of Pension Amounts 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	Differences Between Projected and Actual Investment Earnings	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows
1.37108%	\$ 26,751,566	\$ 727,958	\$ 3,197,715	\$ -	\$ 751,535	\$ 4,326,850	\$ 9,004,058

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	
\$ -	\$ 112,966	\$ -	\$ -	\$ 17,841	\$ 130,807	

Lamoille North Modified Unified Union School District
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 12 TEACHERS RETIREMENT- VSTRS (continued)

Pension Expense Recognized		
Proportionate Share of Pension Plan Expense	Net Amortization of Deferred Amounts from Change in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total
\$ 3,965,354	\$ 4,298,296	\$ 8,263,650

Schedule D – Employers’ Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 2018

Fiscal Year					
2021	2020	2023	2024	2025	Thereafter
\$ 5,778,358	\$ 1,533,392	\$ 1,401,421	\$ 160,080	\$ -	\$ -

Schedule E – Covered Payroll

FY 2020	FY 2019	FY 2018
\$ 9,786,583	\$ 9,432,439	\$ 9,234,636

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](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 136 participating employers.

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 12 TEACHERS RETIREMENT- VSTRS (continued)

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

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

The Pension Plan is divided into the following membership groups:

- Group A - for public school teachers employed within the State of Vermont prior to July 1, 1981 and 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 with 30 years of service	Age 62 or with 30 years of service	Age 65 or when the sum of age and service equals 90
Average Final Compensation (AFC)	Highest 3 consecutive years, including unused annual leave, sick leave and bonus/incentives	Highest 3 consecutive years, excluding all payments for anything other than service actually performed	Highest 3 consecutive years, excluding all payments for anything other than service actually performed
Benefit formula - normal service retirement	1.67% x creditable service x AFC	1.25% x service prior to 6/30/90 x AFC + 1.67% x service after 7/1/90 x AFC	1.25% x service prior to 6/30/90 x AFC + 1.67% x service after 7/1/90 x AFC, 2.0% x AFC after attaining 20 years
Maximum Benefit Payable	100% of AFC	53.34% of AFC	60% of AFC
Post-Retirement COLA	Full CPI, up to a maximum of 5% after 12 months of retirement; minimum of 1%	50% CPI, up to a maximum of 5% after 12 months of retirement or with 30 years; minimum of 1%	50% CPI, up to a maximum of 5%, minimum of 1% after 12 months of normal retirement or age 65
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Early Retirement Reduction	Actuarial reduction	6% per year from age 62	Actuarial reduction
Disability Benefits	Unreduced, accrued benefit with minimum of 25% of AFC	Unreduced, accrued benefit with minimum of 25% of AFC	Unreduced, accrued benefit with minimum of 25% of AFC
Death-in-service Benefit	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently

Lamoille North Modified Unified Union School District
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 12 TEACHERS RETIREMENT- VSTRS (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, 2019 was determined by an actuarial valuation as of June 30, 2018, using the following assumptions:

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	3.80%
60	3.55%
65	3.40%
70	3.30%

Mortality:

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

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

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

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

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 12 TEACHERS RETIREMENT- VSTRS (continued)

Inflation: 2.30%

Spouse's Age: Females three years younger than males

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 2.40% per annum for Group A members and 1.35% for 2019 Group C members.

Inactive Members: Non Vested: Valuation liability equals 100% of accumulated contributions.

Vested: Valuation liability based on accrued benefit and assumed to retire as follows:

- Group A and Group C- GF: 10% of members are assumed to retire from Early Retirement Age for each year until Normal Retirement Age, then 100% of members are assumed to retire at their Normal Retirement age.
- Group C-NGF: 50% of members are assumed to retire from age 62-69, then 100% at age 70.

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.

Asset: 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 rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, is summarized in the following table:

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 12 TEACHERS RETIREMENT- VSTRS (continued)

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	20.00%	0.39%
Private & Alternative Credit	10.00%	6.03%
US TIPS	3.00%	-0.02%
Core Real Estate	5.00%	4.06%
Non-Core Real Estate	3.00%	6.43%
Private Equity	10.00%	11.27%
Infrastructure/Farmland	2.00%	5.44%

Discount rate

The discount rate used to measure the total pension liability was 7.00%. 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 (6.50%)	Discount Rate (7.50%)	1% Increase (8.5%)
\$ 33,621,935	\$ 26,751,566	\$ 21,288,178

During the year ended June 30, 2020 the state of Vermont contributed \$1,867,059 on behalf of Lamoille North Modified Unified Union School District.

Lamoille North Modified Unified Union School District
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 13 TEACHERS RETIREMENT- VMERS

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 provide Lamoille North Modified Unified Union School District's proportional share of the overall amounts of the VMERS plan. Lamoille North Modified Unified Union School District's portion has been allocated based on Lamoille North Modified Unified Union School District's proportional share of employer contributions to the total contributions to VMERS 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 Lamoille North Modified Unified Union School District's reporting date June 30, 2021 and for the Lamoille North Modified Unified Union 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 Lamoille North Modified Unified Union School District, 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.

Schedule A – Employer Allocations as of June 30, 2019

Fiscal Year Ended June 30, 2019						
Employer Contributions	Employer Proportion	Net Pension Liability	Total Deferred Outflows	Total Deferred Inflows	Net Pension Liability 1% Decrease (6.95% Disc Rate)	Net Pension Liability 1% Decrease (8.95% Disc Rate)
\$ 13,224	0.06882%	\$ 119,406	\$ 63,511	\$ 57,204	\$ 195,806	\$ 56,159

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

Fiscal Year Ended June 30, 2020						
Employer Contributions	Employer Proportion	Net Pension Liability	Total Deferred Outflows	Total Deferred Inflows	Net Pension Liability 1% Decrease (6.00% Disc Rate)	Net Pension Liability 1% Decrease (8.00% Disc Rate)
\$ 12,135	0.05855%	\$ 148,120	\$ 70,915	\$ 49,233	\$ 386,493,064	\$ 143,116,106

Lamoille North Modified Unified Union School District
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 13 TEACHERS RETIREMENT- VMERS (continued)

Schedule C – Employers’ Allocation of Pension Amounts 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 Proportional Share of Contributions and Proportionate Share of Contributions	Total Deferred Outflows
0.0586%	\$ 148,120	\$ 13,340	\$ 19,858	\$ -	\$ 14,166	\$ 23,551	\$ 70,915

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	
\$ -	\$ -	\$ -	\$ 439	\$ 48,794	\$ 49,233	

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 Employer Pension Expense
\$ 34,341	\$ (8,866)	\$ 25,475

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

Fiscal Year Ending June 30, 2020					
2021	2022	2023	2024	2025	Thereafter
\$ 4,284	\$ 3,648	\$ 8,182	\$ 5,568	\$ -	\$ -

Lamoille North Modified Unified Union School District
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 13 TEACHERS RETIREMENT- VMERS (continued)

Schedule E – Contributions History for Fiscal Years 2018-2020

FY 2020	FY 2019	FY 2018
\$ 12,135	\$ 13,224	\$ 12,740

The full report containing the schedules of all employers in the VMERS plan will be available on the State of Vermont Treasurer's website at:

<http://www.vermonttreasurer.gov/retirement/muni-financial-reports>

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 Vermont Municipal Employees' Retirement System (VMERS) or its participating employers. VMERS 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 Municipal Employees' Retirement System is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for school districts and other municipal employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2020, the retirement system consisted of 379 participating employers.

The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

The general administration and responsibility for formulating administrative policy and procedures of the retirement System for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives – one elected by the governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association.

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.

Lamoille North Modified Unified Union School District
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 13 TEACHERS RETIREMENT- VMERS (continued)

Summary of System Provisions

Membership	Full time employees of participating municipalities. Membership Full time employees of participating municipalities. Municipality elect's coverage under Groups A, B, C or D provisions.
Creditable service	Service as a member plus purchased service.
Average Final Compensation (AFC)	<p>Group A – average annual compensation during highest 5 consecutive years.</p> <p>Groups B and C – average annual compensation during highest 3 consecutive years.</p> <p>Group D – average annual compensation during highest 2 consecutive years.</p>
Service Retirement Allowance	
Eligibility	<p>Group A – The earlier of age 65 with 5 years of service or age 55 with 35 years of service.</p> <p>Group B – The earlier of age 62 with 5 years of service or age 55 with 30 years of service.</p> <p>Groups C and D – Age 55 with 5 years of service.</p>
Amount	<p>Group A – 1.4% of AFC x service</p> <p>Group B – 1.7% of AFC x service as Group B member plus percentage earned as Group A member x AFC</p> <p>Group C – 2.5% of AFC x service as a Group C member plus percentage earned as a Group A or B member x AFC</p> <p>Group D – 2.5% of AFC x service as a Group D member plus percentage earned as a Group A, B or C member x AFC</p> <p>Maximum benefit is 60% of AFC for Groups A and B and 50% of AFC for Groups C and D. The above amounts include the portion of the allowance provided by member contributions.</p>

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 13 TEACHERS RETIREMENT- VMERS (continued)

Early Retirement Allowance

Eligibility Age 55 with 5 years of service for Groups A and B; age 50 with 20 years of service for Group D.

Amount Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes Normal Retirement Age for Group A and B member, and payable without reduction to Group D members.

Vested Retirement Allowance

Eligibility 5 years of service.

Amount Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on "Post-Retirement Adjustments" described below.

Disability Retirement Allowance

Eligibility 5 years of service and disability as determined by Retirement Board.

Amount Immediate allowance based on AFC and service to date of disability; children's benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.

Death Benefit

Eligibility Death after 5 years of service.

Amount For Groups A, B and C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor's benefit under disability annuity computed as a date of death. For Group D, 70% of the unreduced accrued benefit plus children's benefit.

Optional Benefit and Death after Retirement

For Groups A, B and C, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance or 70% contingent annuitant option with no reduction.

Lamoille North Modified Unified Union School District
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 13 TEACHERS RETIREMENT- VMERS (continued)

Refund of Contribution Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions are refunded.

Post-Retirement Adjustments Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in consumer price index but not more than 2% for Group A and 3% for Groups B, C and D.

Member Contributions

<u>Group</u>	<u>Effective 7/1/20</u>	<u>For Fiscal Year ended 6/30/2020</u>
Group A	3.00%	2.75%
Group B	5.375%	5.125%
Group C	10.50%	10.25%
Group D	11.85%	11.60%

Employer Contributions

<u>Group</u>	<u>Effective 7/1/20</u>	<u>For Fiscal Year ended 6/30/2020</u>
Group A	4.125%	4.25%
Group B	6.00%	5.75%
Group C	7.75%	7.50%
Group D	10.35%	10.10%

Retirement Stipend \$25 per month payable at the option of the Board of retirees.

Significant Actuarial Assumptions and Methods

Interest Rate: 7.00%, net of pension plan investment expenses, including inflation

Salary Increases: Varying service-based rates from 0-10 years of service, then a single rate of 4.50% (includes assumed inflation rate of 2.30%) for all subsequent years

Mortality:

Pre-retirement:

Groups A/B/C – 40% PubG-2010 General Employee below-median and 60% of PubG-2010 General Employee, with generational projection using Scale MP-2019.

Group D- PubG-2010 General Employee above-median, with generational projection using Scale MP-2019.

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 13 TEACHERS RETIREMENT- VMERS (continued)

Retiree Healthy Post-retirement:

Groups A/B/C- 104% of 40% PubG-2010 General Healthy Retiree below-median and 60% of PubG-2010 General Healthy Retiree, with generational projection using Scale MP-2019
Group D- PubG-2010 General Healthy Retiree, with generational projection using Scale MP-2019.

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

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

Spouse's Age: Females three years younger than males

Cost-of-Living Adjustments: Assumed to occur on January 1, following one year of retirement at the rate of 2.40% per annum for Group A members and 1.35% for 2019 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 and “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.

Inflation: 2.30%

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 weighing 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:

Lamoille North Modified Unified Union School District
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 13 TEACHERS RETIREMENT- VMERS (continued)

Asset Class	Target 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	20.00%	0.39%
Private & Alternate Credit	10.00%	6.03%
US TIPS	3.00%	-0.20%
Core Real Estate	5.00%	4.06%
Non-Core Real Estate	3.00%	6.43%
Private Equity	10.00%	11.27%
Infrastructure/Farmland	2.00%	5.44%

Discount rate

The discount rate used to measure the total pension liability was 7.00%. 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 continue to contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is comprised on an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038, Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 (7.0%)	1% Increase (8.00%)
\$ 386,493,064	\$ 252,974,064	\$ 143,116,106

Lamoille North Modified Unified Union School District
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 14 OTHER POST EMPLOYMENT BENEFITS (OPEB) - VSTRS

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 (2.50%)	Net OPEB Liability - 1% Increase in Discount Rate (4.50%)	Net OPEB Liability - 1% Decrease in Healthcare Cost Trend Rates	Net OPEB Liability - 1% Increase in Healthcare Cost Trend Rates
1.58654%	1.62205%	\$ 20,428,055	\$ 8,424,722	\$ 4,973,584	\$ 24,193,419	\$ 17,425,709	\$ 16,944,722	\$ 25,029,934

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

Deferred Outflows of Resources						
Employer Portion	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
1.62205%	\$ 20,428,055	\$ 4,979,511	\$2,634,992.00	\$ -	\$ 810,219	\$ 8,424,722

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
\$ 4,650,215	\$ 294,840	\$ 28,529	\$ -	\$ 4,973,584

Lamoille North Modified Unified Union School District
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 14 OTHER POST EMPLOYMENT BENEFITS (OPEB) – VSTRS (continued)

Pension Expense Recognized		
Proportionate Share of OPEB Expense	Net Amortization of Deferred Amounts from Change in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Employer OPEB Expense
\$ 2,054,900	\$ 119,734	\$ 2,174,634

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

Fiscal Year					
2021	2022	2023	2024	2025	Thereafter
\$ 1,164,607	\$ 3,823,146	\$ 1,584,347	\$ 100,989	-	-

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, 2017, the plan consisted of 266 participating employers.

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

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 14 OTHER POST EMPLOYMENT BENEFITS (OPEB) – VSTRS (continued)

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

Summary of Plan

Eligibility:

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

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

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

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

- Retirement Group C Grandfathered: Attainment of age 62, or 30 year's 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:

Lamoille North Modified Unified Union School District
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 14 OTHER POST EMPLOYMENT BENEFITS (OPEB) – VSTRS (continued)

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

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

Spouse Coverage with 80% Subsidy

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

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

Premium Reduction Option:

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

Actuarial assumptions

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

Discount Rate: 2.21% based on the index rate for 20-year tax-exempt general obligation municipal bonds with an average of AA/Aa or higher as of June 30, 2019.

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

Lamoille North Modified Unified Union School District
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 14 OTHER POST EMPLOYMENT BENEFITS (OPEB) – VSTRS (continued)

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: 2.75%

Retiree Contributions: Retiree contributions were assumed to increase with health trend. Rates were based on premiums effective July 1, 2019. Plan premiums were weighted by actual retiree and dependent enrollment, separately for non-Medicare and Medicare.

Mortality Rates: *Pre-retirement mortality:*
 PubT-2010 Teacher Employee Headcount-Weighted Table with generational projection using scale MP-2019

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

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

Disabled mortality:
 PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Morality Table with generational projection using scale MP-2019

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

Lamoille North Modified Unified Union School District
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 14 OTHER POST EMPLOYMENT BENEFITS (OPEB) – VSTRS (continued)

Per Capita Health Costs:

Medical and prescription drug claims for the year beginning July 1, 2020 are shown in the table below for retirees and for spouses at selected ages. These costs are net of deductibles and other benefit plan cost sharing provisions.

Age	Medical				Prescription Drugs			
	Retiree		Spouse		Retiree		Spouse	
	Male	Female	Male	Female	Male	Female	Male	Female
50	\$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 \$568 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	Rate (%)	
	June 30, 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

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 14 OTHER POST EMPLOYMENT BENEFITS (OPEB) – VSTRS (continued)

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.

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 excise tax on plans was repealed on December 31, 2019.

During the year ended June 30, 2020 the state of Vermont contributed \$2,174,634 on behalf of Lamoille North Modified Unified Union School District.

NOTE 15 NON-CASH TRANSACTIONS

The Lamoille North Modified Unified Union School District received Federal Commodities for use in food service in the amount of \$67,515 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 16 ASSESSMENTS

Supervisory Union Assessment - The District pays for its proportionate share of expense relating to the Lamoille North Supervisory Union. The District paid \$3,119,789 of such expenses during the year ended June 30, 2021.

NOTE 17 COLLECTIVE BARGAINING AGREEMENT

The District has entered into two collective bargaining agreements with the Lamoille North Modified Unified Union School District Association. The support staff and the para-educator collective bargaining agreements expire on June 30, 2022. The teacher collective bargaining agreements expire on June 30, 2023.

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 18 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 are 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 19 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, Lamoille North Modified Unified Union School District is a member of the Vermont School Boards' Association Insurance Trust, Inc. (VSBIT) Medical Benefits Program and Unemployment Compensation Program. VSBIT is a nonprofit corporation formed in 1978 to provide insurance and risk management programs for Vermont school districts and is owned by the participating districts.

To provide health insurance coverage, VSBIT has established a self-funded fully insured program in conjunction with Blue Cross and Blue Shield (BCBS). A portion of member contributions is used to purchase reinsurance and to fund a reserve required by the reinsurance. Contributions in excess of claims requirements, reserve fund requirements, reinsurance and administrative costs are returned to participants.

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

NOTE 20 NET POSITION HELD IN TRUST

The district sold two old school house buildings after they closed. The proceeds from the sale of the assets are held in trusts in the fiduciary fund as they are non-expendable. The District is allowed to spend interest earned on this original investment. The total assets held in trust at year end June 30, 2021 is \$22,658.

Lamoille North Modified Unified Union School District
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 21 FUND BALANCE AND NET POSITION

Fund Financial Statements:

Nonspendable Fund Balances at June 30, 2021 are as follows:

General Fund:	
Nonspendable for Inventory	\$ 3,748
Nonspendable for Prepaid Expenses	<u>70,747</u>
	<u>\$ 74,495</u>

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

General Fund:	
Committed for FY22 Elementary Expenditures	\$ 431,606
Committed for FY22 High School/Middle School Expenditures	368,394
Committed for FY22 GMTCC Tuition	193,219
Committed for FY22 Expenses	200,000
Committed for FY22 Capital Improvements (Capital Fund)	273,680
Special Reserve - HRA/HAS	151,414
Rowland Epic Academy	800
Farm to School	1,462
Eden Bus Reserve	41,308
Food Service	125,122
Beyond the Bell	12,567
Eden Grammer School	22,658
Lamoille Campus Cupboard	825
Adult Education	<u>16,906</u>
	<u>\$ 1,839,961</u>
Capital Projects Fund:	
Capital Expenditures	\$ 1,152,209
Committed for Cricket Hill Trail	6,268
LUSD Technology	2,057
Capital Reserve	<u>759,715</u>
	<u>\$ 1,920,249</u>

Lamoille North Modified Unified Union School District
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 21 FUND BALANCE AND NET POSITION (continued)

Restricted Fund Balances at June 30, 2021 are as follows:

Special Revenue Fund:	
Restricted by Donors	<u>\$ 394,717</u>
Capital Projects Fund:	
Restricted for Investments	<u>\$ 1,063,047</u>

District-Wide Financial Statements:

Restricted Net Position at June 30, 2021 is as follows:

Government Types:	
Restricted for Investments	1,063,047
Restricted by Donors	<u>394,717</u>
	<u>\$ 1,457,764</u>
Proprietary Fund:	
Restricted for Vocational Building Trades	<u>\$ 92,025</u>

NOTE 22 OPERATING TRANSFERS

Fund transfers consist of the following at June 30, 2021:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Private Purpose Trust Fund</u>
Operating Transfers	<u>\$ (2,500)</u>	<u>\$ 2,500</u>	<u>\$ -</u>

NOTE 23 TRANSPORTATION CONTRACT

The district has a transportation contract with Cambridge Elementary School effective July 1, 2017 in which they paid \$163,305 during the fiscal year for student transportation. The contract expired June 2020. Effective August 16, 2021 the district is contracting with a third party. The contract expires June 30, 2024.

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 24 INTERFUND RECEIVABLE AND PAYABLE BALANCES

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Capital Projects Fund	\$ 916,197	\$ -
General Fund	-	954,912
Vocational Building Trades Fund	40,986	-
Special Revenue Fund	-	2,271
 Total Fund Financial Statement Balances	 \$ 957,183	 \$ 957,183

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 that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) repayments between funds are made.

NOTE 25 EXPENDITURES OVER BUDGET

The General Fund's expenditures exceeded budgeted amounts by \$431,240. The excess was offset by revenues that exceeded the budgeted amounts by \$1,255,686.

NOTE 26 CHANGE IN ACCOUNTING PRINCIPAL

Effective July 1, 2020, Lamoille North Modified Unified Union School District adopted GASB 84, Fiduciary Activities. Under the new standard, funds that had previously been accounted for as Agency Funds, no longer qualified as Fiduciary Activities. Effective July 1, 2020 funds that were classified as Agency funds, were accounted for as Special Revenue Funds. The following beginning balances were restated as of July 1, 2020:

	<u>Originally Reported</u>	<u>Increase/ (Decrease)</u>	<u>Restated Amount</u>
Fiduciary Fund:			
Cash	\$ 343,824	\$ (343,824)	\$ -
Due from Other Funds	819	(819)	-
Due to Student Groups	\$ 344,643	\$ (344,643)	\$ -
Special Revenue Fund/Governmental Activities:			
Cash	\$ -	\$ 343,824	\$ 343,824
Due from Other Funds	-	790	790
Fund Balance	\$ -	\$ 344,614	\$ 344,614
 District Wide Net Position	 \$ 23,188,860	 \$ 344,614	 \$ 23,533,474

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 27 SUBSEQUENT EVENTS

On July 1, 2021, the District obtained a tax anticipation note with Union Bank in the amount of \$4,491,537. The note is due June 30, 2022 with 0.90% interest.

In accordance with professional accounting standards, the School District has evaluated subsequent events through January 18, 2022 which is the date the financial statement was 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 Lamoille North Modified Unified Union School District's cash flow and receivable collections, absenteeism in the Lamoille North Modified Unified Union School District's labor workforce, unavailability of products and supplies used in operations, and decline in value of assets held by the Lamoille North Modified Unified Union School District's including property and equipment.

REQUIRED SUPPLEMENTARY INFORMATION

Lamoille North Modified Unified Union School District
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES				
Elementary Education:				
Tuition	\$ -	\$ -	\$ 4,331	4,331
Education Spending Grants:				
General Support Grant	\$ 12,141,071	\$ 12,141,071	\$ 12,141,322	\$ 251
Federal Grants:				
21st Century	-	147,538	115,522	(32,016)
IDEA B Grant	-	70,638	5,354	(65,284)
Consolidated Federal Program	-	462,655	297,690	(164,965)
Title IV and Title IIA	-	20,902	13,204	(7,698)
CARES Act	-	-	656,672	656,672
Other Federal Grants	-	-	1,876	1,876
Other LEA's	1,000	1,000	15,843	14,843
Food Service	-	18,940	1,008,099	989,159
Care and Custody	-	58,279	20,985	(37,294)
Special Education Reimbursement	459,927	459,927	375,652	(84,275)
EPSDT/Medicaid	60,000	64,556	23,439	(41,117)
Interest Income	59,999	59,999	58,427	(1,572)
Miscellaneous	46,500	214,171	52,811	(161,360)
	<u>12,768,497</u>	<u>13,719,676</u>	<u>14,791,227</u>	<u>1,071,551</u>
High school & Middle School Education:				
Tuition	450,000	450,000	325,500	(124,500)
Education Spending Grants:				
General Support Grant	13,572,711	13,572,711	13,572,711	-
Special Education Reimbursement	386,877	386,877	347,257	(39,620)
CARES Act	-	-	224,729	224,729
Other Grants	-	-	1,045	1,045
Other LEA's	5,000	5,000	15,692	10,692
Food Service	-	154,500	539,198	384,698
Driver Education	4,000	4,000	6,009	2,009
EPSDT/Medicaid	65,000	65,000	25,559	(39,441)
Interest Income	74,999	74,999	67,967	(7,032)
Miscellaneous	10,000	91,642	59,998	(31,644)
	<u>14,568,587</u>	<u>14,804,729</u>	<u>15,185,665</u>	<u>380,936</u>
Total High School and Middle School Education	<u>14,568,587</u>	<u>14,804,729</u>	<u>15,185,665</u>	<u>380,936</u>

See Accompanying Notes to Financial Statements

Lamoille North Modified Unified Union School District
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Vocational Education:				
Tuition	1,180,381	1,180,381	1,183,183	2,802
State Aide and Grants	1,903,754	1,835,282	1,834,629	(653)
Federal Grants	64,412	538,233	226,422	(311,811)
Adult Continuing Education	-	15,123	42,651	27,528
Interest Income	10,000	10,000	17,604	7,604
CARES Act	-	-	76,723	76,723
Miscellaneous	-	960	1,966	1,006
Total Vocational Education	3,158,547	3,579,979	3,383,178	(196,801)
TOTAL REVENUES	30,495,631	32,104,384	33,360,070	1,255,686
EXPENDITURES				
Elementary Education:				
Instruction Services	4,621,085	5,459,667	5,310,584	149,083
Special Education Services	754,263	824,901	696,077	128,824
Athletic Activities	213,483	211,483	216,137	(4,654)
Co-Curricular Activities	4,140	4,140	65	4,075
Early Education	554,630	557,344	518,599	38,745
EEE Services	62,370	62,370	11,956	50,414
Guidance Services	501,633	501,633	547,881	(46,248)
Health Services	321,571	301,143	296,765	4,378
Psychological Services	6,000	6,000	1,875	4,125
Speech Services	67,547	67,547	55,009	12,538
Other Support Services	97,486	97,486	24,867	72,619
Instructional Staff Training Services	107,225	96,316	63,494	32,822
Media Services	224,587	224,587	255,360	(30,773)
Instructional Technology	116,233	142,233	197,218	(54,985)
Board of Education Services	22,519	22,519	25,711	(3,192)
Office of Treasurer	5,189	5,189	3,708	1,481
Office of Superintendent	582,660	582,660	582,660	-
Legal and Audit Services	2,000	2,000	835	1,165
Office of Principal	997,105	1,017,533	1,030,018	(12,485)
Special Education Administration	931,611	931,611	931,611	-
Fiscal Services	52,100	52,100	39,508	12,592
Operation and Maintenance	1,262,245	1,262,245	1,370,679	(108,434)

See Accompanying Notes to Financial Statements

Lamoille North Modified Unified Union School District
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Pupil Transportation	421,376	428,600	359,910	68,690
Technical Support/Network Service	318,303	318,303	414,197	(95,894)
Food Service	32,300	58,350	940,024	(881,674)
Enterprise Program	-	-	33,176	(33,176)
Debt Service	<u>527,811</u>	<u>527,811</u>	<u>526,333</u>	<u>1,478</u>
 Total Elementary Education	 <u>12,807,472</u>	 <u>13,765,771</u>	 <u>14,454,257</u>	 <u>(688,486)</u>
 High School & Middle School Education:				
Instruction Services	6,962,128	6,989,253	6,256,798	732,455
Special Education Services	635,841	635,841	593,541	42,300
Athletic Activities	424,018	424,018	373,437	50,581
Co-Curricular Activities	168,158	168,158	108,279	59,879
Guidance Services	645,252	647,252	608,247	39,005
Health Services	148,194	148,194	169,184	(20,990)
Speech Services	54,756	54,756	48,562	6,194
Other Support Services	56,129	56,129	50,594	5,535
Instructional Staff Training Services	108,124	108,124	26,088	82,036
Media Services	205,826	205,826	199,416	6,410
Technology, Audit/Visual Services	236,260	236,260	525,153	(288,893)
Board of Education Services	23,228	23,228	29,181	(5,953)
Office of Treasurer	5,354	5,354	4,278	1,076
Office of Superintendent	1,503,411	1,503,411	1,503,411	-
Legal Services	2,500	2,500	2,159	341
Office of Principal	860,612	860,612	706,954	153,658
Operation and Maintenance	1,449,516	1,449,516	1,498,678	(49,162)
Pupil Transportation	353,901	353,901	264,862	89,039
Technical Support/Network Service	191,700	191,700	355,346	(163,646)
Drivers Education	55,163	55,163	78,748	(23,585)
Food Service	-	170,075	825,973	(655,898)
Debt Service	<u>523,991</u>	<u>523,991</u>	<u>499,014</u>	<u>24,977</u>
 Total High School and Middle School Education	 <u>14,614,062</u>	 <u>14,813,262</u>	 <u>14,727,903</u>	 <u>85,359</u>

See Accompanying Notes to Financial Statements

Lamoille North Modified Unified Union School District
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Vocation Education:				
Vocational Education Instruction	1,429,070	1,562,424	1,580,965	(18,541)
Co-operative Education	73,017	45,017	36,826	8,191
Co-Curricular	30,225	30,225	17,548	12,677
Continuing Education	-	35,123	29,966	5,157
Guidance	135,558	113,297	93,333	19,964
Health	22,830	22,830	23,889	(1,059)
Staff Training	6,500	14,250	5,339	8,911
Media Services	2,100	2,100	-	2,100
Board of Education	1,561	1,561	6,578	(5,017)
Office of Treasurer	360	360	949	(589)
Office of Superintendent	102,107	102,107	102,107	-
Office of Vocational Director	299,557	327,557	316,811	10,746
Technology Services	51,286	51,286	58,229	(6,943)
Instructional Technology	2,000	303,288	153,201	150,087
Legal/Audit	-	-	976	(976)
Operation and Maintenance	549,021	549,021	558,728	(9,707)
Transportation	18,700	14,700	23,578	(8,878)
Debt Service	534,657	534,657	528,893	5,764
	<u>3,258,549</u>	<u>3,709,803</u>	<u>3,537,916</u>	<u>171,887</u>
Total Vocational Education				
	<u>3,258,549</u>	<u>3,709,803</u>	<u>3,537,916</u>	<u>171,887</u>
TOTAL EXPENDITURES	<u>30,680,083</u>	<u>32,288,836</u>	<u>32,720,076</u>	<u>(431,240)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(184,452)</u>	<u>(184,452)</u>	<u>639,994</u>	<u>824,446</u>
OTHER FINANCING SOURCE/(USES)				
Proceeds from Sale of Asset	-	-	2,500	2,500
Transfers Out	184,452	184,452	(2,500)	(186,952)
	<u>184,452</u>	<u>184,452</u>	<u>-</u>	<u>(184,452)</u>
TOTAL OTHER FINANCING SOURCES/(USES)	<u>184,452</u>	<u>184,452</u>	<u>-</u>	<u>(184,452)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 639,994</u>	<u>\$ 639,994</u>

See Accompanying Notes to Financial Statements

Lamoille North Modified Unified Union School District
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY- VSTRS
 For the Year Ended June 30, 2021

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability (asset)	1.3710%	1.3727%	1.3660%	1.3547%
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>26,751,566</u>	<u>21,423,056</u>	<u>20,636,236</u>	<u>19,982,688</u>
Total	<u>\$ 26,751,566</u>	<u>\$ 21,423,056</u>	<u>\$ 20,636,236</u>	<u>\$ 19,982,688</u>
District's covered-employee payroll	<u>\$ 9,786,583</u>	<u>\$ 9,432,439</u>	<u>\$ 9,234,636</u>	<u>\$ 8,952,178</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%
Plan fiduciary net position as a percentage of the total pension liability	50%	54.96%	54.81%	53.98%

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 Notes to Financial Statements

Lamoille North Modified Unified Union School District
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY- VSTRS
For the Year Ended June 30, 2021

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 Notes to Financial Statements

Lamoille North Modified Unified Union School District
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY- VMERS
 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 pension liability (asset)	0.0586%	0.06882%	0.07270%	0.11512%
District's proportionate share of the net pension liability (asset)	<u>\$ 148,120</u>	<u>\$ 119,405</u>	<u>\$ 102,323</u>	<u>\$ 139,472</u>
District's covered-employee payroll	<u>\$ 270,052</u>	<u>\$ 285,529</u>	<u>\$ 320,570</u>	<u>\$ 469,995</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	54.85%	41.82%	31.92%	29.68%
Plan fiduciary net position as a percentage of the total pension liability	74.52%	80.35%	82.60%	83.64%

The following changes were effective June 30, 2020:

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 1.15% to 1.10% for Group A members and from 1.30% to 1.20% for Groups B, C and D members.
- The mortality assumptions were updated as follows:
 - Pre-Retirement:
 - Groups A/B/C - 40% PubG-2010 General Employee below-median and 60% of PubG-2010 General Employee, with generational projection using Scale MP-2019
 - Group D - PubG-2010 General Employee above-median, with generational projection using scale MP-2019

See Accompanying Notes to Basic Financial Statements

Lamoille North Modified Unified Union School District
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY- VMERS
For the Year Ended June 30, 2020

Changes in Assumptions - Continued:

Healthy Post-Retirement - Retirees:

- Groups A/B/C - 104% of 40% PubG-2010 General Healthy Retiree below-median and 60% of PubG-2010 General Healthy Retiree, with generational projection using scale MP-2019
- Group D - Pub-2010 Contingent Survivor, with generational projection using scale MP-2019

Healthy Post-Retirement - Beneficiaries

- Groups A/B/C - 70% Pub-2010 Contingent Survivor below-median and 30% of Pub-2010 Contingent Survivor, with generational projection using scale MP-2019
- Group D - Pub-2010 Contingent Survivor, with generational projection using scale MP-2019

Disables Retirees:

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

- The salary scale assumption was revised for varying service based rated from 0-10 years of service, then a single rate of 2.20% for all subsequent years, plus revised inflation of 2.30%

- The active retirement rates were updated as follows:
 - Group A: Decreased the rates throughout all ages.
 - Group B: For females, slightly decreased the rates at most ages.
 - Group C: Simplified the assumption to a unisex table that more accurately aligns with the actual experience for both males and females.
 - Group D: For members with less than 20 years of service, increased the rates for ages 55-59.

- The inactive retirement assumption was updated to add a rate of 10% from early retirement age for each year until normal retirement age, then 100% at normal retirement age

See Accompanying Notes to Basic Financial Statements

Lamoille North Modified Unified Union School District
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY- VMERS
For the Year Ended June 30, 2020

Changes in Assumptions - Continued:

- The liability load of accumulated contributions for Inactive Members was removed. Liabilities for Inactive Members are now based on 100% of the accumulation contributions. Inactive Members who are vested immediately become

- The termination rates were as follows:
 - Simplified female rates to one set of slightly reduced rates for all females.

Deferred Members, and the liabilities for all Deferred Members are based on the accrued benefit.

See Accompanying Notes to Basic Financial Statements

Lamoille North Modified Unified Union School District
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS - VMERS
 For the Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contributions (Actuarially Determined)	\$ 12,135	\$ 13,224	\$ 12,740	\$ 18,800
Contributions in Relation to the Actuarially Determined Contributions	<u>\$ 12,135</u>	<u>\$ 13,224</u>	<u>\$ 12,740</u>	<u>\$ 18,800</u>
Covered Employee Payroll	<u>\$ 270,052</u>	<u>\$ 285,529</u>	<u>\$ 320,570</u>	<u>\$ 469,995</u>
Contributions as a Percentage of Covered Employee Payroll	4.49%	4.63%	3.97%	4.00%

The following changes were effective June 30, 2020:

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 1.15% to 1.10% for Group A members and from 1.30% to 1.20% for Groups B, C and D members.

- The mortality assumptions were updated as follows:
 - Pre-Retirement:
 - Groups A/B/C - 40% PubG-2010 General Employee below-median and 60% of PubG-2010 General Employee, with generational projection using Scale MP-2019
 - Group D - PubG-2010 General Employee above-median, with generational projection using scale MP-2019

 - Healthy Post-Retirement - Retirees:
 - Groups A/B/C - 104% of 40% PubG-2010 General Healthy Retiree below-median and 60% of PubG-2010 General Healthy Retiree, with generational projection using scale MP-2019
 - Group D - Pub-2010 Contingent Survivor, with generational projection using scale MP-2019

See Accompanying Notes to Basic Financial Statements

Lamoille North Modified Unified Union School District
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - VMERS
For the Year Ended June 30, 2020

Changes in Assumptions - Continued:

Healthy Post-Retirement - Beneficiaries

- Groups A/B/C - 70% Pub-2010 Contingent Survivor below-median and 30% of Pub-2010 Contingent Survivor, with generational projection using scale MP-2019
- Group D - Pub-2010 Contingent Survivor, with generational projection using scale MP-2019

Disables Retirees:

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

- The salary scale assumption was revised for varying service based rated from 0-10 years of service, then a single rate of 2.20% for all subsequent years, plus revised inflation of 2.30%

- The active retirement rates were updated as follows:
 - Group A: Decreased the rates throughout all ages.
 - Group B: For females, slightly decreased the rates at most ages.
 - Group C: Simplified the assumption to a unisex table that more accurately aligns with the actual experience for both males and females.
 - Group D: For members with less than 20 years of service, increased the rates for ages 55-59.

- The inactive retirement assumption was updated to add a rate of 10% from early retirement age for each year until normal retirement age, then 100% at normal retirement age

- The liability load of accumulated contributions for Inactive Members was removed. Liabilities for Inactive Members are now based on 100% of the accumulation contributions. Inactive Members who are vested immediately become Deferred Members, and the liabilities for all Deferred Members are based on the accrued benefit.

- The termination rates were as follows:
 - Simplified female rates to one set of slightly reduced rates for all females.

See Accompanying Notes to Basic Financial Statements

Lamoille North Modified Unified Union School District
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY- VSTRS
 For the Year Ended June 30, 2021

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability (asset)	1.62205%	1.58654%	1.57920%	1.57002%
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>20,428,055</u>	<u>16,512,006</u>	<u>15,070,091</u>	<u>14,637,139</u>
Total	<u>\$ 20,428,055</u>	<u>\$ 16,512,006</u>	<u>\$ 15,070,091</u>	<u>\$ 14,637,139</u>
Plan fiduciary net position as a percentage of the total pension liability	0.69%	0.03%	-2.85%	-2.94%

Significant Actuarial Assumptions and methods are described in Note 14 to the financial statements.
 The following were changes in methods or assumptions during the year ended June 30, 2020.

Benefit Changes:

None

Changes in 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 trend rates were modified.

See Accompanying Notes to Basic Financial Statements

Lamoille North Modified Unified Union School District
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY- VSTRS
For the Year Ended June 30, 2021

Changes in Assumptions- Continued

The assumed 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

Lamoille North Modified Unified Union School District

ADDITIONAL REPORTS REQUIRED BY
THE SINGLE AUDIT ACT

June 30, 2021

Lamoille North Modified Unified Union School District
 SCHEDULE OF EXPENDITURES 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 Health and Human Services				
CCDF Cluster				
Passed through State of Vermont, Agency of Children				
Child Care and Development Block Grant		03440-CRSSA003919	93.575	\$ 3,431
Child Care and Development Block Grant		03440-CRSSA00314	93.575	13,522
Child Care and Development Block Grant		03440-CRSSA00730	93.575	2,028
Child Care and Development Block Grant		03440-CRSSA00216	93.575	2,004
Total CCDF Cluster				<u>20,985</u>
U. S. Department of Education				
Passed through State of Vermont, Agency of Education				
Perkins Tech Ed		05100-4318U0582101	84.048	78,581.00
Passed through State of Vermont Agency of Education				
Education Stabilization Fund	COVID-19	05100-4591U0582101	84.425 D	147,841
Passed through Lamoille North Supervisory Union				
Education Stabilization Fund	COVID-19	05100-4590S0252101	84.425 D	421,424
Total				<u>569,265</u>
Passed through Lamoille North Supervisory Union				
Title I A		05100-4250S0252101	84.010	<u>310,894</u>
IDEA B		05100-4226S0252101	84.027	<u>5,354</u>
Title IV-B 21st Century Learning Communities		05100-4611S0252101	84.287	<u>115,522</u>
U.S. Department of Agriculture				
Passed through Lamoille North Supervisory Union				
Summer Food Service Program for Children		05100-4455-S025-2000	10.559	140,022
Summer Food Service Program for Children		05100-4455-S025-2100	10.559	927,026
Summer Food Service Program Subtotal				<u>1,067,048</u>
Fresh Fruit & Vegetable Program		05100-4449S0252100	10.582	<u>20,331</u>
Child and Adult Care Food Program		05100-4453S0252100	10.558	17,884
Child and Adult Care Food Program		05100-4454S0252100	10.558	256,209
Child and Adult Care Food Program Subtotal				<u>274,093</u>
US Treasury				
Federal Coronavirus Relief Fund				
Passed Through Lamoille North Supervisory Union				
CRF-Summer Food (Coronavirus)	COVID-19	05100-4592S0252100	21.019	536,699
CRF-Summer Food (Coronavirus)	COVID-19	02200CRF20FTS008	21.019	4,038
CRF-Summer Food (Coronavirus)	COVID-19	05100-4593S0252101	21.019	12,208
CRF-Summer Food (Coronavirus)	COVID-19	05100-4596S0252101	21.019	145,203
Total				<u>698,148</u>
				<u>\$ 3,160,221</u>

Lamoille North Modified Unified Union School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

NOTE A BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of Lamoille North Modified Unified Union School District under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with 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 the District, it is not intended to and does not present the financial position, changes in net assets, or 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.

The 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
Hyde Park, 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, business-type activities, each major fund, and the aggregate remaining fund information of Lamoille North Modified Unified Union School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Lamoille North Modified Unified Union School District's basic financial statements, and have issued our report thereon dated January 18, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lamoille North Modified Unified Union School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lamoille North Modified Unified Union School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lamoille North Modified Unified Union 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 Lamoille North Modified Unified Union School District's 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 cursive script that reads "Kittell Brannigan" followed by a small symbol resembling a stylized "S" or a similar mark.

St. Albans, Vermont
January 18, 2022



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 Lamoille North Modified Unified Union 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 Lamoille North Modified Unified Union School District's major federal programs for the year ended June 30, 2021. Lamoille North Modified Unified Union 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 Lamoille North Modified Unified Union 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 Lamoille North Modified Unified Union 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 Lamoille North Modified Unified Union School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Lamoille North Modified Unified Union 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 Lamoille North Modified Unified Union 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 Lamoille North Modified Unified Union 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 Lamoille North Modified Unified Union 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.

Handwritten signature of Kaitell Brannigan in cursive script.

St. Albans, Vermont
January 18, 2022

Lamoille North Modified Unified Union 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 Lamoille North Modified Unified Union 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 Lamoille North Modified Unified Union 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 Lamoille North Modified Unified Union School District expresses an unmodified opinion.
6. There were no audit findings relative to the major federal award programs for Lamoille North Modified Unified Union School District.
7. The programs tested as major programs were:

CFDA #21.019 CRF-Summer Food (Coronavirus)
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Lamoille North Modified Unified Union School District was 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.