

Lamoille North Modified Unified Union School District

BASIC FINANCIAL STATEMENTS

June 30, 2022

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
Hyde Park, VT

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lamoille North Modified Unified Union School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Lamoille North Modified Unified Union School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Lamoille North Modified Unified Union School District, as of June 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lamoille North Modified Unified Union School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lamoille North Modified Unified Union School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Lamoille North Modified Unified Union School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lamoille North Modified Unified Union School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on page 50, the schedule of proportionate share of the net pension liability - VSTRS on page 54, the schedule of proportionate share of the net pension liability - VMERS on page 55, schedule of contributions - VMERS on page 56, and the schedule of proportionate changes of the net OPEB liability on page 57 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lamoille North Modified Unified Union School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2023, on our consideration of Lamoille North Modified Unified Union School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Lamoille North Modified Unified Union School District's 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 "Kristell Brennan Sargent". The signature is written in dark ink and is positioned above the typed name and date.

St. Albans, Vermont
January 13, 2023

Lamoille North Modified Unified Union School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 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, 2022. 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 for governmental activities 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.

Lamoille North Modified Unified Union School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

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

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

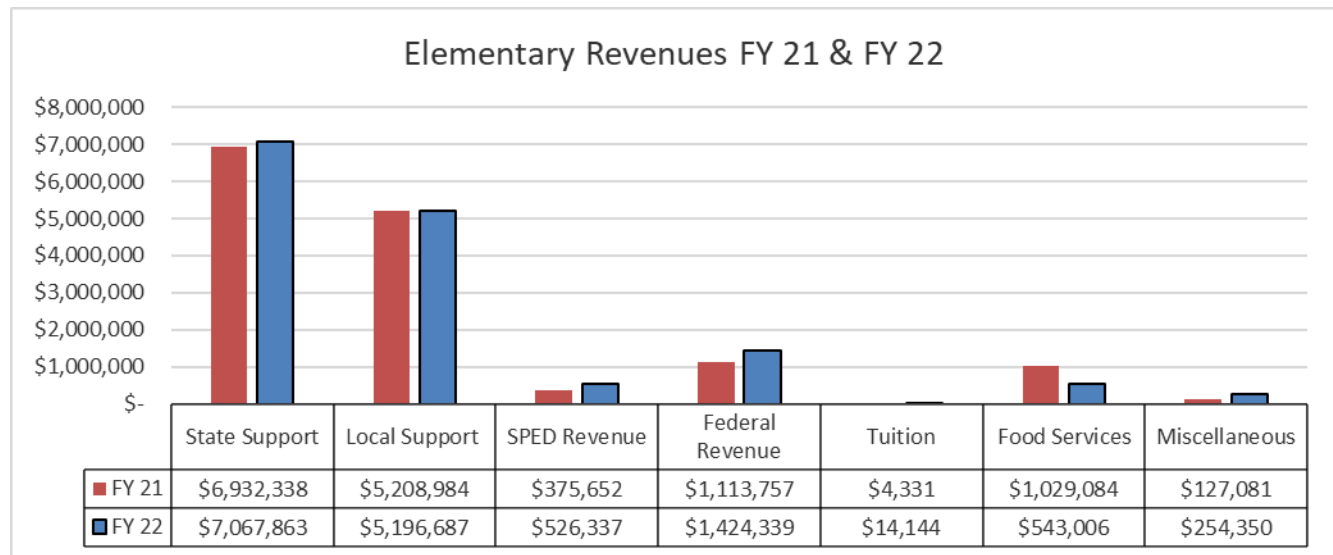
Analysis of Overall Financial Information: The chart below provides a snapshot of the financial picture of the district for FY22:

ASSETS		
	<u>FY21</u>	<u>FY22</u>
Total Current Assets	\$ 6,412,537	\$ 5,329,892
Total Noncurrent Assets	\$ 35,997,224	\$ 35,394,731
Deferred Outflows	\$ 83,067	\$ 51,834
TOTAL ASSETS	\$ 42,492,828	\$ 40,776,457
LIABILITIES		
	<u>FY21</u>	<u>FY22</u>
Current Liabilities	\$ 3,011,623	\$ 3,146,285
Long-Term Liabilities	\$ 15,499,771	\$ 14,408,160
TOTAL LIABILITIES	\$ 18,511,394	\$ 17,554,445
DEFERRED INFLOW	\$ 49,233	\$ 80,384
NET POSITION		
	<u>FY21</u>	<u>FY22</u>
Net Investment in Capital Assets	\$ 18,207,011	\$ 18,119,275
(net of related debt)		
Restricted	\$ 1,549,789	\$ 1,637,441
Unrestricted	\$ 4,175,401	\$ 3,384,912
TOTAL NET ASSETS	\$ 23,932,201	\$ 23,141,628

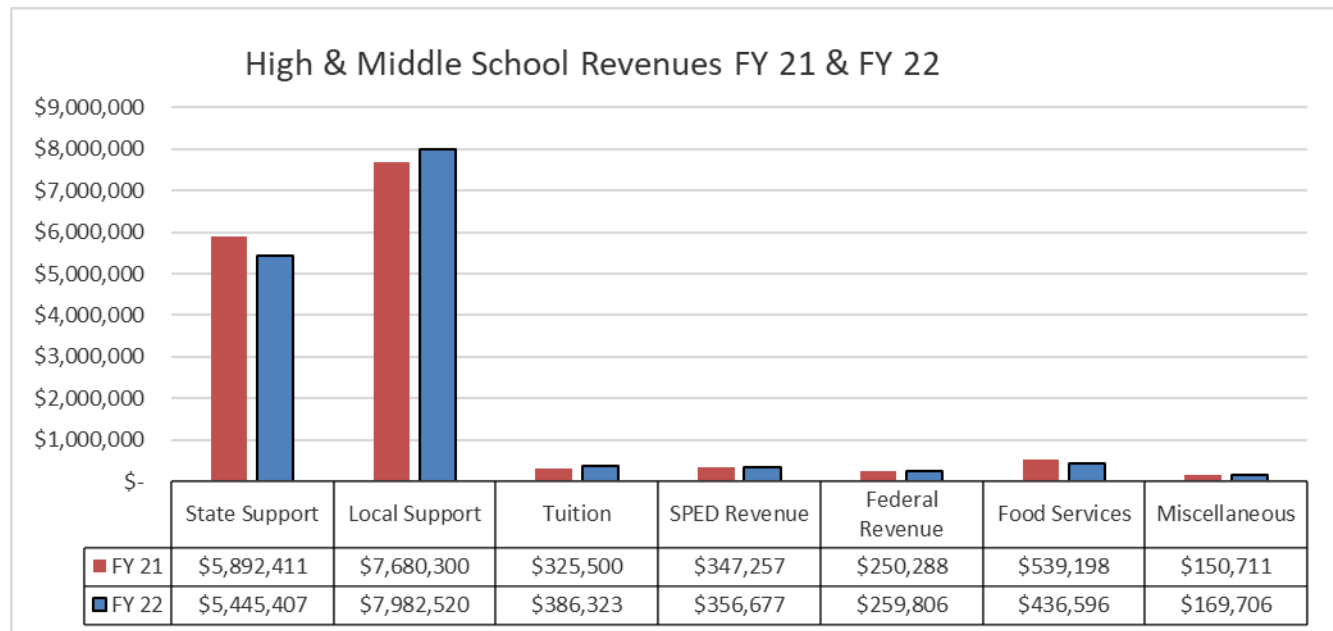
Lamoille North Modified Unified Union School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

FY22 REVENUES:

LNMUUSD elementary revenue in FY22 totals \$15,026,726. This amount is \$235,499 higher than FY21, even though there was a dramatic drop in Food Service revenue related to lower program costs. COVID-19 Recovery grant funding sources increased in FY22.

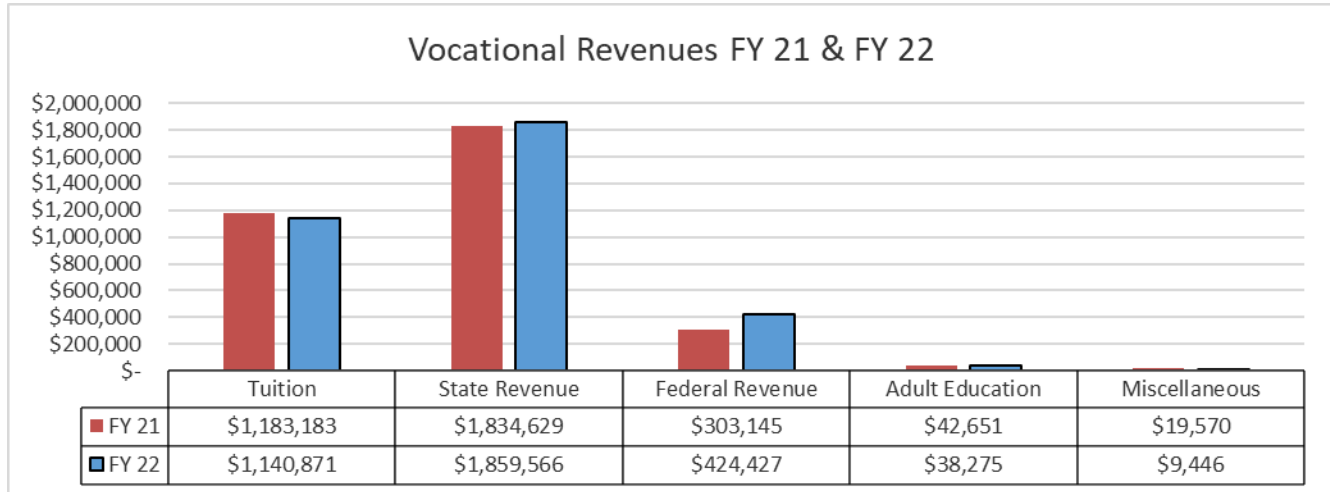


LNMUUSD Grade 7-12 revenues total \$15,037,035 in FY22, a slight decrease of \$148,530 over the prior year due to decreases in state support and food service revenue.



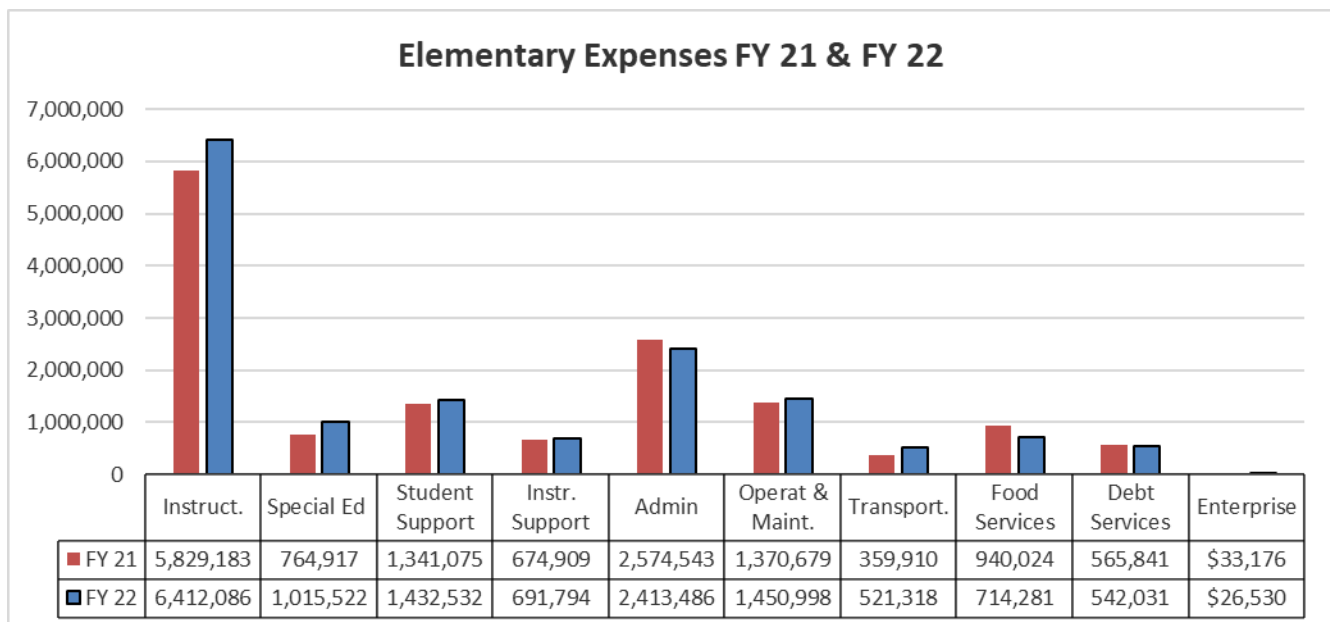
Lamoille North Modified Unified Union School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

The tech center revenues in FY22 total \$3,472,585. This is \$89,407 higher than FY21 revenues. Even though tuition was down, federal revenue was higher than the previous year.



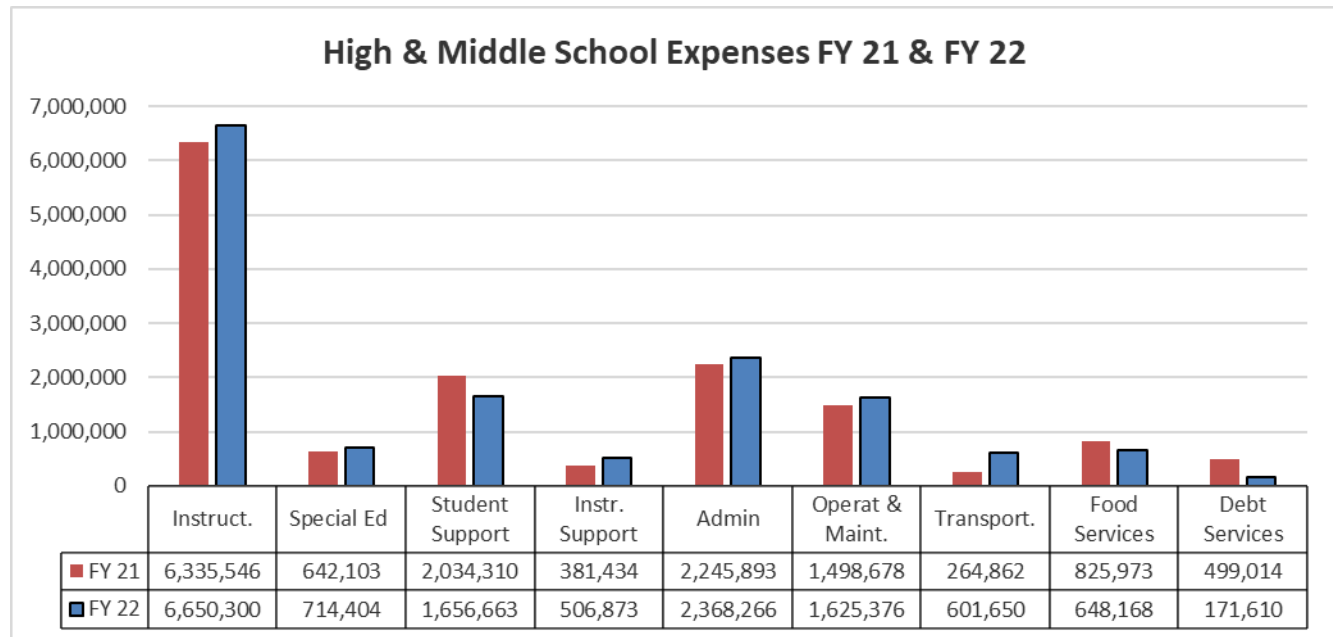
EXPENDITURES:

LNMUUSD elementary expenses in FY22 total \$15,220,578. This is \$766,321 higher than expenses in FY21. Instruction and special education services increased in FY22 with the full return to school for students and COVID-19 pandemic recovery programs supported by ESSER (Elementary and Secondary Scholl Emergency Relief). Additionally, transportation and Operations & Maintenance increased accordingly. Food service expenses went down related to ending the COVID-19 pandemic program of providing off sight meals.

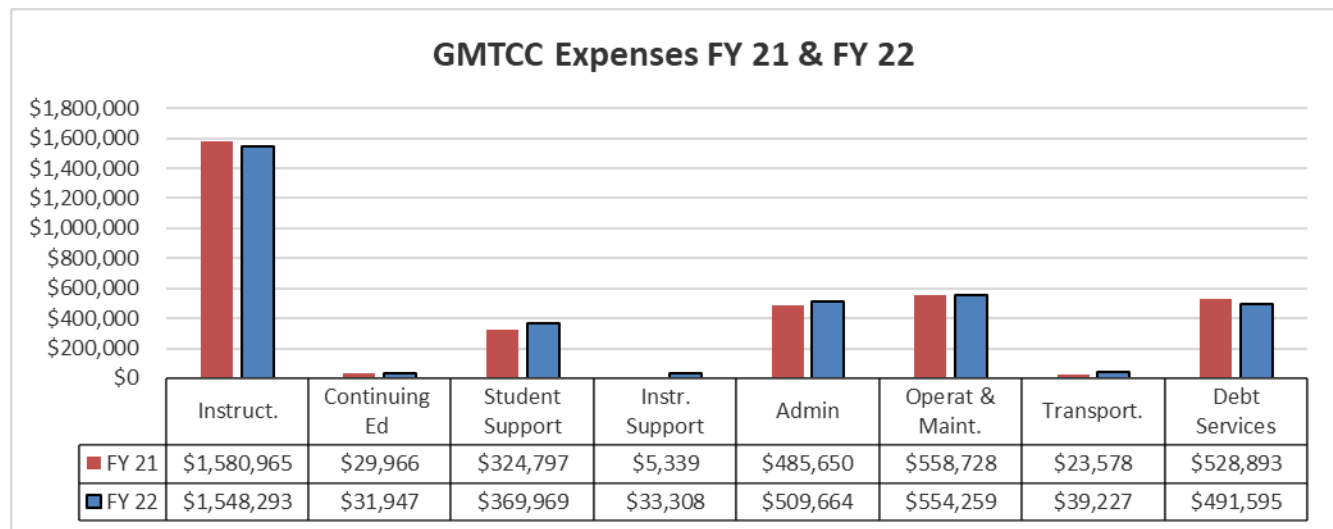


Lamoille North Modified Unified Union School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

LNMUUSD grades 7-12 expenses in FY22 total \$14,943,310. This is \$215,497 higher than in FY21. Similar to the elementary schools, a full year of onsite learning increased transportation, instruction special education and operations & maintenance costs, while food service and student support services went down. Student support is down due a decrease in electronic purchases as compared to FY21 when devices were purchases for remote learning. Debt service also decreased due to the payoff in FY21 of the July 10, 2000, High School bond.



GMTCC vocational expenses in FY22 total \$3,578,262. This is \$40,346, which is slightly higher than FY21.



Lamoille North Modified Unified Union School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

CHANGE IN GENERAL FUND BALANCE:

While FY2022 expenses came in higher than budget, the FY2022 revenues also came in higher than budgeted.

The total accumulated fund balances are reflected bellow and in Note 20:

LNMUUSD Fund Balances and Pledges 6/30/22

Unassigned High School/Middle School	\$ 483,681
Unassigned Vocational	\$ 90,131
Unassigned Elementary	\$ 341,816
Non-Spendable: Inventory & Prepaid Items	\$ 68,248
Committed for FY23 Elementary Expenditures	\$ 378,823
Committed for FY23 High/Middle School Expenditures	\$ 561,611
Committed for FY23 GMTCC Expenditures	\$ -
Committed for HRAs	\$ 151,414
Committed for Vocational Tuition [\$75,000 assigned to FY23 budget]	\$ 193,219
Committed for Rowland Epic Academy	\$ 800
Committed for Farm to School	\$ 1,462
Committed for Eden Bus Reserve	\$ 22,467
Committed for Beyond the Bell	\$ 2,272
Committed for Lamoille Campus Cupboard	\$ 554
Committed for Adult Education	\$ 23,234
Committed for Construction	\$ 1,029,646
Committed for Cricket Hill Trail	\$ 5,166
Committed for LUSD Technology	\$ 2,057
Committed Capital Projects - JES	\$ 32,145
Committed Capital Projects - ECS	\$ 57,690
Committed Capital Projects - GMTCC	\$ 126,383
Committed Capital Projects - LUSD	\$ 3,309
Committed for Capital Projects - LNMUUSD 058A	\$ 306
Committed for Capital Projects - LNMUUSD 058B	\$ 320,059
Restricted for Investments (QZAB)	\$ 1,146,814
Restricted by Donors - NEW student activity & scholarships	\$ 397,756
Proprietary Funds - Voc House & Eden Grammer School	\$ 115,975

Lamoille North Modified Unified Union School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

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 - 7/1/21	Increase/Decrease	Balance - 6/30/22
Land	\$ 278,810		\$ 278,810
Construction in Progress	\$ 36,247	\$ 159,395	\$ 195,642
Depreciable Assets	\$ 61,697,996	\$ 764,015	\$ 62,462,011
Accumulated Depreciation	(\$ 27,078,871)	(\$ 1,609,675)	(\$ 28,688,546)
Net Assets	\$ 34,934,182	(\$ 686,265)	\$ 34,247,917

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, 2022, the district had \$16,185,004 in six outstanding bond principals. Further detail can be found in Note 6.
2. As of June 30, 2022, notes payable totaled \$5,499 and was for one Eden Campus note for a water project in 2013. Further detail can be found in Note 7.
3. At June 30, 2022, the district had \$354,786 in termination benefits payable. This payable is from accrued employee vacation and sick leave. Further detail can be found in Note 9

CURRENT ISSUES:

- Collective Bargaining Agreements: The Support Staff master agreement is set to expire June of 2024. The Teachers master agreement is 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 (the statewide weighting of pupils scaled by poverty and other factors), 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. Declining equalized pupil counts have the effect of increased tax rates.

LNMUUSD EPC	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
LUMS/LUHS	866.62	854.01	824.81	788.31	794.63	790.50	810.43	840.35	856.28
Elementary Schools	—	—	—	676.38	680.45	675.66	657.77	663.56	624.12

Lamoille North Modified Unified Union School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

- 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.

FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
167.82	154.01	164.8	153.95	139.30	129.10	131.20	129.10	133.42

- 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 social & emotional 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 funded consultants, professionals, and other specialized student support services.

- Students qualifying for Free & Reduced lunches in the Elementary Schools and Secondary Schools started to decline slightly to 50.36% and 25.25% respectively in fall 2021, reflecting a region that continues to face economic challenges with a current combined Free & Reduced eligibility of 35.54%.

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 2023, 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, 2022

ASSETS AND DEFERRED OUTFLOWS

	Governmental Activities	Business-Type Activities	Total
CURRENT ASSETS			
Cash	\$ 2,837,938	\$ -	\$ 2,837,938
Restricted Cash	61,861	-	61,861
Other receivables	851,083	-	851,083
Due from LNSU	1,343,385	-	1,343,385
Due from other funds	-	92,871	92,871
Inventory	3,190	-	3,190
Prepaid expenses	139,564	-	139,564
TOTAL CURRENT ASSETS	<u>5,237,021</u>	<u>92,871</u>	<u>5,329,892</u>
NONCURRENT ASSETS			
Restricted investment	1,146,814	-	1,146,814
Capital assets, net	34,247,917	-	34,247,917
TOTAL NONCURRENT ASSETS	<u>35,394,731</u>	<u>-</u>	<u>35,394,731</u>
DEFERRED OUTFLOWS	<u>51,834</u>	<u>-</u>	<u>51,834</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 40,683,586</u>	<u>\$ 92,871</u>	<u>\$ 40,776,457</u>

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

CURRENT LIABILITIES			
Accounts payable	\$ 384,471	\$ -	\$ 384,471
Deposits Payable	125,710	-	125,710
Due to other funds	92,870	-	92,870
Accrued salaries and benefits	241,032	-	241,032
Accrued interest	60,450	-	60,450
Unearned revenue	24,180	-	24,180
Current portion bonds payable	2,217,092	-	2,217,092
Current portion notes payable	480	-	480
TOTAL CURRENT LIABILITIES	<u>3,146,285</u>	<u>-</u>	<u>3,146,285</u>
LONG-TERM LIABILITIES, net of current portion			
Bonds payable	13,967,912	-	13,967,912
Notes payable	5,019	-	5,019
Termination benefits payable	354,786	-	354,786
Net Pension Liability	80,443	-	80,443
TOTAL LONG-TERM LIABILITIES, net of current portion	<u>14,408,160</u>	<u>-</u>	<u>14,408,160</u>
TOTAL LIABILITIES	<u>17,554,445</u>	<u>-</u>	<u>17,554,445</u>
DEFERRED INFLOWS	<u>80,384</u>	<u>-</u>	<u>80,384</u>
NET POSITION			
Net investment in capital assets	18,119,275	-	18,119,275
Restricted	1,544,570	92,871	1,637,441
Unrestricted	3,384,912	-	3,384,912
TOTAL NET POSITION	<u>23,048,757</u>	<u>92,871</u>	<u>23,141,628</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 40,683,586</u>	<u>\$ 92,871</u>	<u>\$ 40,776,457</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, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Revenues	Capital Grants and Revenues	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Elementary Instruction	\$ 23,141,767	\$ 8,375,046	\$ 14,845,645	\$ -	\$ 78,924	\$ -	\$ 78,924
High School & Middle School Instruction	14,969,110	419,037	14,379,612	-	(170,461)	-	(170,461)
Vocational Instruction	3,107,793	1,163,366	2,615,098	-	670,671	-	670,671
Depreciation/amortization - unallocated	1,615,974	-	-	-	(1,615,974)	-	(1,615,974)
Total governmental activities	<u>\$ 42,834,644</u>	<u>\$ 9,957,449</u>	<u>\$ 31,840,355</u>	<u>\$ -</u>	<u>(1,036,840)</u>	<u>-</u>	<u>(1,036,840)</u>
Business-type activities:							
Vocational Building Trades	116,506	-	-	117,352	-	846	846
Total government	<u>\$ 42,951,150</u>	<u>\$ 9,957,449</u>	<u>\$ 31,840,355</u>	<u>\$ 117,352</u>	<u>(1,036,840)</u>	<u>846</u>	<u>(1,035,994)</u>
General revenues:							
Unrestricted investment earnings					85,936	-	85,936
Donations					1,339	-	1,339
Scholarships					3,007	-	3,007
Miscellaneous					155,139	-	155,139
Total general revenues					245,421	-	245,421
Change in net position					(791,419)	846	(790,573)
Net position, beginning, as restated					23,840,176	92,025	23,932,201
Net position, ending					\$ 23,048,757	\$ 92,871	\$ 23,141,628

See Accompanying Notes to Basic Financial Statements.

Lamoille North Modified Unified Union School District
FUND FINANCIAL STATEMENTS
BALANCE SHEETS - GOVERNMENTAL FUNDS
June 30, 2022

	Governmental Fund Types			
	General Fund	Capital Projects Fund	Special Revenue	Total
<u>ASSETS</u>				
CURRENT ASSETS				
Cash	\$ 1,581,216	\$ 868,615	\$ 388,104	\$ 2,837,935
Restricted Cash	-	61,861	-	61,861
Due from LNSU	1,343,385	-	-	1,343,385
Other Receivables	836,027	-	15,056	851,083
Due from Other Funds	-	660,301	-	660,301
Inventory	3,190	-	-	3,190
Prepaid Expenses	65,058	-	-	65,058
TOTAL CURRENT ASSETS	<u>3,828,876</u>	<u>1,590,777</u>	<u>403,160</u>	<u>5,822,813</u>
NONCURRENT ASSETS				
Restricted Investment	-	1,146,814	-	1,146,814
TOTAL ASSETS	<u>\$ 3,828,876</u>	<u>\$ 2,737,591</u>	<u>\$ 403,160</u>	<u>\$ 6,969,627</u>
<u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Accounts Payable	\$ 370,455	\$ 14,017	\$ -	\$ 384,472
Deposits Payable	125,710	-	-	125,710
Accrued Payroll and Related Liabilities	241,032	-	-	241,032
Due to Other Funds	747,768	-	5,404	753,172
Unearned Revenue	24,180	-	-	24,180
TOTAL CURRENT LIABILITIES	<u>1,509,145</u>	<u>14,017</u>	<u>5,404</u>	<u>1,528,566</u>
FUND BALANCES				
Nonspendable	68,248	-	-	68,248
Restricted	-	1,146,814	397,756	1,544,570
Committed	1,335,855	1,576,760	-	2,912,615
Unassigned	915,628	-	-	915,628
TOTAL FUND BALANCE	<u>2,319,731</u>	<u>2,723,574</u>	<u>397,756</u>	<u>5,441,061</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 3,828,876</u>	<u>\$ 2,737,591</u>	<u>\$ 403,160</u>	<u>\$ 6,969,627</u>

See Accompanying Notes to Basic Financial Statements.

Lamoille North Modified Unified Union School District
FUND FINANCIAL STATEMENTS
BALANCE SHEETS - GOVERNMENTAL FUNDS
June 30, 2022

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

Total fund balances - governmental funds	\$ 5,441,061
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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	74,511
----------------------	--------

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

Capital Assets	62,936,463
Accumulated Depreciation	(28,688,546)

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	(16,185,004)
Notes Payable	(5,499)
Accrued Interest Payable	(60,450)
Termination Benefits Payable	(354,786)
Net Pension Liability	(80,443)

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

51,834

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.

(80,384)

Total net position - governmental activities	<u>\$ 23,048,757</u>
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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, 2022

	Governmental Fund Types			
	General Fund	Capital Projects Fund	Special Revenue	Total
REVENUES				
Elementary Education	\$ 14,999,916	\$ -	\$ -	\$ 14,999,916
High School and Middle School Education	15,007,045	-	-	15,007,045
Vocational Education	3,465,363	-	-	3,465,363
Interest Income	64,022	21,108	805	85,935
Donations	-	-	241,369	241,369
Miscellaneous Income	-	1,325	2,450	3,775
TOTAL REVENUES	33,536,346	22,433	244,624	33,803,403
EXPENDITURES				
Elementary Education	15,220,578	-	-	15,220,578
High School and Middle School Education	14,943,310	-	-	14,943,310
Vocational Education	3,578,262	-	-	3,578,262
Construction Costs	-	555,835	-	555,835
Scholarships	-	-	1,110	1,110
Miscellaneous Expense	-	-	240,475	240,475
TOTAL EXPENDITURES	33,742,150	555,835	241,585	34,539,570
EXCESS/(DEFICIENCIES) OF REVENUES OVER/(UNDER) EXPENDITURES	(205,804)	(533,402)	3,039	(736,167)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	273,680	-	273,680
Transfers Out	(273,680)	-	-	(273,680)
TOTAL OTHER FINANCING SOURCES (USES)	(273,680)	273,680	-	-
NET CHANGE IN FUND BALANCE	(479,484)	(259,722)	3,039	(736,167)
FUND BALANCE, Beginning of Year, as Restated	2,799,215	2,983,296	394,717	6,177,228
FUND BALANCE, End of Year	<u>\$ 2,319,731</u>	<u>\$ 2,723,574</u>	<u>\$ 397,756</u>	<u>\$ 5,441,061</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, 2022

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	\$ (736,167)
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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	(21,278)
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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	(1,615,974)
Capital Outlays	936,010
Loss on Disposal of Assets	(6,300)

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	92,404
Termination Benefits Accrued	(69,045)
Pension Expense	5,296

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	623,169
Note Payments	<u>466</u>

Change in net position of governmental activities	<u>\$ (791,419)</u>
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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, 2022

	<u>Proprietary</u> <u>Fund Types</u> Vocational Building Trades
<u>ASSETS</u>	
ASSETS	
Due from Other Funds	\$ 92,871
TOTAL ASSETS	<u> 92,871</u>
<u>LIABILITIES AND NET POSITION</u>	
NET POSITION	
Restricted	\$ 92,871
TOTAL NET ASSETS	<u> 92,871</u>
TOTAL LIABILITIES AND NET POSITION	<u> 92,871</u>

See Accompanying Notes to Basic Financial Statements.

Lamoille North Modified Unified Union School District
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN NET POSITION - PROPRIETARY FUNDS
 For the Year Ended June 30, 2022

	Proprietary Fund Types
	<u>Vocational Building Trades</u>
OPERATING REVENUE	
Sale of Buildings	<u>\$ 117,352</u>
OPERATING EXPENSE	
Cost of Buildings	<u>116,506</u>
INCREASE IN NET POSITION	846
NET POSITION, Beginning of Year	<u>92,025</u>
NET POSITION, End of Year	<u><u>\$ 92,871</u></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, 2022

	<u>Proprietary Fund Types</u> <u>Vocational Building Trades</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash receipts	\$ 117,352
Cash payments for materials and services	<u>(117,352)</u>
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	\$ 846
Adjustment to reconcile operating income to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Inventory	15,151
Due to Other Funds	<u>(15,997)</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, 2022

	Fiduciary Fund Type
	<u>Private Purpose Trusts</u>
<u>ASSETS</u>	
ASSETS	
Cash	\$ <u>23,104</u>
<u>LIABILITIES AND NET POSITION</u>	
NET POSITION	
Held in Trust for Grammar School Sales and Other Purposes	\$ <u>23,104</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, 2022

	Fiduciary Fund Type <u>Private Purpose Trusts</u>
ADDITIONS	
Interest Income	\$ <u>446</u>
TOTAL ADDITIONS	<u>446</u>
CHANGE IN NET POSITION	446
NET POSITION, Beginning of Year	<u>22,658</u>
NET POSITION, End of Year	<u><u>\$ 23,104</u></u>

See Accompanying Notes to Basic Financial Statements

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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, 2022

NOTE 2 CASH

The cash deposits in the School District accounts as of June 30, 2022 consisted of the following:

	<u>Bank Balance</u>	<u>Book Balance</u>
Insured (FDIC)	\$ 623,138	\$ 823,866
Collateralized *	1,894,692	1,022,527
Uninsured	<u>960,594</u>	<u>1,076,510</u>
 TOTAL	 <u>\$ 3,478,424</u>	 <u>\$ 2,922,903</u>

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, 2022 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, 2022 consisted of the following:

	<u>Cost</u>	<u>Market Value</u>
FHLMC Discount Note	<u>\$ 1,140,011</u>	<u>\$ 1,146,814</u>

All investments are categorized as Level 1 and recorded at fair value as of June 30, 2022. 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, 2022

NOTE 4 ACCOUNTS RECEIVABLE

General Fund:

State of Vermont	\$ 775,376
Miscellaneous	<u>60,651</u>
Total General Fund	<u>\$ 836,027</u>

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 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>36,247</u>	<u>195,642</u>	<u>(36,247)</u>	<u>195,642</u>
Total capital assets, not being depreciated	<u>315,057</u>	<u>195,642</u>	<u>(36,247)</u>	<u>474,452</u>
Capital assets, being depreciated				
Land improvements	353,496	134,084	-	487,580
Buildings and improvements	55,600,316	190,358	-	55,790,674
Vehicles	489,667	-	-	489,667
Furniture and equipment	<u>5,254,517</u>	<u>452,173</u>	<u>(12,600)</u>	<u>5,694,090</u>
Total capital assets, being depreciated	<u>61,697,996</u>	<u>776,615</u>	<u>(12,600)</u>	<u>62,462,011</u>
Accumulated depreciation for				
Land improvements	(170,669)	(33,574)	-	(204,243)
Buildings and improvements	(22,204,400)	(1,409,733)	-	(23,614,133)
Vehicles	(296,707)	(31,191)	-	(327,898)
Furniture and equipment	<u>(4,407,095)</u>	<u>(141,477)</u>	<u>6,300</u>	<u>(4,542,272)</u>
Total accumulated depreciation	<u>(27,078,871)</u>	<u>(1,615,975)</u>	<u>6,300</u>	<u>(28,688,546)</u>
Total capital assets, being depreciated, net	<u>34,619,125</u>	<u>(839,360)</u>	<u>(6,300)</u>	<u>33,773,465</u>
Governmental activities capital assets, net	<u>\$ 34,934,182</u>	<u>\$ (643,718)</u>	<u>\$ (42,547)</u>	<u>\$ 34,247,917</u>

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

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 7/20/06, 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.	2,325,000	-	(395,000)	1,930,000	395,000
Bank of America Qualified Zone Academy Bond, dated 10/1/06, at 0% interest. Principal payable in full at bond maturity on 10/17/22.	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	-	(111,650)	2,121,350	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	771,923	-	(85,769)	686,154	85,769

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 6 BONDS PAYABLE (continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
<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	461,250	-	(30,750)	430,500	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.	<u>9,800,000</u>	<u>-</u>	<u>-</u>	<u>9,800,000</u>	<u>376,923</u>
Total Bonds Payable	<u>\$ 16,808,173</u>	<u>\$ -</u>	<u>\$ (623,169)</u>	<u>\$ 16,185,004</u>	<u>\$ 2,217,092</u>

Maturities of bonds payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Savings Allocation</u>	<u>Total</u>
2023	\$ 2,217,092	\$ 530,223	\$ (15,924)	\$ 2,731,391
2024	1,000,092	498,459	(15,924)	1,482,627
2025	1,000,092	465,414	(14,930)	1,450,576
2026	1,000,092	431,487	(21,897)	1,409,682
2027	955,092	396,738	(7,962)	1,343,868
2028-2032	2,853,922	1,637,432	-	4,491,354
2033-2037	2,565,865	1,198,902	-	3,764,767
2038-2042	2,331,215	742,217	-	3,073,432
2043-2047	1,884,615	296,827	-	2,181,442
2048-2051	<u>376,927</u>	<u>8,481</u>	<u>-</u>	<u>385,408</u>
TOTALS	<u>\$ 16,185,004</u>	<u>\$ 6,206,180</u>	<u>\$ (76,637)</u>	<u>\$ 22,314,547</u>

The total interest expense paid on the bonds listed above for the year ended June 30, 2022 was \$534,068.

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 7 NOTES PAYABLE

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Eden Campus note payable with US Bank, payments of \$645 due annually on January 1st at 3.00% interest, due January 2032.	\$ 5,965	\$ -	\$ (466)	\$ 5,499	\$ 480

Maturities of notes payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 480	\$ 165	\$ 645
2024	494	151	645
2025	509	136	645
2026	524	121	645
2027	540	105	645
2028-2032	2,952	272	3,224
2033-2037	<u>-</u>	<u>1,934</u>	<u>1,934</u>
	<u>\$ 5,499</u>	<u>\$ 2,884</u>	<u>\$ 8,383</u>

The total interest expense paid on the note listed above for the year ended June 30, 2022 was \$60.

NOTE 8 SHORT-TERM DEBT

Short-term debt consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Revenue Anticipation Note (1.45%)	\$ -	\$ 4,491,537	\$ (4,491,537)	\$ -

Total interest expense paid on the revenue anticipation note during the year ended June 30, 2022 was \$40,313.

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 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, 2022 is \$354,786.

	June 30, 2021 <u>Balance</u>	<u>Additions</u>	Principle <u>Reductions</u>	June 30, 2022 <u>Balance</u>
Termination Benefits	\$ 378,145	\$ 69,045	\$ 92,404	\$ 354,786

NOTE 10 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 \$2,186,826 in fiscal year 2022. Contributions accrued at year end by the District to be paid in fiscal year 2022 were \$77,982.

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 11 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, 2022) and for the Lamoille North Modified Unified Union School District's reporting period (the year ended June 30, 2022). 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, 2022, the State has chosen to use the end of the prior fiscal year (June 30, 2021) as the measurement date, and the year ended June 30, 2021 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, 2021, to the measurement date of June 30, 2022.

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

Fiscal Year Ended June 30, 2020						
2020 Covered Payroll	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

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 11 TEACHERS RETIREMENT- VSTRS (continued)

Schedule B – Employers’ Allocation as of June 30, 2021

Fiscal Year Ended June 30, 2021						
2021 Covered Payroll	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)
\$ 9,803,912	1.35170%	\$ 22,918,019	\$ 3,428,078	\$ 3,723,072	\$ 30,018,245	\$ 17,045,265

Schedule C – Employers’ Allocation of Pension Amounts as of June 30, 2021

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
1.35170%	\$ 22,918,019	\$1,303,787	\$ 2,101,682	\$ -	\$ -	\$ 22,609	\$ 3,428,078

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
\$ -	\$ -	\$ -	\$3,449,873	\$ 273,199	\$3,723,072

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 11 TEACHERS RETIREMENT- VSTRS (continued)

Pension Expense Recognized		
Proportionate Share of Plan Pension Expense	Net Amortization of Deferred Amounts from Change in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Employer Pension Expense
\$ 2,790,600	\$ 4,246,036	\$ 7,036,636

Schedule D – Employers’ Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 2021

Fiscal Year					
2022	2023	2024	2025	2026	Thereafter
\$ 638,848	\$ 508,423	\$ (715,291)	\$ (873,109)	\$ 146,135	\$ -

Schedule E – Covered Payroll

FY 2021	FY 2020	FY 2019
\$ 9,803,912	\$ 9,786,583	\$ 9,432,439

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

<https://finance.vermont.gov/reports-and-publications/annual-comprehensive-financial-report>

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, 2021, the retirement system consisted of 132 participating employers.

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 11 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, 2022

NOTE 11 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, 2021 was determined by an actuarial valuation as of June 30, 2020, using the following assumptions:

Investment rate of return: 7.00%, net of pension plan investment expenses, including inflation

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

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

Inflation: 2.30%

Spouse's Age: Females three years younger than males

Cost-of-Living Adjustments: 2.40% (4.60% for 2022 and 0.00% for 2021) for Group A members and 1.35% (2.30% for 2022 and 1.00% for 2021) for Group B & 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.

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 11 TEACHERS RETIREMENT- VSTRS (continued)

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, 2021, is summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Passive Global Equities	24.00%	5.05%
Active Global Equities	5.00%	5.05%
US Equity-Large Cap	4.00%	4.00%
US Equity-Small/Mid Cap	3.00%	4.50%
Non-US Developed Market	7.00%	5.50%
Private Equity	10.00%	6.75%
Emerging Markets Debt	4.00%	3.00%
Core Fixed Income	19.00%	0.00%
Private & Alternative Credit	10.00%	4.75%
US TIPS	3.00%	-0.50%
Core Real Estate	4.00%	3.75%
Non-Core Real Estate	4.00%	5.75%
Infrastructure/Farmland	3.00%	4.25%

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 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.

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 11 TEACHERS RETIREMENT- VSTRS (continued)

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

1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
\$ 30,018,245	\$ 22,918,019	\$ 17,045,265

During the year ended June 30, 2022 the state of Vermont contributed \$1,983,553 on behalf of Lamoille North Modified Unified Union School District.

NOTE 12 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, 2022 and for the Lamoille North Modified Unified Union School District's reporting period (the year ended June 30, 2022). 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, 2021) as the measurement date, and the year ended June 30, 2021 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, 2020, to the measurement date of June 30, 2021.

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 12 TEACHERS RETIREMENT- VMERS (continued)

Schedule A – Employer Allocations 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 (6.50% Disc Rate)	Net Pension Liability 1% Increase (8.50% Disc Rate)
\$ 12,135	0.05855%	\$ 148,120	\$ 69,723	\$ 13,846	\$ 226,297	\$ 83,796

Schedule B – Employers' Allocation as of June 30, 2021

Fiscal Year Ended June 30, 2021						
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% Increase (8.00% Disc Rate)
\$ 12,152	0.05466%	\$ 80,449	\$ 38,890	\$ 80,374	\$ 159,011	\$ 15,847

Schedule C – Employers' Allocation of Pension Amounts as of June 30, 2021

Deferred Outflows of Resources							
Employer Proportion	Net Pension Liability	Difference Between Expected and Actual Experience	Changes in Assumptions	Changes in Benefits	Difference Between Projected and Actual Investment Earnings	Changes in Proportion and Differences Between Employer Contributions and Proportional Share of Contributions	Total Deferred Outflows
0.0547%	\$ 80,449	\$ 14,994	\$ 12,716	\$ -	\$ -	\$ 11,180	\$ 38,890

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 12 TEACHERS RETIREMENT- VMERS (continued)

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
\$ -	\$ -	\$ -	\$ 47,435	\$ 32,939	\$ 80,374

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
\$ 17,859	\$ (10,211)	\$ 7,648

Schedule D – Employers’ Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 2021

Fiscal Year Ending June 30, 2020					
2022	2023	2024	2025	2026	Thereafter
\$ 6,272	\$ (6,757)	\$ (9,146)	\$ (14,159)	\$ -	\$ -

Schedule E – Contributions History for Fiscal Years 2019-2021

FY 2021	FY 2020	FY 2019
\$ 12,152	\$ 12,135	\$ 13,224

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/content/retirement/vmers/financial-reports>

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 12 TEACHERS RETIREMENT- VMERS (continued)

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of the 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/annual-comprehensive-financial-report>

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, 2021, the retirement system consisted of 352 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, 2022

NOTE 12 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)	Group A – average annual compensation during highest 5 consecutive years. Groups B and C – average annual compensation during highest 3 consecutive years. Group D – average annual compensation during highest 2 consecutive years.
Service Retirement Allowance	
Eligibility	Group A – The earlier of age 65 with 5 years of service or age 55 with 35 years of service. Group B – The earlier of age 62 with 5 years of service or age 55 with 30 years of service. Groups C and D – Age 55 with 5 years of service.
Amount	Group A – 1.4% of AFC x service Group B – 1.7% of AFC x service as Group B member plus percentage earned as Group A member x AFC 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 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 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.

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 12 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.
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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.
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Vested Retirement Allowance

Eligibility	5 years of service.
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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.
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Disability Retirement Allowance

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

Eligibility	Death after 5 years of service.
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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.
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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.
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Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 12 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.

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

Member Contributions

		For Fiscal Year ended 6/30/2021
<u>Group</u>	<u>Effective 7/1/21</u>	
Group A	3.25%	3.00%
Group B	5.625%	5.375%
Group C	10.75%	10.50%
Group D	12.10%	11.85%

Employer Contributions

		For Fiscal Year ended 6/30/2021
<u>Group</u>	<u>Effective 7/1/21</u>	
Group A	4.750%	4.50%
Group B	6.25%	6.00%
Group C	8.00%	7.75%
Group D	10.60%	10.35%

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, 2022

NOTE 12 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: 1.10% for Group A members and 1.20% for Groups B, C, and D members. The January 1, 2021 COLA is 0.40% for all groups. The January 1, 2022 COLA is 2.00% for Group A members and 2.30% for Groups B, C and D 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, 2021 are summarized in the following table:

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 12 TEACHERS RETIREMENT- VMERS (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Passive Global Equities	24.00%	5.05%
Active Global Equities	5.00%	5.05%
US Equity - Large Cap	4.00%	4.00%
US Equity - Small/Mid Cap	3.00%	4.50%
Non-US Developed US Equities	7.00%	5.50%
Emerging Markets Debt	4.00%	3.00%
Core Fixed income	19.00%	0.00%
Private & Alternate Credit	10.00%	4.75%
US TIPS	3.00%	-0.50%
Core Real Estate	4.00%	3.75%
Non-Core Real Estate	4.00%	5.75%
Private Equity	10.00%	6.75%
Infrastructure/Farmland	3.00%	4.25%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members). The Board voted to authorize employer contribution rate increases of 0.50% each year for a period of four years beginning July 1, 2022 to be offset by any increases in the employee contribution rates as negotiated with employee groups and approved by the Legislature. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plans' Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2021. 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%)
\$ 159,011	\$ 80,449	\$ 15,847

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 13 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

2020 Employer Proportion	2021 Employer Proportion	Net OPEB Liability	Total Deferred Outflows	Total Deferred Inflows	Net OPEB Liability - 1% Decrease in Discount Rate (1.20%)	Net OPEB Liability - 1% Increase in Discount Rate (3.20%)	Net OPEB Liability - 1% Decrease in Healthcare Cost Trend Rates	Net OPEB Liability - 1% Increase in Healthcare Cost Trend Rates
1.62205%	1.55550%	\$ 19,841,783	\$ 4,092,757	\$ 1,843,398	\$ 23,477,909	\$ 16,943,164	\$ 16,438,081	\$ 24,346,206

Schedule B – Employers Allocation of OPEB Amounts as of June 30, 2021

Deferred Outflows of Resources						
Employers 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
1.55550%	\$ 19,841,783	\$ 1,389,467	\$1,849,455.00	\$ -	\$ 853,835	\$ 4,092,757

Deferred Inflows of Resources				
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Changes in Assumptions or other inputs	Net Difference Between Projected and Actual Earnings on plan Investments	Difference Between Expected and Actual Experience	Total Deferred Inflows
\$ 1,179,905	\$ 62,818	\$ 2,853	\$ -	\$ 1,245,576

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 13 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
\$ 1,177,855	\$ 7,572	\$ 1,185,427

Schedule C – Employers’ Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 2021

Fiscal Year					
2022	2023	2024	2025	2026	Thereafter
\$ 1,181,679	\$ 883,780	\$ 164,677	\$ 9,604	\$ 7,233	\$ 2,388

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, 2021, the plan consisted of 132 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, 2022

NOTE 13 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, 2022

NOTE 13 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: 2.20% - a blend of the long-term expected rate of return of OPEB Trust assets (7.00% as of June 30, 2021) and a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (2.16% as of June 30, 2021.)

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, 2022

NOTE 13 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%
65	3.40%
70	3.30%

Inflation: 2.00%

Retiree Contributions: Retiree contributions were assumed to increase with health trend. Retiree contribution rates were based on non-Medicare premiums effective July 1, 2021 and Medicare premiums effective January 1, 2022. The proportion of retirees enrolling in each plan option was assumed to remain the same in future years.

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, 2021

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 13 OTHER POST EMPLOYMENT BENEFITS (OPEB) – VSTRS (continued)

Actuarial Valuation Date: June 30, 2020

Per Capita Cost Development: *Non-Medicare Medical and Prescription Drug:*

Per capita claims costs were based on claims for the period July 1, 2018 through June 30, 2021. Claims were separated by claim type (medical vs. prescription drug). Claims were separated by plan year, then adjusted as follows:

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

An adjustment was made to medical claims from the plan year ending 2020 to account for changes in experience due to the COVID-19 pandemic. Per capita claims for each plan year were then combined by taking a weighted average. The weights used in this average account for a number of factors including each plan year's volatility of claims experience and distance to the valuation year. Actuarial factors were then applied to the weighted average cost to estimate individual retiree and spouse costs by age and by gender. The prescription drug claims were then adjusted for assumed rebates and EGWP reimbursements.

Medicare Medical and Prescription Drug:

Per capita claims costs were based on a weighted average of the premium rates effective January 1, 2022. Actuarial factors were then applied to the weighted average cost to estimate individual retiree and spouse costs by age and by gender.

Administrative Expenses:

Per capita

Per Capita Health Costs:

Medical and prescription drug claims for the year beginning July 1, 2021 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.

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 13 OTHER POST EMPLOYMENT BENEFITS (OPEB) – VSTRS (continued)

Age	Non-Medicare Medical				Non-Medicare Prescription Drugs			
	Retiree		Spouse		Retiree		Spouse	
	Male	Female	Male	Female	Male	Female	Male	Female
50	\$9,421	\$10,731	\$6,581	\$8,616	\$1,752	\$1,995	\$1,223	\$1,602
55	11,189	11,552	8,806	9,974	2,080	2,148	1,637	1,854
60	13,288	12,451	11,788	11,567	2,470	2,315	2,192	2,151
64	15,244	13,209	14,881	13,019	2,834	2,456	2,767	2,421

Medicare medical & Prescription Drug				
Age	Retiree		Spouse	
	Male	Female	Male	Female
65	3,736	3,176	3,736	3,176
70	4,330	3,422	4,330	3,422
75	4,666	3,684	4,666	3,684

Administrative Expenses:

For participants under age 65 with health and welfare coverage, an annual administrative expense of \$667 increasing at 3.0% per year was added to projected incurred claim costs in developing the benefit obligations.

For participants over age 65 with health and welfare coverage, an annual administrative expense of \$334 for the year beginning July 1, 2021 was added to projected incurred claim costs in developing the benefit obligations.

For participants over age 65 with health and welfare coverage, an annual administrative expense of \$90 for the year beginning July 1, 2022 was added to projected incurred claim costs in developing the benefit obligations.

These annual administrative expenses are projected to increase at 3.0% per year thereafter.

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
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, 2022

NOTE 13 OTHER POST EMPLOYMENT BENEFITS (OPEB) – VSTRS (continued)

A first year trend of -1.91% was applied to medicare claims costs to reflect the plan change to a Medicare Advantage Prescription Drug Program.

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 premiums effective July 1, 2021 and Medicare premiums effective January 1, 2022. The proportion of retirees enrolling in each plan option was assumed to remain the same in future years.

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.

During the year ended June 30, 2022 the state of Vermont contributed \$1,185,427 on behalf of Lamoille North Modified Unified Union School District.

NOTE 14 NON-CASH TRANSACTIONS

The Lamoille North Modified Unified Union School District received Federal Commodities for use in food service in the amount of \$42,798 for the cost of shipping. The value of the commodities received is not included in the food service budget and is not part of food service revenue or expenditures.

NOTE 15 ASSESSMENTS

Supervisory Union Assessment - The District pays for its proportionate share of expense relating to the Lamoille North Supervisory Union. The District paid \$3,093,222 of such expenses during the year ended June 30, 2022.

NOTE 16 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. A new support staff agreement was signed on December 31, 2021 for the period July 1, 2022- June 30, 2024.

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 17 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 18 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 19 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, 2022 is \$23,104.

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 20 FUND BALANCE AND NET POSITION

Fund Financial Statements:

Nonspendable Fund Balances at June 30, 2022 are as follows:

General Fund:

Nonspendable for Inventory	\$ 3,190
Nonspendable for Prepaid Expenses	<u>65,058</u>
	<u><u>\$ 68,248</u></u>

Committed Fund Balances at June 30, 2022 are as follows:

General Fund:

Committed for FY23 Elementary Expenditures	\$ 378,823
Committed for FY23 High School/Middle School Expenditures	561,611
Special Reserve - HRA/HAS	151,414
Special Reserve - GMTCC Tuition	193,219
Rowland Epic Academy	800
Farm to School	1,462
Eden Bus Reserve	22,467
Beyond the Bell	2,272
Lamoille Campus Cupboard	553
Adult Education	<u>23,234</u>
	<u><u>\$ 1,335,855</u></u>

Capital Projects Fund:

Capital Expenditures	\$ 1,029,643
Committed for Cricket Hill Trail	5,168
LUSD Technology	2,057
Capital Reserve	<u>539,892</u>
	<u><u>\$ 1,576,760</u></u>

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 20 FUND BALANCE AND NET POSITION (continued)

Restricted Fund Balances at June 30, 2022 are as follows:

Special Revenue Fund:	
Restricted by Donors	<u>\$ 397,756</u>
Capital Projects Fund:	
Restricted for Investments	<u>\$ 1,146,814</u>

District-Wide Financial Statements:

Restricted Net Position at June 30, 2022 is as follows:

Government Types:	
Restricted for Investments	\$ 1,146,814
Restricted by Donors	<u>397,756</u>
	<u>\$ 1,544,570</u>
Proprietary Fund:	
Restricted for Vocational Building Trades	<u>\$ 92,871</u>

NOTE 21 OPERATING TRANSFERS

Fund transfers consist of the following at June 30, 2022:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Private Purpose Trust Fund</u>
Operating Transfers	<u>\$ (273,680)</u>	<u>\$ 273,680</u>	<u>\$ -</u>

NOTE 22 INTERFUND RECEIVABLE AND PAYABLE BALANCES

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Capital Projects Fund	\$ 660,301	\$ -
General Fund	-	747,768
Vocational Building Trades Fund	92,871	-
Special Revenue Fund	<u>-</u>	<u>5,404</u>
Total Fund Financial Statement Balances	<u>\$ 753,172</u>	<u>\$ 753,172</u>

Lamoille North Modified Unified Union School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 22 INTERFUND RECEIVABLE AND PAYABLE BALANCES (continued)

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

NOTE 23 EXPENDITURES OVER BUDGET

The General Fund's expenditures exceeded budgeted amounts by \$933,111. The excess was partially offset by revenues that exceeded the budgeted amounts by \$182,238. The School District budgeted for a loss of \$1,000,000.

NOTE 24 SUBSEQUENT EVENTS

On July 1, 2022, the District obtained a tax anticipation note with Union Bank in the amount of \$4,558,996. The note is due June 30, 2023 with 1.45% interest.

REQUIRED SUPPLEMENTARY INFORMATION

Lamoille North Modified Unified Union School District
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Elementary Education:				
Tuition	\$ -	\$ -	\$ 14,144	\$ 14,144
Education Spending Grants:				
General Support Grant	12,264,299	12,264,299	12,264,550	251
Federal Grants:				
21st Century	-	171,269	46,680	(124,589)
IDEA B Grant	-	105,957	59,251	(46,706)
Consolidated Federal Program	-	578,103	484,476	(93,627)
Title IV and Title IIA	-	22,681	5,882	(16,799)
CARES Act	-	-	269,261	269,261
ARP ESSER	-	-	539,907	539,907
Other LEA's	7,000	7,000	90,566	83,566
Food Service	-	849,350	543,006	(306,344)
Care and Custody	-	97,819	41,077	(56,742)
Special Education Reimbursement	506,466	506,466	526,337	19,871
EPSDT/Medicaid	70,000	71,000	18,882	(52,118)
Interest Income	65,000	65,000	26,810	(38,190)
Miscellaneous	52,000	225,001	95,897	(129,104)
Total Elementary Education	12,964,765	14,963,945	15,026,726	62,781
High School & Middle School Education:				
Tuition	450,000	450,000	386,323	(63,677)
Education Spending Grants:				
General Support Grant	13,427,927	13,427,927	13,427,927	-
Special Education Reimbursement	362,760	412,760	356,677	(56,083)
CARES Act	-	-	52,864	52,864
ARP ESSER	-	-	185,371	185,371
Other Grants	-	109,710	74,842	(34,868)
Other LEA's	10,000	10,000	14,562	4,562
Food Service	-	433,900	436,596	2,696
Driver Education	7,000	7,000	14,968	7,968
EPSDT/Medicaid	65,000	65,000	21,571	(43,429)
Interest Income	80,000	80,000	29,990	(50,010)
Miscellaneous	20,000	23,962	35,344	11,382
Total High School and Middle School Education	14,422,687	15,020,259	15,037,035	16,776

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, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Vocational Education:				
Tuition	1,140,813	1,140,813	1,140,871	58
State Aide and Grants	1,989,949	1,940,331	1,859,566	(80,765)
Federal Grants	-	236,000	424,427	188,427
Adult Continuing Education	-	31,264	38,275	7,011
Interest Income	15,000	15,000	7,222	(7,778)
Miscellaneous	5,000	6,500	2,224	(4,276)
Total Vocational Education	3,150,762	3,369,908	3,472,585	102,677
TOTAL REVENUES	30,538,214	33,354,112	33,536,346	182,234
EXPENDITURES				
Elementary Education:				
Instruction Services	4,798,006	5,828,962	5,823,995	4,967
Special Education Services	785,112	891,069	946,603	(55,534)
Athletic Activities	221,486	219,992	221,812	(1,820)
Co-Curricular Activities	4,226	4,226	6,651	(2,425)
Early Education	627,155	670,890	525,646	145,244
EEE Services	57,883	57,883	7,292	50,591
Guidance Services	521,346	521,346	633,490	(112,144)
Health Services	338,403	338,403	305,972	32,431
Psychological Services	6,090	6,090	5,931	159
Speech Services	78,369	78,369	55,696	22,673
Other Support Services	159,165	102,176	411	101,765
Instructional Staff Training Services	114,128	141,428	134,608	6,820
Media Services	234,445	234,445	264,196	(29,751)
Instructional Technology	168,603	164,068	118,192	45,876
Board of Education Services	22,519	22,519	26,001	(3,482)
Office of Treasurer	5,189	5,189	3,809	1,380
Office of Superintendent	497,405	497,405	497,405	-
Legal Services	2,023	2,023	1,410	613
Office of Principal	1,031,700	1,036,821	1,020,754	16,067
Special Education Administration	864,107	864,107	864,107	-
Fiscal Services	52,702	52,702	18,377	34,325
Operation and Maintenance	1,339,965	1,339,965	1,381,931	(41,966)

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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Pupil Transportation	428,075	433,075	521,318	(88,243)
Technical Support/Network Service	385,291	384,983	438,994	(54,011)
Food Service	58,160	954,645	714,281	240,364
Building Improvements	-	-	69,067	(69,067)
Enterprise Program	-	-	26,530	(26,530)
Personnel	-	-	62,445	(62,445)
Debt Service	524,619	524,619	523,654	965
 Total Elementary Education	 13,326,172	 15,377,400	 15,220,578	 156,822
High School & Middle School Education:				
Instruction Services	7,187,501	7,133,780	6,485,994	647,786
Special Education Services	608,698	732,048	663,135	68,913
Athletic Activities	453,005	453,005	391,735	61,270
Co-Curricular Activities	156,959	156,959	145,986	10,973
Guidance Services	670,058	746,654	607,158	139,496
Health Services	151,879	151,879	150,855	1,024
Speech/Audiology Services	52,388	52,388	51,269	1,119
Other Support Services	58,610	58,610	53,110	5,500
Instructional Staff Training Services	109,931	113,431	60,902	52,529
Media Services	214,495	214,495	196,470	18,025
Technology, Audio/Visual Services	206,740	200,226	111,349	88,877
Board of Education Services	23,228	23,228	29,345	(6,117)
Office of Treasurer	5,354	5,354	4,259	1,095
Office of Superintendent	1,626,762	1,626,762	1,629,492	(2,730)
Legal Services	2,500	2,500	8,389	(5,889)
Office of Principal	891,110	898,302	696,781	201,521
Fiscal Services	60,900	60,900	19,274	41,626
Operation and Maintenance	1,469,558	1,469,558	1,625,376	(155,818)
Pupil Transportation	349,802	349,802	601,650	(251,848)
Technical Support/Network Service	197,430	198,752	445,971	(247,219)
Drivers Education	56,734	56,734	135,452	(78,718)
Food Service	-	685,362	648,168	37,194
Personnel	-	-	28,854	(28,854)
Debt Service	153,683	153,683	152,336	1,347
 Total High School and Middle School Education	 14,707,325	 15,544,412	 14,943,310	 601,102

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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Vocation Education:				
Vocational Education Instruction	1,492,656	1,667,323	1,536,881	130,442
Co-operative Education	74,257	74,257	38,499	35,758
Co-Curricular	30,963	30,963	40,606	(9,643)
Continuing Education	-	31,263	31,947	(684)
Guidance	132,854	114,870	105,958	8,912
Health	23,833	23,833	22,524	1,309
Staff Training	6,598	37,800	33,308	4,492
Board of Education	1,561	1,561	6,501	(4,940)
Office of Treasurer	360	360	947	(587)
Office of Superintendent	104,947	104,947	104,947	-
Office of Vocational Director	313,891	315,084	334,446	(19,362)
Bad Debt	-	-	11,546	(11,546)
Technology Services	52,453	52,453	62,641	(10,188)
Instructional Technology	2,030	837	162,382	(161,545)
Legal/Audit	-	-	182	(182)
Operation and Maintenance	559,584	559,584	554,259	5,325
Transportation	18,981	18,981	39,227	(20,246)
Food Service	-	3,435	2,136	1,299
Personnel	-	-	9,276	(9,276)
Debt Service	533,664	533,664	480,049	53,615
Total Vocational Education	3,348,632	3,571,215	3,578,262	(7,047)
TOTAL EXPENDITURES	31,382,129	34,493,027	33,742,150	750,877
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(843,915)	(1,138,915)	(205,804)	933,111
OTHER FINANCING SOURCE/(USES)				
Transfers In	-	295,000	-	(295,000)
Transfers Out	(156,085)	(156,085)	(273,680)	(117,595)
TOTAL OTHER FINANCING SOURCES/(USES)	(156,085)	138,915	(273,680)	(412,595)
NET CHANGE IN FUND BALANCE	\$ (1,000,000)	\$ (1,000,000)	\$ (479,484)	\$ 520,516

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, 2022

	2021	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability (asset)	1.35170%	1.3710%	1.3727%	1.3660%	1.3547%
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 22,918,019</u>	<u>\$ 26,751,566</u>	<u>\$ 21,423,056</u>	<u>\$ 20,636,236</u>	<u>\$ 19,982,688</u>
Total	<u>\$ 22,918,019</u>	<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>\$ 9,803,912</u>	<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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	58.83%	50%	54.96%	54.81%	53.98%

Significant Actuarial Assumptions and methods are described in Note 11 to the financial statements.

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, 2022

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability (asset)	0.0547%	0.0586%	0.06882%	0.07270%	0.11512%
District's proportionate share of the net pension liability (asset)	<u>\$ 80,449</u>	<u>\$ 148,120</u>	<u>\$ 119,405</u>	<u>\$ 102,323</u>	<u>\$ 139,472</u>
District's covered-employee payroll	<u>\$ 272,495</u>	<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	29.52%	54.85%	41.82%	31.92%	29.68%
Plan fiduciary net position as a percentage of the total pension liability	86.29%	74.52%	80.35%	82.60%	83.64%

Significant Actuarial Assumptions and methods are described in Note 12 to the financial statements. No changes in actuarial assumptions and methods since the last measurement date.

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, 2022

	2021	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contributions (Actuarially Determined)	\$ <u>12,152</u>	\$ <u>12,135</u>	\$ <u>13,224</u>	\$ <u>12,740</u>	\$ <u>18,800</u>
Contributions in Relation to the Actuarially Determined Contributions	\$ <u>12,152</u>	\$ <u>12,135</u>	\$ <u>13,224</u>	\$ <u>12,740</u>	\$ <u>18,800</u>
Covered Employee Payroll	\$ <u>272,495</u>	\$ <u>270,052</u>	\$ <u>285,529</u>	\$ <u>320,570</u>	\$ <u>469,995</u>
Contributions as a Percentage of Covered Employee Payroll	4.46%	4.49%	4.63%	3.97%	4.00%

Significant Actuarial Assumptions and methods are described in Note 12 to the financial statements. No changes in actuarial assumptions and methods since the last measurement date.

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, 2022

	2021	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability (asset)	1.55550%	1.62205%	1.58654%	1.57920%	1.57002%
State's proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 19,841,783</u>	<u>\$ 20,428,055</u>	<u>\$ 16,512,006</u>	<u>\$ 15,070,091</u>	<u>\$ 14,637,139</u>
Total	<u>\$ 19,841,783</u>	<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	1.13%	0.69%	0.03%	-2.85%	-2.94%

Significant Actuarial Assumptions and methods are described in Note 13 to the financial statements.
The following were changes in methods or assumptions during the year ended June 30, 2022.

Benefit Changes:

Effective January 1, 2022, Medicare coverage will change to a Medicare Advantage Prescription Drug Program.

Changes in Assumptions

The discount rate was decreased from 2.21% to 2.20%

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

Future male retirees were assumed to be two years older than their spouses, decreased from three years.

See Accompanying Notes to Basic Financial Statements

Lamoille North Modified Unified Union School District

ADDITIONAL REPORTS REQUIRED BY
THE SINGLE AUDIT ACT

June 30, 2022

Lamoille North Modified Unified Union School District
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Additional Award Identifier	Pass Through Grantor Number	Federal AL 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-CRSSA00319	93.575	\$ 6,941
Child Care and Development Block Grant		03440-CRSSA00314	93.575	27,304
Child Care and Development Block Grant		03440-CRSSA00730	93.575	2,965
Child Care and Development Block Grant		03440-CRSSA00216	93.575	3,866
Total CCDF Cluster				<u>41,076</u>
U. S. Department of Education				
Passed through State of Vermont, Agency of Education				
Perkins Tech Ed		05100-4318U0582201	84.048	<u>225,057</u>
Passed through State of Vermont, Agency of Education				
Education Stabilization Fund	COVID-19	05100-4591U0582101	84.425 C	167,847
Passed through Lamoille North Supervisory Union				
Education Stabilization Fund	COVID-19	05100-4591U0582101	84.425 D	343,219
Education Stabilization Fund	COVID-19	05100-4590S0252101	84.425 U	<u>735,706</u>
Total Education Stabiliation Fund				<u>1,246,772</u>
Passed through Lamoille North Supervisory Union				
Title I A		05100-4250S0252101	84.010	<u>490,358</u>
IDEA B		05100-4226S0252201	84.027	<u>59,251</u>
Title IV-B 21st Century Learning Communities		05100-4611S0252201	84.287	<u>46,680</u>
U.S. Department of Agriculture				
Child Nutrition Cluster-Cluster				
Passed through Lamoille North Supervisory Union				
Summer Food Service Program for Children		05100-4455S0252100	10.559	<u>36,028</u>
National School Lunch Program		05100-4461S0252200	10.555	774,449
National School Lunch Program		05100-4462S0252200	10.555	<u>27,706</u>
Total National School Lunch Program				<u>802,155</u>
Total Child Nutrition Cluster-Cluster				<u>838,183</u>
Passed through Lamoille North Supervisory Union				
Fresh Fruit & Vegetable Program		05100-4449S0252100	10.582	<u>20,216</u>
Child and Adult Care Food Program		05100-4453S0252100	10.558	393
Child and Adult Care Food Program		05100-4454S0252100	10.558	5,538
Child and Adult Care Food Program		05100-4453S0252200	10.558	3,189
Child and Adult Care Food Program		05100-4454S0252200	10.558	44,886
Child and Adult Care Food Program		05100-4608S0252201	10.558	<u>4,701</u>
Child and Adult Care Food Program Subtotal				<u>58,707</u>
				<u>\$ 3,026,300</u>

Lamoille North Modified Unified Union School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

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, 2022. 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
Lamoille North Modified Unified Union School District
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, the business-type activities, the aggregate discretely presented component units, 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, 2022, 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 13, 2023.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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 dark ink, appearing to read "K. Hall Bramagm & Savant". The signature is written in a cursive, flowing style.

St. Albans, Vermont
January 13, 2023



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
Lamoille North Modified Unified Union School District
Hyde Park, Vermont

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lamoille North Modified Unified Union School District's compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

In our opinion, 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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Lamoille North Modified Unified Union School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Lamoille North Modified Unified Union School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Lamoille North Modified Unified Union School District's federal programs

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Lamoille North Modified Unified Union School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Lamoille North Modified Unified Union School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Lamoille North Modified Unified Union School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Lamoille North Modified Unified Union School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Lamoille North Modified Unified Union School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

A handwritten signature in cursive script, reading "Kristell Brannan". To the right of the name is a small, stylized flourish or symbol, possibly representing a date or a specific mark.

St. Albans, Vermont
January 13, 2023

Lamoille North Modified Unified Union School District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2022

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:

AL #84.425 D	Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act
AL #84.425 C	Governor's Emergency Education Relief (GEER 1 and II) Fund
AL #84.425 U	American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund
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.