

Cambridge Town School District
BASIC FINANCIAL STATEMENTS
June 30, 2024

Cambridge Town School District
TABLE OF CONTENTS
June 30, 2024

| | <u>Page</u> |
|--|---------------|
| INDEPENDENT AUDITOR'S REPORT | |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | |
| BASIC FINANCIAL STATEMENTS | |
| District-Wide Financial Statements: | |
| Statement of Net Position | 1 |
| Statement of Changes in Net Position | 2 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 3 |
| Statement of Revenues, Expenditures and Changes In Fund Balances – Governmental Funds | 5 |
| Notes to Basic Financial Statements | 7 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Budgetary Comparison Schedule – General Fund | 32 |
| Schedule of Proportionate Share of the Net Pension Liability | 34 |
| Schedule of Proportionate Share of the OPEB Net Pension Liability | 35 |
| OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS | <u>Report</u> |
| 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 <i>Government Auditing Standards</i> | 1 |

INDEPENDENT AUDITOR'S REPORT

To the School Board
Cambridge, Vermont

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cambridge Town School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Cambridge Town 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, each major fund, and the aggregate remaining fund information of the Cambridge Town School District, as of June 30, 2024, 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 Cambridge Town 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 Cambridge Town 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 Cambridge Town 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 Cambridge Town 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 pages 32-33, the schedule of proportionate share of the net pension liability on page 34, the schedule of proportionate changes of the net OPEB liability on page 35 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2024, on our consideration of the Cambridge Town School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Cambridge Town 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 Cambridge Town School District's internal control over financial reporting and compliance.

St. Albans, Vermont
November 6, 2024

Cambridge Town School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Cambridge School District financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the District's financial statements.

Brief Discussion of the Basic Financial Statements:

Using This Annual Report

This annual Report consists of a series of financial statements. The Statement of Net Position, Statement of Changes in Net Position (Statement of Activities), and the Balance Sheet—Governmental Funds provide information about the activities of the District as a whole, and present a longer-term view of the District's finances. Fund financial statements such as the Statement of Revenues, Expenditures and Changes in Fund Balance tell how these activities/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 District Administration is responsible for establishing an accounting and internal control structure designed to ensure that the physical, data, informational, intellectual and human resource assets of the District are protected from loss, theft and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). Additionally, management strives to ensure that these assets are put to good and effective use. The internal control structure is designed to provide reasonable, but not absolute, assurances that these objectives are attained. The concept of reasonable assurance recognizes that: (1) the cost of any control should not exceed the benefit likely to be derived; (2) the valuation of cost and benefits requires judgments by management.

Reporting the District as a Whole

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

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

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

- Governmental activities - The District's basic services are reported here, including instruction-regular education and special education; supporting education services; operation and maintenance; transportation; administration; and debt service. These activities are further broken down between the General Fund and Special Revenue.

Cambridge Town School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024

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

Analysis of Overall Financial Information:

The Chart below provides a snapshot of the financial picture of the district for FY24.

| ASSETS | | | |
|---------------------|----------------------------|----------------------------|----------------------|
| | <u>FY23</u> | <u>FY24</u> | <u>% Change</u> |
| Current Assets | \$ 1,181,327 | \$ 1,185,550 | 0.36% |
| Capital Assets | 5,551,762 | 5,508,552 | -0.78% |
| Right to Use Assets | 210,483 | 162,621 | 100.00% |
| TOTAL ASSETS | <u>\$ 6,943,572</u> | <u>\$ 6,856,723</u> | <u>-1.25%</u> |

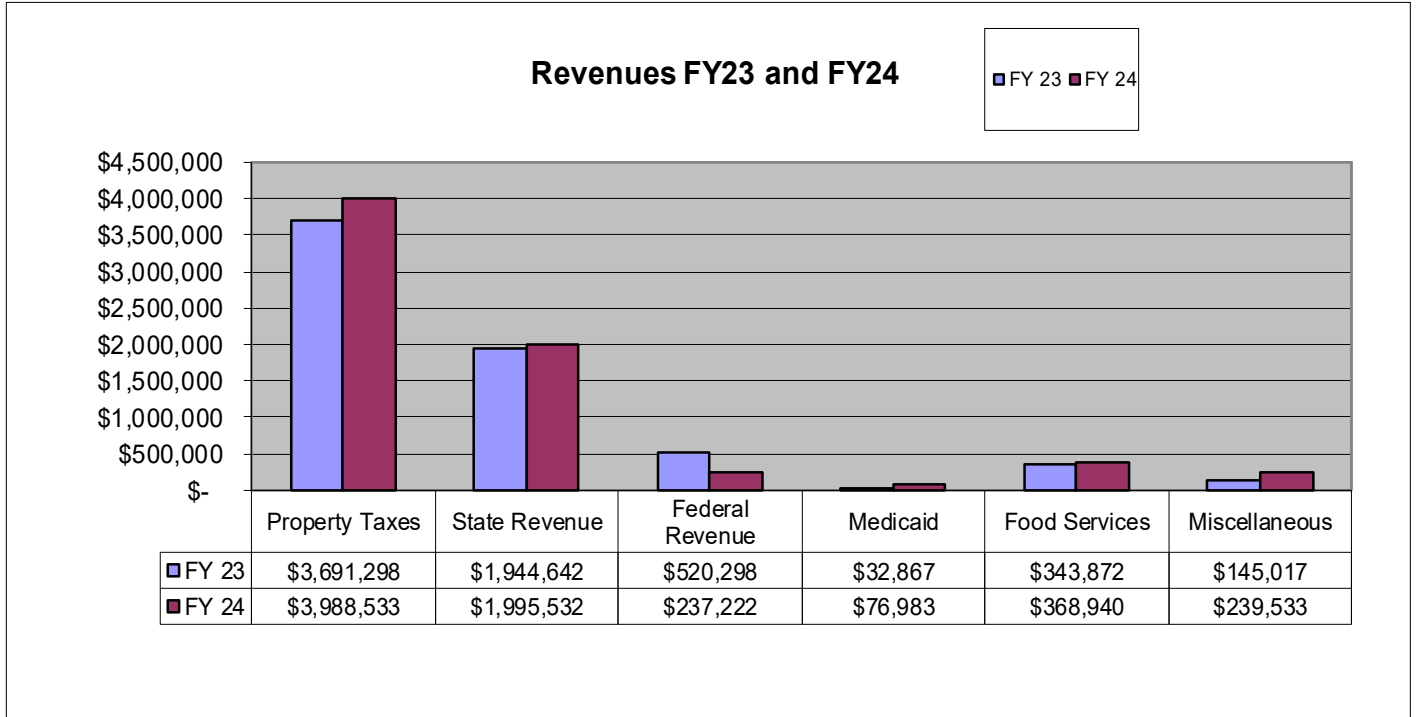
| LIABILITIES | | | |
|--------------------------|----------------------------|----------------------------|-----------------------|
| | <u>FY23</u> | <u>FY24</u> | <u>% Change</u> |
| Current Liabilities | \$ 497,144 | \$ 597,418 | 20.17% |
| Long-Term Liabilities | 818,429 | 538,090 | -34.25% |
| TOTAL LIABILITIES | <u>\$ 1,315,573</u> | <u>\$ 1,135,508</u> | <u>-13.69%</u> |

| NET ASSETS | | | |
|----------------------------------|----------------------------|----------------------------|---------------------|
| | <u>FY23</u> | <u>FY24</u> | <u>% Change</u> |
| Net Investment in Capital Assets | \$ 4,636,762 | \$ 4,898,552 | 5.65% |
| Restricted | 245,387 | 274,560 | 100.00% |
| Unrestricted | 745,850 | 548,103 | -26.51% |
| TOTAL NET ASSETS | <u>\$ 5,627,999</u> | <u>\$ 5,721,215</u> | <u>1.66%</u> |

Cambridge Town School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended June 30, 2024

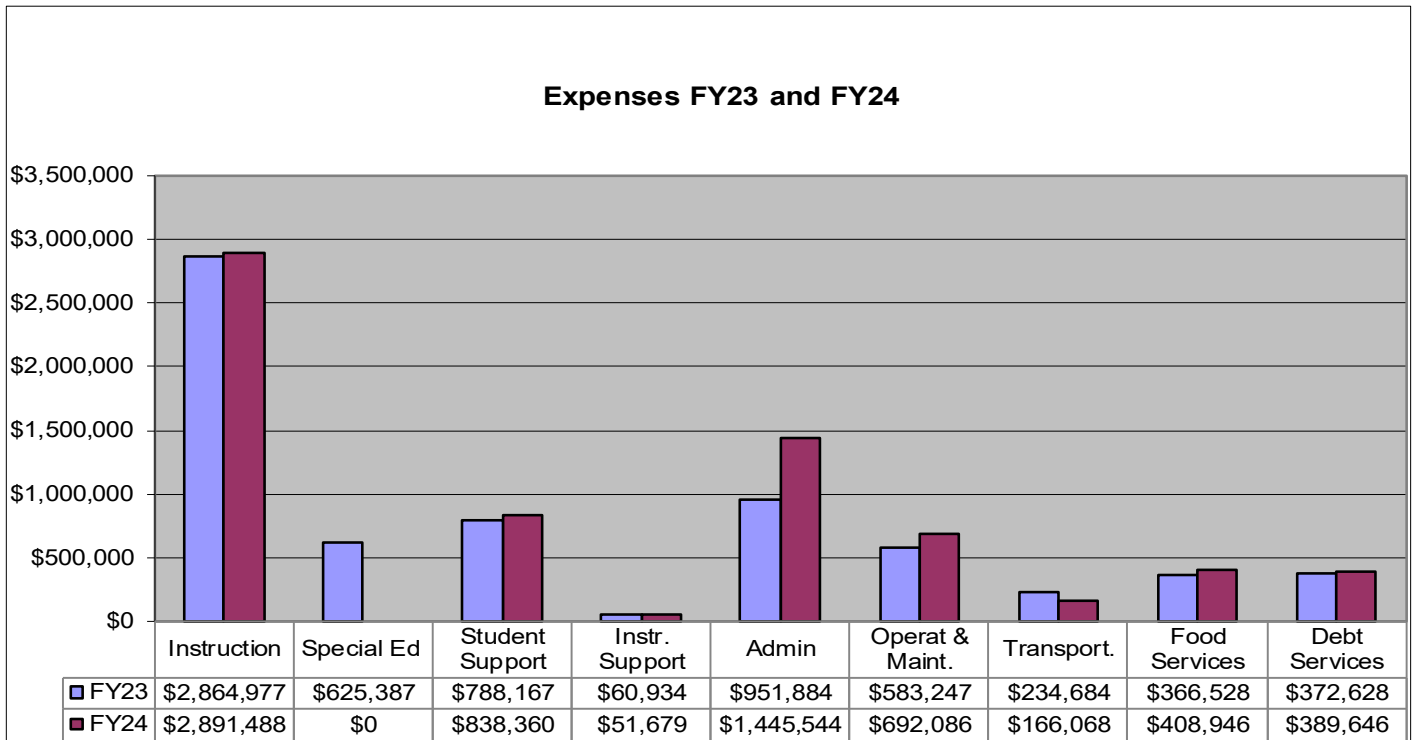
FY24 Revenues

Revenues in FY24 totaled \$6,906,743. This is higher than FY23 revenue by \$228,749.



FY24 Expenditures

Expenses in FY24 totaled \$6,883,817. This is higher than FY23 expenses by \$35,381.



Cambridge Town School District
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended June 30, 2024

Change in General Fund Balance:

Under Governmental Accounting Standards Board #54, the District is reporting fund balances classified under definitions: Restricted, Committed, Assigned, Non-spendable or Unassigned. Further Detail can be found in Note 17.

| Fund Balance 06/30/23 | Excess (Deficiency) of Revenues over Expenditures | Fund Balance 6/30/24 |
|--------------------------|--|-------------------------|
| \$1,026,650 | (\$66,053) | \$960,597 |

Capital Assets:

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

| Description | Balance - 06/30/23 | Increase/Decrease | Balance - 6/30/24 |
|--------------------------|--------------------|-------------------|-------------------|
| Land | \$466 | | \$466 |
| Construction in Progress | \$0 | (0) | \$0 |
| Depreciable Assets | \$11,254,601 | (\$159,056) | \$11,095,545 |
| Accumulated Depreciation | (\$5,703,305) | \$115,846 | (\$5,587,459) |
| Net Assets | \$5,551,762 | (\$43,210) | \$5,508,552 |

Long-Term Debt & Obligations:

The District has three categories of long-term debt, defined as Bond Payables, Notes Payables/Leases and Termination Benefits Payable. More detail can be found in Note 5,6,7 and 8.

- At fiscal year end, there remained \$610,000 in outstanding bond for the construction of the Cambridge Elementary School. Bond principal and interest are being paid from the General Fund.

| Bond Type | Original Amount | 06/30/23 Balance | FY'24 Principal Payment | 6/30/24 Balance | Final Pay. Date |
|--------------|-----------------|------------------|-------------------------|-----------------|-----------------|
| Construction | \$6,110,000 | \$915,000 | \$305,000 | \$610,000 | 12/01/2025 |

- At June 30, 2024 the district had \$38,757 in termination benefits payable. This is per the contract with the Support Staff and Teachers regarding retirement benefits.
- Fiscal year 2024 contributions for Support Staff Retirement plan were \$9,492.

Current Issues:

- Collective Bargaining Agreements: The Support Staff master agreement is set to expire June of 2026. The Teachers master agreement is set to expire June of 2025.

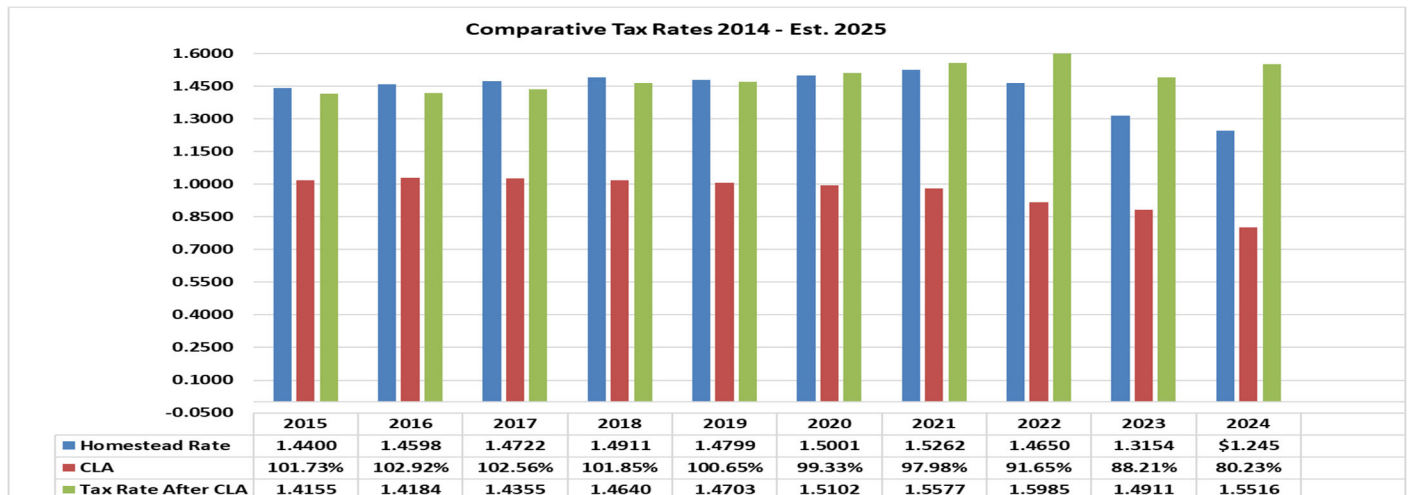
Cambridge Town School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended June 30, 2024

- **Enrollment:** Beginning in 2009, Cambridge experienced an upturn in enrollment. Unlike many of Vermont's schools, the Cambridge Town School District had not experienced a decline in student enrollment until FY2018. New housing starts, including low-income Section-8 housing, resulted in increases in birth rates and will correspond to an increased number of students. In 2018 and 2019, Cambridge experienced a drop in enrollment. However, fall of 2019 shows an increase. Cambridge expected to see further increase in students for 2021, however due to the COVID-19 pandemic, enrollment numbers across the Supervisory Union dropped.
- Under Act 127, effective July 2024, Equalized Pupil Counts (EPC), the basis of per pupil education funding, was replaced with Long Term Weighted Average Daily Membership (LT ADM). These numbers will bring more State education funding into LNSU as a whole as they allow for a more generous weighting for poverty, sparsity, and English Language Learners. Cambridge School District is on track to benefit from the new student weighting formulas. Additionally, the growth in LT ADM from FY2024 to FY2025 was be driven by new poverty definitions/qualifications that went into effect in the Fall of 2023.

| CES EPC/LT ADM | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 EPC | FY2024 LT ADM | FY2025 Final LT ADM | FY2026 Prelim LT ADM |
|--------------------|--------|--------|--------|--------|--------|------------|---------------|---------------------|----------------------|
| Elementary Schools | 329.83 | 311.62 | 301.58 | 306.46 | 293.62 | 289.8 | 415.37 | 516.19 | 513.24 |

- **Taxes:** Education property tax is a state-wide tax, not a local tax. A Town's education property tax is set by calculation of total budgeted cost per LT ADM in each district, divided by the State announced yield, also referred to as the District rate. The District rate is then adjusted by the Town's common level of appraisal (CLA). A CLA of over 100% has the effect of lowering the District rate while a CLA under 100% has the effect of increasing the District rate. As local property values increase, the CLA goes down in order to adjust the Town's Grand List to market values, which has the effect of increasing the tax rate, versus increasing the property values, presented on property tax bills.

The impact of the Common Level of Appraisal (Vermont's adjustment factor to bring a town's appraised values to fair market values) has affected Cambridge tax rates, but less so than in other Lamoille towns until market inflation caused during the COVID-19 pandemic caused property values to increase rapidly. In 2017, a reappraisal of property adjusted the C.L.A. Rates have dropped slightly each fiscal year since, as reflected, until FY22. Subsequently, fiscal year 2024 had a CLA rate of 80.23%, and fiscal year 2025, at the time this is being written, is at 71.82% (meaning the Town's grand list is 71.82% of market value):



Cambridge Town School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024

| | | |
|--|---------|--------|
| Common Level of Appraisal C.L.A. FY15: | 101.73% | |
| Common Level of Appraisal C.L.A. FY16: | 102.92% | |
| Common Level of Appraisal C.L.A. FY17: | 102.56% | |
| Common Level of Appraisal C.L.A. FY18: | 101.85% | |
| Common Level of Appraisal C.L.A. FY19: | 100.65% | |
| Common Level of Appraisal C.L.A. FY20: | 99.33% | |
| Common Level of Appraisal C.L.A. FY21: | 97.98% | |
| Common Level of Appraisal C.L.A. FY22: | 91.65% | |
| Common Level of Appraisal C.L.A. FY23: | 88.21% | |
| Common Level of Appraisal C.L.A. FY24: | 80.23% | |
| Common Level of Appraisal C.L.A. FY25: | | 71.82% |

- The Cambridge School District is a member of the Lamoille North Modified Unified Union School District #058B (LUSD). Cambridge sends all of its secondary students to LUSD. LUSD includes the Green Mountain Technology & Career Center.

Contact for Further Information:

This financial Report is designed to provide citizens, taxpayers, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions about this Report or additional financial information needs should be directed to Catherine Gallagher, Superintendent of Schools, 96 Cricket Hill Road, Hyde Park, VT 05655, at 802-851-1174 or cgallagher@insd.org.

Cambridge Town School District
DISTRICT-WIDE FINANCIAL STATEMENT
STATEMENT OF NET POSITION
June 30, 2024

ASSETS

| | <u>Governmental Activities</u> |
|---------------------------------|------------------------------------|
| CURRENT ASSETS | |
| Cash | \$ 1,021,494 |
| Due from LNSU | 124,222 |
| Due from other funds | 7,230 |
| Other receivables | 11,456 |
| Prepaid expenses | <u>21,148</u> |
| TOTAL CURRENT ASSETS | 1,185,550 |
| CAPITAL ASSETS, net | 5,508,552 |
| RIGHT TO USE ASSETS, net | <u>162,621</u> |
| TOTAL ASSETS | <u>\$ 6,856,723</u> |

LIABILITIES AND NET POSITION

| | |
|--|----------------------------|
| CURRENT LIABILITIES | |
| Accounts payable | \$ 78,658 |
| Accrued salaries and taxes | 39,025 |
| Current portion bonds payable | 305,000 |
| Current portion financed purchase obligation | 24,225 |
| Current portion operating lease payable | 49,663 |
| Unearned revenue | <u>100,847</u> |
| TOTAL CURRENT LIABILITIES | <u>597,418</u> |
| LONG-TERM LIABILITIES, net of current portion | |
| Bonds payable | 305,000 |
| Finance purchase obligation | 81,590 |
| Operating lease payable | 112,743 |
| Termination benefits payable | <u>38,757</u> |
| TOTAL LONG-TERM LIABILITIES, net of current portion | <u>538,090</u> |
| TOTAL LIABILITIES | <u>1,135,508</u> |
| NET POSITION | |
| Net investment in capital assets | 4,898,552 |
| Restricted | 274,560 |
| Unrestricted | <u>548,103</u> |
| TOTAL NET POSITION | <u>5,721,215</u> |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 6,856,723</u> |

See Accompanying Notes to Basic Financial Statements.

Cambridge Town School District
DISTRICT-WIDE FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN NET POSITION
For the Year Ended June 30, 2024

| Functions/Programs | Expenses | Charges for Services | Program Revenues | | Governmental Activities | Net (Expense) Revenue and Changes in Net Position |
|----------------------------------|--------------|-------------------------|-------------------------------------|-----------------------------------|----------------------------|--|
| | | | Operating Grants and Revenues | Capital Grants and Revenues | | |
| Governmental Activities: | | | | | | |
| Instruction Services | \$ 3,156,340 | \$ - | \$ 6,829,443 | \$ - | | \$ 3,673,103 |
| Instructional Technology | 86,768 | - | - | - | | (86,768) |
| Special Education | 41,216 | - | 76,983 | - | | 35,767 |
| Preschool Program | 264,245 | - | - | - | | (264,245) |
| Guidance Services | 357,631 | - | - | - | | (357,631) |
| Health Services | 75,900 | - | - | - | | (75,900) |
| Improvement of Instruction | 50,825 | - | - | - | | (50,825) |
| Educational Media Service | 85,708 | - | - | - | | (85,708) |
| Board/Fiscal/Audit | 19,182 | - | - | - | | (19,182) |
| Superintendent's Office | 1,124,608 | - | - | - | | (1,124,608) |
| Principal's Office | 294,552 | - | - | - | | (294,552) |
| Fiscal Services - Treasurer | 7,200 | - | - | - | | (7,200) |
| Maintenance of Plant | 613,037 | - | - | - | | (613,037) |
| Pupil Transportation | 119,502 | - | 1,326 | - | | (118,176) |
| Technical Services | 226,571 | - | - | - | | (226,571) |
| Food Service | 400,186 | - | 356,096 | - | | (44,090) |
| Construction | 5,350 | - | - | - | | (5,350) |
| Interest on Short Term Loans | 47,645 | - | - | - | | (47,645) |
| Interest Expense | 15,595 | - | - | - | | (15,595) |
| Miscellaneous Expense | 48,204 | - | - | - | | (48,204) |
| Depreciation - unallocated | 341,762 | - | - | - | | (341,762) |
| Total Governmental Activities | \$ 7,382,027 | \$ - | \$ 7,263,848 | \$ - | | (118,179) |
| General revenues: | | | | | | |
| Unrestricted Investment Earnings | | | | | | 115,881 |
| Loss on Sale of Assets | | | | | | (429) |
| Miscellaneous | | | | | | 95,941 |
| Total General Revenues | | | | | | 211,393 |
| Change in Net Position | | | | | | 93,214 |
| Net Position, beginning | | | | | | 5,628,001 |
| Net Position, ending | | | | | | \$ 5,721,215 |

See Accompanying Notes to Basic Financial Statements.

Cambridge Town School District
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2024

| | Governmental Fund Types | | | |
|--|-------------------------|-----------------------------|----------------------------|--------------|
| | General Fund | Capital Projects Fund | Special Revenue Fund | Total |
| <u>ASSETS</u> | | | | |
| CURRENT ASSETS | | | | |
| Cash | \$ 969,321 | \$ - | 52,173 | \$ 1,021,494 |
| Due from LNSU | 145,629 | - | - | 145,629 |
| Due from Other Funds | - | 50,681 | - | 50,681 |
| Other Receivables | 1,431 | - | - | 1,431 |
| Prepaid Expenses | 14,728 | - | - | 14,728 |
| TOTAL CURRENT ASSETS | \$ 1,131,109 | \$ 50,681 | \$ 52,173 | \$ 1,233,963 |
| <u>LIABILITIES AND FUND BALANCE</u> | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts Payable and Accrued Liabilities | \$ 82,814 | \$ - | \$ - | \$ 82,814 |
| Accrued Salaries and Taxes | 39,024 | - | - | 39,024 |
| Due to Other Funds | 45,399 | - | 5,282 | 50,681 |
| Unearned Revenue | 60,197 | - | 40,650 | 100,847 |
| TOTAL CURRENT LIABILITIES | 227,434 | - | 45,932 | 273,366 |
| FUND BALANCES | | | | |
| Nonspendable | 14,728 | - | - | 14,728 |
| Restricted | 268,319 | - | 6,241 | 274,560 |
| Committed | 298,792 | 50,681 | - | 349,473 |
| Unassigned | 321,836 | - | - | 321,836 |
| TOTAL FUND BALANCE | 903,675 | 50,681 | 6,241 | 960,597 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 1,131,109 | \$ 50,681 | \$ 52,173 | \$ 1,233,963 |

See Accompanying Notes to Basic Financial Statements.

Cambridge Town School District
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2024

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

Total fund balances - governmental funds \$ 960,597

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 expenses - long-term contract | 6,604 |
|---------------------------------------|-------|

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

| | |
|---------------------------|-------------|
| Capital Assets | 11,096,011 |
| Accumulated Depreciation | (5,587,459) |
| Right of Use Asset | 210,058 |
| Right of Use Amortization | (47,618) |

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 | (610,000) |
| Operating Leases Payable | (162,406) |
| Finance Lease Payable | (105,815) |
| Termination Benefits Payable | <u>(38,757)</u> |

Total net position - governmental activities \$ 5,721,215

See Accompanying Notes to Basic Financial Statements.

Cambridge Town School District
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2024

| | Governmental Fund Types | | | Total |
|---|-------------------------|-----------------------------|----------------------------|-------------------|
| | General Fund | Capital Projects Fund | Special Revenue Fund | |
| REVENUES | | | | |
| State Revenue | \$ 5,984,065 | \$ - | \$ - | \$ 5,984,065 |
| Federal Revenue | 237,222 | - | - | 237,222 |
| Medicaid Reimbursement | 76,983 | - | - | 76,983 |
| Food Service | 368,940 | - | - | 368,940 |
| Interest Income | 115,877 | - | 5 | 115,882 |
| Miscellaneous | 123,656 | - | 20,921 | 144,577 |
| TOTAL REVENUES | <u>6,906,743</u> | <u>-</u> | <u>20,926</u> | <u>6,927,669</u> |
| EXPENDITURES | | | | |
| Instruction Services | 2,135,706 | - | - | 2,135,706 |
| Art | 64,668 | - | - | 64,668 |
| Physical Education | 81,471 | - | - | 81,471 |
| Music/Band Services | 107,704 | - | - | 107,704 |
| Atheletics | 1,509 | - | - | 1,509 |
| Preschool Program | 272,116 | - | - | 272,116 |
| Guidance Services | 357,635 | - | - | 357,635 |
| Health Services | 75,900 | - | - | 75,900 |
| Improvement of Instruction | 51,679 | - | - | 51,679 |
| Instructional Technology | 86,768 | - | - | 86,768 |
| Board/Fiscal/Audit | 19,183 | - | - | 19,183 |
| Superintendent's Office | 1,124,608 | - | - | 1,124,608 |
| Principal's Office | 294,553 | - | - | 294,553 |
| Fiscal Services - Treasurer | 7,200 | - | - | 7,200 |
| Maintenance of Plant | 692,086 | 89,000 | - | 781,086 |
| Pupil Transportation | 166,068 | - | - | 166,068 |
| Technical Services | 232,348 | - | - | 232,348 |
| Education Media Service | 85,709 | - | - | 85,709 |
| Food Service | 408,946 | - | - | 408,946 |
| Interest on Short Term Loans | 47,645 | - | - | 47,645 |
| Debt Service | 342,001 | - | - | 342,001 |
| Educational Support Systems | 228,314 | - | - | 228,314 |
| Miscellaenous Expense | - | - | 20,905 | 20,905 |
| TOTAL EXPENDITURES | <u>6,883,817</u> | <u>89,000</u> | <u>20,905</u> | <u>6,993,722</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | 22,926 | (89,000) | 21 | (66,053) |
| OTHER FINANCING SOURCES | | | | |
| Transfer (to)/from Capital Projects | <u>(46,008)</u> | <u>46,008</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (23,082) | (42,992) | 21 | (66,053) |
| FUND BALANCE, Beginning of Year | <u>926,757</u> | <u>93,673</u> | <u>6,220</u> | <u>1,026,650</u> |
| FUND BALANCE, End of Year | <u>\$ 903,675</u> | <u>\$ 50,681</u> | <u>\$ 6,241</u> | <u>\$ 960,597</u> |

See Accompanying Notes to Basic Financial Statements.

Cambridge Town School District
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2024

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

Total net change in fund balances - governmental funds \$ (66,053)

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

Prepaid expenditures (4,370)

Long-term assets, are not realizable in the current period and therefore are not
 reported as expenditures in the funds.

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 (341,762)

Capital Outlays 162,700

Loss on Sale of Assets (429)

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

Retirement Benefits Reduction 7,870

Bond Payments 305,000

Lease Payments 30,258

Change in net position of governmental activities \$ 93,214

See Accompanying Notes to Basic Financial Statements.

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

District-Wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The School District reports the following major governmental funds:

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

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

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

Budgetary Data

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

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

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Cash and Cash Equivalents

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

Interfund Receivables and Payables

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

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

Capital Assets

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

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Long-term Obligations

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

Property Taxes

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

Government Wide Net Position

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

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

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

Unrestricted – all other net positions reported in this category.

Governmental Fund Balance

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

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

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

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Unassigned – All amounts not included in other classifications.

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

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

Estimates

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

NOTE 2 CASH

The cash deposits in the School District accounts as of June 30, 2024 consisted of the following:

| | <u>Book Balance</u> | <u>Bank Balance</u> |
|----------------|-------------------------|-------------------------|
| Insured (FDIC) | <u>\$ 1,021,494</u> | <u>\$ 1,132,862</u> |

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

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 is as follows:

| <u>Governmental activities:</u> | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|--------------------|------------------|---------------------------|
| Capital assets, not being depreciated | | | | |
| Land | \$ 466 | \$ - | \$ - | \$ 466 |
| Total capital assets, not being depreciated | <u>466</u> | <u>-</u> | <u>-</u> | <u>466</u> |
| Capital assets, being depreciated | | | | |
| Land improvements | 170,610 | - | - | 170,610 |
| Buildings and improvements | 9,955,997 | 298,980 | (161,924) | 10,093,053 |
| Furniture and equipment | 620,747 | - | (296,112) | 324,635 |
| Buses | <u>507,247</u> | <u>-</u> | <u>-</u> | <u>507,247</u> |
| Total capital assets, being depreciated | <u>11,254,601</u> | <u>298,980</u> | <u>(458,036)</u> | <u>11,095,545</u> |
| Accumulated depreciation for | | | | |
| Land improvements | (62,181) | (7,675) | - | (69,856) |
| Buildings and improvements | (4,814,765) | (260,621) | 161,924 | (4,913,462) |
| Furniture and equipment | (518,105) | (22,741) | 295,684 | (245,162) |
| Buses | <u>(308,254)</u> | <u>(50,725)</u> | <u>-</u> | <u>(358,979)</u> |
| Total accumulated depreciation | <u>(5,703,305)</u> | <u>(341,762)</u> | <u>457,608</u> | <u>(5,587,459)</u> |
| Total capital assets, being depreciated, net | <u>5,551,296</u> | <u>(42,782)</u> | <u>(428)</u> | <u>5,508,086</u> |
| Governmental activities capital assets, net | <u>\$ 5,551,762</u> | <u>\$ (42,782)</u> | <u>\$ (428)</u> | <u>\$ 5,508,552</u> |

NOTE 4 RIGHT TO USE ASSETS

Right of use asset activity for the year ended June 30, 2024 is as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|--------------------|------------------|---------------------------|
| Right to use assets, being amortized | | | | |
| Right to use | \$ 258,101 | \$ - | \$ - | \$ 258,101 |
| Total right to use assets, being amortized | <u>258,101</u> | <u>-</u> | <u>-</u> | <u>258,101</u> |
| Accumulated amortization for | | | | |
| Right to use | - | (95,480) | - | (95,480) |
| Total accumulated amortization | <u>-</u> | <u>(95,480)</u> | <u>-</u> | <u>(95,480)</u> |
| Right to Use Assets, net | <u>\$ 258,101</u> | <u>\$ (95,480)</u> | <u>\$ -</u> | <u>\$ 162,621</u> |

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 5 SHORT-TERM DEBT

Short-term debt consisted of the following:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--------------------------------|----------------------|--------------|----------------|-------------------|
| Tax Anticipation Note at 3.80% | \$ - | \$ 1,269,418 | \$ (1,269,418) | \$ - |

NOTE 6 BONDS PAYABLE

The district had the following bond payable at June 30, 2024:

| | Beginning Balance | Additions | Deletions | Ending Balance | Current Portion |
|--|----------------------|-----------|------------|-------------------|--------------------|
| Vermont Municipal Bond Bank, 20 yr. bond, dated July 2005, variable interest due semi- annually, principal payable annually in declining amounts through December 2025. | \$ 915,000 | \$ - | \$ 305,000 | \$ 610,000 | \$ 305,000 |

Maturities of bonds payable are as follows:

| | Principal | Interest | Savings Allocation | Total |
|-------|------------|-----------|-----------------------|------------|
| 2025 | \$ 305,000 | \$ 20,862 | \$ (17,032) | \$ 308,830 |
| 2026 | 305,000 | 6,985 | (8,964) | 303,021 |
| TOTAL | \$ 610,000 | \$ 27,847 | \$ (25,996) | \$ 611,851 |

NOTE 7 OPERATING LEASES

Lease agreements are summarized as follows:

| Describe | Date | Payment Terms | Payment Amount | Interest Rate | Total Lease Liability | Ending Balance |
|------------------------|-----------|------------------|-------------------|------------------|--------------------------|-------------------|
| Xerox Copier Lease | 3/23/2023 | 42 Months | \$ 1,625 | 2.08% | \$ 32,652 | \$ 23,109 |
| Bus Lease | 4/15/2023 | 3 Years | 45,993 | 4.65% | 177,406 | 139,297 |
| Total Lease Agreements | | | | | | \$ 162,406 |

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 7 OPERATING LEASES (continued)

The copier lease is used among the schools. The lease has a term of 42 months. At the initial measurement, there was no interest rate specified in the original lease agreement. The district used the interest rate for borrowings during FY 2023. The borrowing rate for those borrowings were 2.08% which was the discount rate used to discount the annual lease payments to recognize the intangible right to use asset and the lease liability as of June 30, 2023.

The buses are leased for the transportation of students. The lease has a term of 3 years at a fixed interest rate of 4.65%.

Annual requirements to amortize operating lease obligations and related interest are as follows:

| Year Ending June 30, | <u>Principal</u> | <u>Interest</u> |
|-------------------------|-------------------|------------------|
| 2025 | \$ 49,663 | \$ 7,049 |
| 2026 | 109,325 | 4,677 |
| 2027 | <u>3,418</u> | <u>22</u> |
| TOTAL | <u>\$ 162,406</u> | <u>\$ 11,748</u> |

NOTE 8 FINANCED PURCHASE OBLIGATIONS

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> | <u>Current Portion</u> |
|---|------------------------------|------------------|------------------|---------------------------|----------------------------|
| Municipal Lease Consultants, LLC for wood pellet boiler system, 5 years, dated August 1, 2023, annual payments of 30,465 including interest at 5.897% due August 1, 2027 | \$ - | \$ 136,280 | \$ (30,465) | \$ 105,815 | \$ 24,225 |

Scheduled maturities of financed purchase obligations are as follows at June 30, 2024:

| Year Ending June 30, | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------|-------------------|------------------|-------------------|
| 2025 | \$ 24,225 | \$ 6,240 | \$ 30,465 |
| 2026 | 25,654 | 4,811 | 30,465 |
| 2027 | 27,167 | 3,298 | 30,465 |
| 2028 | <u>28,769</u> | <u>1,696</u> | <u>30,465</u> |
| TOTAL | <u>\$ 105,815</u> | <u>\$ 16,045</u> | <u>\$ 121,860</u> |

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 9 TERMINATION BENEFITS

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

Support staff with a minimum of ten (10) years continuous service & reached age 55 upon termination shall receive pay for all unused, accumulated sick leave at the rate of \$50/day, subject to a maximum cap of \$7,500. Excludes non-union employees.

The amount of these termination benefits accumulated as of June 30, 2024 is \$38,757.

| | 06/30/2023 Balance | Additions | Principal Reduction | 06/30/2024 Balance |
|----------------------|-----------------------|-----------|------------------------|-----------------------|
| Termination Benefits | \$ 46,627 | \$ 1,283 | \$ (9,153) | \$ 38,757 |

NOTE 10 DEFINED CONTRIBUTION PLAN

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

Lamoille North Supervisory Union began a retirement plan on July 1, 2008. Under this new plan, employees hired prior to July 1, 2008, will receive an employer match of up to 4% of eligible wages. Employees hired after July 1 will receive an employer match of up to 3% of eligible employee wages. Covered wages under the plan were \$307,283. Contributions by the District were \$9,492 during fiscal year 2024.

NOTE 11 TEACHERS RETIREMENT

Information Required Under GASB Statement No. 68

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

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 11 TEACHERS RETIREMENT (continued)

Reporting Date, Measurement Date, and Valuation Date

Net pension liabilities, deferred pension outflows of resources, deferred pension inflows of resources, and pension expense are all presented as of the Cambridge Town School District's reporting date (June 30, 2024) and for the Cambridge Town School District's reporting period (the year ended June 30, 2024). 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, 2024, the State has chosen to use the end of the prior fiscal year (June 30, 2023) as the measurement date, and the year ended June 30, 2023 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, 2022, to the measurement date of June 30, 2023.

Schedule A – Employers' Allocation as of June 30, 2022

| Fiscal Year Ended June 30, 2022 | | | | | | |
|---------------------------------|---------------------|-----------------------|-------------------------|------------------------|---|---|
| 2022 Allocated Contribution | Employer Proportion | Net Pension Liability | Total Deferred Outflows | Total Deferred Inflows | Net Pension Liability 1% Decrease (6.50% Disc Rate) | Net Pension Liability 1% Increase (8.50% Disc Rate) |
| \$ 1,886,088 | 0.24986% | \$ 4,818,655 | \$ 1,120,480 | \$ 37,358 | \$ 6,134,598 | \$ 3,725,346 |

Schedule B – Employers' Allocation as of June 30, 2023

| Fiscal Year Ended June 30, 2023 | | | | | | |
|---------------------------------|---------------------|-----------------------|-------------------------|------------------------|---|---|
| 2023 Covered Payroll | 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) |
| \$ 1,991,924 | 0.25173% | \$ 4,707,479 | \$ 751,263 | \$ 37,358 | \$ 6,063,768 | \$ 3,576,460 |

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 11 TEACHERS RETIREMENT (continued)

Schedule C- Employer's Allocation as of June 30, 2023

| Deferred Outflows of Resources | | | | | | | |
|--------------------------------|-----------------------|---|---|------------------------|---|---------------------|-------------------------|
| Employer Proportion | Net Pension Liability | Difference Between Expected and Actual Experience | Difference Between Projected and Actual Investment Earnings | Changes in Assumptions | Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | Changes in Benefits | Total Deferred Outflows |
| 0.25173% | \$ 4,707,479 | \$ 231,249 | \$ 221,560 | \$ - | \$ 298,454 | \$ - | \$ 751,263 |

| Deferred Inflows of Resources | | | | |
|---|------------------------|---|---|------------------------|
| Difference Between Expected and Actual Experience | Changes in Assumptions | Difference Between Projected and Actual Investment Earnings | Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | Total Deferred Inflows |
| \$ - | \$ 37,358 | \$ - | \$ - | \$ 37,358 |

| 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 |
| \$ 688,525 | \$ 11,225 | \$ 699,750 |

Schedule D – Employer's Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 2023

| Fiscal Year Ending June 30, | | | | | |
|-----------------------------|------------|------------|-----------|----------|------------|
| 2024 | 2025 | 2026 | 2027 | 2028 | Thereafter |
| \$ 170,941 | \$ 141,550 | \$ 331,364 | \$ 66,081 | \$ 3,968 | \$ - |

Cambridge Town School District
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2024

NOTE 11 TEACHERS RETIREMENT (continued)

Schedule E – Covered Payroll

| FY 2023 | FY 2022 | FY 2021 |
|--------------|--------------|--------------|
| \$ 1,991,924 | \$ 1,691,197 | \$ 1,590,042 |

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 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 Annual Comprehensive Financial Report (ACFR). The ACFR 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, 2024, the retirement system consisted of 130 participating employees.

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:

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 11 TEACHERS RETIREMENT (continued)

| VSTRS | GROUP A | GROUP C - GROUP #1* | Group C - Group #2++ |
|--|---|---|---|
| Normal service retirement eligibility (no reduction) | Age 60 or with 30 years of creditable service | Age 62 or with 30 years of creditable service | Age 65 or age plus creditable service equal to 90 |
| Average Final Compensation (AFC) | Average annual compensation during highest 3 consecutive years | Average annual compensation during highest 3 consecutive years | Average annual compensation during highest 3 consecutive years |
| Benefit formula - normal service retirement | 1.67% x creditable service x AFC | 1.25% x creditable service prior to 6/30/90 x AFC + 1.67% x creditable service after 7/1/90 x AFC | 1.25% x creditable 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 normal retirement | 50% CPI, up to a maximum of 4% after 12 months of normal retirement | 50% CPI, up to a maximum of 5%, after 12 months of normal retirement |
| Early Retirement Eligibility | Age 55 | Age 50 with 5 years of service | Age 50 with 5 years of service |
| Early Retirement Reduction | Actuarial | 6% per year from age 62 | Actuarial reduction |
| Disability Benefits | Unreduced, accrued benefit minimum of 25% of AFC | Unreduced, accrued benefit minimum of 25% of AFC | Unreduced, accrued benefit minimum of 25% of AFC |
| Death-in-Service Benefit | Accrued retirement benefit with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently | Accrued retirement benefit with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently | Accrued retirement benefit with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently |

* 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, 2023 was determined based on the June 30, 2022 actuarial valuation:

Investment rate of return: 7.00%

Salary Increases: Ranging from 3.30% to 10.50%.

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 11 TEACHERS RETIREMENT (continued)

Mortality:

Pre-retirement: PubT-2010 Teacher Employee Amount-Weighted Table with generational projection using scale MP-2021

Retiree Healthy Post-retirement: PubT-2010 Teacher Retiree Table Amount-Weighted Table, with creditability adjustments of 103% and 93% for the Male and Female tables, respectively, with generational projection using scale MP-2021

Beneficiary Healthy Post-retirement: PubT-2010 Teacher Employee Amount-Weighted Table with generational projection using scale MP-2021

Disabled Post-retirement: PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2021

Inflation: 2.3%

Spouse's Age: Females three years younger than males

Cost-of-Living Adjustments: 1.20% (5.00% for 2023 and 1.10% for 2024) for Group A members and 1.20% (2.50% for 2023 and 1.10% for 2024) 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.

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

Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by 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, 2023 are summarized in the following table:

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 12 TEACHERS RETIREMENT (continued)

| Asset Class | Target Asset Allocation | Long-Term Expected Real Rate of Return |
|--------------------------------|--------------------------------|---|
| Global Equities | 44.00% | 5.35% |
| Private Equity | 10.00% | 7.50% |
| Emerging Market Debt | 2.00% | 5.00% |
| Private and Alternative Credit | 10.00% | 5.50% |
| Non-Core Real Estate | 4.00% | 5.50% |
| Core Fixed Income | 19.00% | 1.50% |
| Core Real Estate | 4.00% | 3.25% |
| US TIPS | 2.00% | 1.50% |
| Infrastructure/Farmland | <u>5.00%</u> | 4.25% |
| | 100.00% | |

Discount rate

The discount rate used to measure the total pension liability was 7.00%. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the System’s projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectation that employers will contribute to contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is compromised on an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

| 1% Decrease (6.00%) | Discount Rate (7.00%) | 1% Increase (8.00%) |
|---------------------|-----------------------|---------------------|
| \$ 6,063,768 | \$ 4,707,479 | \$ 3,576,460 |

During the year ended June 30, 2024 the state of Vermont contributed \$553,517 on behalf of Cambridge Town School District.

NOTE 12 OTHER POST EMPLOYMENT BENEFITS (OPEB)

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

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 12 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Schedule A – Employers’ Allocation

| 2022 Employer Proportion | 2023 Employer Proportion | Net OPEB Liability | Total Deferred Outflows | Total Deferred Inflows | Net OPEB Liability - 1% Decrease in Discount Rate (6.00%) | Net OPEB Liability - 1% Increase in Discount Rate (8.00%) | Net OPEB Liability - 1% Decrease in Healthcare Cost Trend Rates | Net OPEB Liability - 1% Increase in Healthcare Cost Trend Rates |
|--------------------------------|--------------------------------|--------------------------|-------------------------------|------------------------------|---|---|---|---|
| 0.30215% | 0.31206% | \$ 2,432,655 | \$ 562,772 | \$ 1,305,200 | \$ 2,794,454 | \$ 2,132,132 | \$ 2,091,595 | \$ 2,858,704 |

Schedule B – Employers Allocation of OPEB Amounts as of June 30, 2023

| Deferred Outflows of Resources | | | | | | |
|--------------------------------|--------------------------|---|---------------------------|--|---|-------------------------------|
| Employer Proportion | Net OPEB Liability | Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | Changes in Assumptions | Difference Between Projected and Actual Investment Earnings | Difference Between Expected and Actual Experience | Total Deferred Outflows |
| 0.31206% | \$ 2,432,655 | \$ 261,546 | \$ 172,109 | \$ - | \$ 129,117 | \$ 562,772 |

| Deferred Inflows of Resources | | | | |
|---|---------------------------|--|---|------------------------------|
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | Changes in Assumptions | Difference Between Projected and Actual Investment Earnings | Difference Between Expected and Actual Experience | Total Deferred Inflows |
| \$ 5,604 | \$ 1,291,021 | \$ 8,575 | \$ - | \$ 1,305,200 |

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 12 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

| OPEB Expense Recognized | | |
|--|--|-----------------------------|
| Proportionate Share of Plan OPEB Expense | Net Amortization of Deferred Amounts from Change in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | Total Employer OPEB Expense |
| \$ 124,871 | \$ 17,520 | \$ 142,391 |

Schedule C – Employers’ Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 20234

| Fiscal Year | | | | |
|--------------|--------------|--------------|-------------|------------|
| 2025 | 2026 | 2027 | 2028 | Thereafter |
| \$ (178,126) | \$ (178,601) | \$ (206,836) | \$ (37,788) | \$ 14,851 |

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, 2023, the plan consisted of 144 participating employers.

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

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

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 12 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Summary of Plan

Eligibility:

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

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

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

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

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

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

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

Duration of Coverage: Lifetime.

Spousal Benefits: Same benefits as for retirees.

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:

Cambridge Town School District
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2024

NOTE 12 OTHER POST EMPLOYMENT BENEFITS (OPEB) (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: 7.00%

Cambridge Town School District
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2024

NOTE 12 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

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

| Age | Annual Rate of Salary Increase |
|-----|--------------------------------|
| 20 | 8.50% |
| 25 | 7.53% |
| 30 | 6.36% |
| 35 | 5.77% |
| 40 | 5.27% |
| 45 | 4.67% |
| 50 | 4.18% |
| 55 | 3.77% |
| 60 | 3.57% |
| 65 | 3.19% |

Retiree Contributions: Retiree contributions were assumed to increase with health trend. Retiree contribution rates were based on premiums effective January 1, 2024, trended back to the valuation date.

Mortality Rates: Pre-retirement mortality:
 PubT-2010 Teacher Employee Headcount-Weighted Table with generational projection using scale MP-2021.

Post-retirement mortality:
 Retiree: PubT-2010 Teacher Healthy Retiree Headcount-Weighted Table with generational projection using scale MP-2021.

Spouses: Pub2010 Contingent Survivor Headcount-Weighted Table with generational projection using scale MP-2021.

Disabled mortality: PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table with generational projection using scale MP-2021.

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

Asset Valuation Method: Market Value

Measurement Date: June 30, 2023

Actuarial Valuation Date: June 30, 2022

Cambridge Town School District
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2024

NOTE 12 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Per Capita Cost Development:

Non-Medicare Medical and Prescription Drug

Per capita claims costs were based on a weighted average of the margin-free pro forma premium rates effective January 1, 2024. Actuarial factors were then applied to the weighted average cost to estimate individual retiree and spouse costs by age and by gender.

Medicare Medical and Prescription Drug \$300 Comprehensive and JY Plan:

Per capita claims costs were based on a weighted average of the premium rates effective January 1, 2024. Actuarial factors were then applied to the weighted average cost to estimate individual retiree and spouse costs by age and by gender.

Medicare Medical VSTRS 65:

Per capita claims costs were based on a weighted average of the premium rates effective January 1, 2024. 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 expenses were based on expenses effective for calendar year 2024.

Per Capita Health Costs:

Medical and prescription drug claims for the year beginning July 1, 2023, are shown in the table below for retirees and for spouses at selected ages. These costs are net of deductibles and other benefit plan cost sharing provisions.

| Age | Non-Medicare | | Male | Female |
|-----|--------------|-----------|------|--------|
| | Male | Female | | |
| 50 | \$ 13,076 | \$ 13,807 | | |
| 55 | 14,755 | 14,988 | | |
| 60 | 16,989 | 16,248 | | |
| 64 | 20,647 | 17,639 | | |

| Age | Medicare \$300 Comprehensive and JY Plan | | Medicare VSTRS 65 | |
|-----|--|--------|-------------------|--------|
| | Male | Female | Male | Female |
| 65 | 4,209 | 3,496 | 1,819 | 1,511 |
| 70 | 4,727 | 3,911 | 2,043 | 1,690 |
| 75 | 5,222 | 4,112 | 2,257 | 1,777 |

Administrative Expenses:

For participants under age 65 with health and welfare coverage, an annual administrative expense of \$128 for the year beginning July 1, 2023, was added to projected incurred claim costs in developing the benefit obligations. The annual administrative expenses are projected to increase at 3.0% per year thereafter.

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 12 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Health Care Cost Trend Rates:

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

| Year Ending June 30, | Rate (%) | | |
|-------------------------|--------------|--|-------------------|
| | Non-Medicare | Medicare \$300 Comprehensive and JY Plan | Medicare VSTRS 65 |
| 2024 | 7.390 | 6.900 | 4.5 |
| 2025 | 7.140 | 6.700 | 4.5 |
| 2026 | 6.890 | 6.500 | 4.5 |
| 2027 | 6.640 | 6.300 | 4.5 |
| 2028 | 6.390 | 6.100 | 4.5 |
| 2029 | 6.140 | 5.900 | 4.5 |
| 2030 | 5.890 | 5.700 | 4.5 |
| 2031 | 5.640 | 5.500 | 4.5 |
| 2032 | 5.390 | 5.300 | 4.5 |
| 2033 | 5.140 | 5.100 | 4.5 |
| 2034 | 4.890 | 4.900 | 4.5 |
| 2035 | 4.640 | 4.700 | 4.5 |
| 2036 & Later | 4.500 | 4.500 | 4.5 |

The trend rate assumptions were developed using Segal's internal guidelines, which are established each year using data sources such as the 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, 2024, trended back to the valuation date.

Health Care Reform Assumption:

The valuation does not reflect the potential impact of any future changes due to prior or pending legislation.

During the year ended June 30, 2024 the state of Vermont contributed \$124,871 on behalf of Cambridge Town School District.

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 13 ASSESSMENTS

Supervisory Union Assessment

The District also pays for its proportionate share of expenses relating to the Lamoille North Supervisory Union. The District paid \$1,124,608 of such expenses during the year ended June 30, 2024.

NOTE 14 RISK MANAGEMENT

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

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

To provide unemployment coverage, VSBIT has established a separate trust of funds from member contributions to pay administrative costs, unemployment claims and provide excess reinsurance protection. Contributions are based on payroll expenses 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 15 CONTINGENCY

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

NOTE 16 NON-CASH TRANSACTIONS

The Cambridge Town School District received Federal Commodities for use in food service in the amount of \$17,479 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.

Cambridge Town School District
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2024

NOTE 17 NONSPENDABLE/ COMMITTED/ RESTRICTED FUND BALANCES

Nonspendable Fund Balance at June 30, 2023 is as follows:

| | | |
|------------------|--|------------------|
| General Fund: | | |
| Prepaid Expenses | | \$ <u>14,728</u> |

Committed Fund Balance at June 30, 2023 are as follows:

| | | |
|--|---------------|--|
| General Fund: | | |
| Committed for Sweet Property | \$ 50,000 | |
| Committed for Sweet CD Interest | 4,957 | |
| Committed for Capital Expenditures FY 25 | 105,886 | |
| Committed for Student Pandemic Recovery | 122,408 | |
| Committed for 21st Century | 372 | |
| Committed for HRA | <u>15,169</u> | |

| | |
|--------------------|-------------------|
| Total General Fund | \$ <u>298,792</u> |
|--------------------|-------------------|

| | |
|------------------------------------|------------------|
| Capital Projects Fund: | |
| Committed for Capital Expenditures | \$ <u>50,681</u> |

| | |
|--|-------------------|
| Restricted Fund Balance at June 30, 2023 are as follows: | |
| Restricted for Food Service | \$ <u>268,319</u> |

| | |
|--|-----------------|
| Restricted for Special Reserve- Petty Cash | \$ <u>6,241</u> |
|--|-----------------|

NOTE 18 COLLECTIVE BARGAINING AGREEMENTS

The District has entered into two collective bargaining agreements with the Lamoille North Education Association. The support staff collective bargaining agreement and the teacher collective bargaining agreement. The support staff agreement expired on June 30, 2024, while the teacher agreement expires on June 30, 2025. A new support staff agreement is in process, for the period July 1, 2025 – June 30, 2026.

Cambridge Town School District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 19 INTERFUND RECEIVABLE AND PAYABLE BALANCES

| | Interfund Receivables | Interfund Payables |
|---|--------------------------|-----------------------|
| General Fund | \$ - | 45,399 |
| Capital Projects Fund | 50,681 | - |
| Special Revenue Fund | - | 5,282 |
| Total Fund Financial Statement Balances | \$ 50,681 | \$ 50,681 |

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

NOTE 20 EXPENDITURES OVER BUDGET

The General Fund’s expenditures exceeded budgeted amounts by \$68,651. The excess was completely offset by revenues that exceeded the budget amounts by \$285,593. The School District budgeted for a loss of \$333,004.

NOTE 21 SUBSEQUENT EVENTS

On July 1, 2024, the School District obtained a Tax Anticipation Note for \$2,106,544. The note is due with 4.75% interest on June 30, 2025.

In accordance with professional accounting standards, the School District has evaluated subsequent events through November 6, 2024, which is the date the financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2024, have been incorporated into these basic financial statements herein.

REQUIRED SUPPLEMENTARY INFORMATION

Cambridge Town School District
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2024

| | Budgeted Amounts | | Actual | Variance with |
|--|------------------|------------------|------------------|------------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| REVENUES | | | | |
| State Grants: | | | | |
| Education Spending Grant - General Support | \$ 5,871,836 | \$ 5,871,836 | \$ 5,871,836 | \$ - |
| Other State Grants | - | 123,551 | 112,229 | (11,322) |
| Federal Grants: | | | | |
| IDEA B Grant | 13,481 | - | - | - |
| Consolidated Federal Program | 155,514 | 67,383 | 29,434 | (37,949) |
| Other Federal Grants | 271,666 | 144,410 | 207,788 | 63,378 |
| Medicaid/EPSTD Reimbursement | 20,000 | 20,000 | 76,983 | 56,983 |
| Food Service | - | 275,803 | 368,940 | 93,137 |
| Interest Income | 30,000 | 30,000 | 115,877 | 85,877 |
| Miscellaneous | 14,000 | 69,000 | 123,656 | 54,656 |
| TOTAL REVENUES | 6,376,497 | 6,601,983 | 6,906,743 | 304,760 |
| EXPENDITURES | | | | |
| Instruction Services | 2,084,285 | 2,055,288 | 2,135,706 | (80,418) |
| Art | 66,366 | 66,366 | 64,668 | 1,698 |
| Physical Education | 80,878 | 80,878 | 81,471 | (593) |
| Music/Band Services | 104,601 | 104,601 | 107,704 | (3,103) |
| Athletics | - | - | 1,509 | (1,509) |
| EEE Expenditure | 13,481 | - | - | - |
| Preschool Program | 314,404 | 314,404 | 272,116 | 42,288 |
| Guidance Services | 313,994 | 332,154 | 357,635 | (25,481) |
| Health Services | 77,887 | 77,887 | 75,900 | 1,987 |
| Improvement of Instruction | 79,935 | 79,935 | 51,679 | 28,256 |
| Education Media Service | 80,428 | 80,428 | 85,709 | (5,281) |
| Instructional Technology | 101,350 | 101,350 | 86,768 | 14,582 |
| Board/Fiscal/Audit | 20,412 | 20,412 | 19,183 | 1,229 |
| Superintendent's Office | 1,124,608 | 1,124,608 | 1,124,608 | - |
| Principal's Office | 293,509 | 293,509 | 294,553 | (1,044) |
| Fiscal Services - Treasurer | 7,200 | 7,200 | 7,200 | - |
| Maintenance of Plant | 621,819 | 621,819 | 692,086 | (70,267) |
| Pupil Transportation | 328,361 | 328,361 | 166,068 | 162,293 |

See Accompanying Notes to Basic Financial Statements.

EXPENDITURES (continued)

Cambridge Town School District
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2024

| | Budgeted Amounts | | Actual | Variance with |
|--|-------------------------|-------------------------|------------------------|------------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| Technical Service | 256,321 | 256,321 | 232,348 | 23,973 |
| Food Service | 150,878 | 426,681 | 408,946 | 17,735 |
| Interest on Short Term Loans | 40,000 | 40,000 | 47,645 | (7,645) |
| Debt Service | 321,278 | 321,278 | 342,001 | (20,723) |
| Educational Support Systems | 227,507 | 201,507 | 228,314 | (26,807) |
| TOTAL EXPENDITURES | <u>6,709,501</u> | <u>6,934,987</u> | <u>6,883,817</u> | <u>51,170</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (333,004) | (333,004) | 22,926 | 355,930 |
| OTHER FINANCING SOURCES | | | | |
| Transfers | <u>-</u> | <u>-</u> | <u>(46,008)</u> | <u>(46,008)</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (333,004)</u> | <u>\$ (333,004)</u> | <u>\$ (23,082)</u> | <u>\$ 309,922</u> |

See Accompanying Notes to Basic Financial Statements.

Cambridge Town School District
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2024

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2013</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| District's proportion of the net pension liability (asset) | 0.25179% | 0.24986% | 0.23317% | 0.22276% | 0.24185% | 0.24700% | 0.25252% | 0.31669% | 0.3232% | 0.3241% |
| State's proportionate share of the net pension liability (asset) associated with the District | <u>\$ 4,707,479</u> | <u>\$ 4,818,655</u> | <u>\$ 3,953,410</u> | <u>\$ 4,346,370</u> | <u>\$ 3,774,296</u> | <u>\$ 3,721,386</u> | <u>\$ 3,743,433</u> | <u>\$ 4,147,100</u> | <u>\$ 3,834,209</u> | <u>\$ 3,106,605</u> |
| Total | <u>\$ 4,707,479</u> | <u>\$ 4,818,655</u> | <u>\$ 3,953,410</u> | <u>\$ 4,346,370</u> | <u>\$ 3,774,296</u> | <u>\$ 3,721,386</u> | <u>\$ 3,743,433</u> | <u>\$ 4,147,100</u> | <u>\$ 3,834,209</u> | <u>\$ 3,106,605</u> |
| District's covered-employee payroll | <u>\$ 1,991,924</u> | <u>\$ 1,886,088</u> | <u>\$ 1,590,042</u> | <u>\$ 1,623,114</u> | <u>\$ 1,661,799</u> | <u>\$ 1,664,122</u> | <u>\$ 1,668,906</u> | <u>\$ 1,802,243</u> | <u>\$ 1,837,366</u> | <u>\$ 1,799,673</u> |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Plan fiduciary net position as a percentage of the total pension liability | 57.48% | 54.81% | 58.83% | 50.00% | 54.96% | 54.81% | 53.98% | 55.31% | 58.22% | 64.02% |

Significant Actuarial Assumptions and methods are described in Note 10 to the financial statements. There were no changes in actuarial assumptions during the year ended June 30, 2023.

See Accompanying to Basic Financial Statements

Cambridge Town School District
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 For the Year Ended June 30, 2024

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| District's proportion of the net OPEB liability (asset) | 0.31206% | 0.302150% | 0.02870% | 0.27740% | 0.31489% | 0.3149% |
| State's proportionate share of the net OPEB liability (asset) associated with the District | <u>\$ 2,432,655</u> | <u>\$ 2,168,977</u> | <u>\$ 3,661,206</u> | <u>\$ 3,493,638</u> | <u>\$ 3,012,559</u> | <u>\$ 3,004,951</u> |
| Total | <u>\$ 2,432,655</u> | <u>\$ 2,168,977</u> | <u>\$ 3,661,206</u> | <u>\$ 3,493,638</u> | <u>\$ 3,012,559</u> | <u>\$ 3,004,951</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 8.48% | 5.34% | 1.13% | 0.69% | 0.03% | -2.85% |

Significant Actuarial Assumptions and methods are described in Note 12 to the financial statements. The following were changes in assumptions during the year ended June 30, 2024.

Benefit Changes:

None.

Changes of Assumptions:

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

The assumed health trend rates were modified.

The actuarial factors used to estimate individual retiree and spouse costs by age and gender were updated

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

The percentage of future retirees assumed to elect coverage was increased from 75% to 85% for those eligible for a subsidy and decreased from 15% to 10% for those not eligible for a subsidy.

See Accompanying Notes to Basic Financial Statements

OTHER REPORTING REQUIRED BY GOVERNMENT
AUDITING STANDARDS

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

To the School Board
Cambridge Town 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, each major fund, and the aggregate remaining fund information of Cambridge Town School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Cambridge Town School District's basic financial statements and have issued our report thereon dated November 6, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cambridge Town School District's internal control over financial reporting (internal control) 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 Cambridge Town School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Cambridge Town School District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cambridge Town 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.

St. Albans, Vermont
November 6, 2024