# Audited Financial Statements and Other Financial Information 

# Mount Ascutney School District 

June 30, 2022


Proven Expertise \& Integrity

# MOUNT ASCUTNEY SCHOOL DISTRICT 

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## INDEPENDENT AUDITOR'S REPORT

School Board
Mount Ascutney School District
Mount Ascutney, Vermont
Report on the Audit of the Financial Statements

## Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Mount Ascutney School District, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Mount Ascutney School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Mount Ascutney School District as of June 30, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Mount Ascutney 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.

[^0]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 Mount Ascutney 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 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 GAAS 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 GAAS and Government Auditing Standards, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements 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 controls 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 the Mount Ascutney 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 doubt about the Mount Ascutney 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, budgetary comparison information, pension and OPEB information on pages 5 through 10 and 63 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mount Ascutney School District's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 7, 2023 on our consideration of the Mount Ascutney School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 Mount Ascutney 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 the Mount Ascutney School District's internal control over financial reporting and compliance.


Buxton, Maine
Vermont Registration No. 092.0000697
April 7, 2023

# REQUIRED SUPPLEMENTARY INFORMATION MANAGEMENT'S DISCUSSION AND ANALYSIS <br> JUNE 30, 2022 

(UNAUDITED)
The following management's discussion and analysis of the Mount Ascutney School District's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the School District's financial statements.

## Financial Statement Overview

The School District's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule and pension and OPEB schedules and other supplementary information which includes combining and other schedules.

## Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

## Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the School District's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the School District's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The governmentwide financial statements include the following two statements:

The Statement of Net Position - this statement presents all of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above-mentioned financial statements have separate columns for the two different types of District activities. The types of activities presented for the School District are:

- Governmental activities - The activities in this section are mostly supported by intergovernmental revenues (federal and state grants). Most of the School District's basic services are reported in governmental activities, which include school instruction, Board of Education, superintendent's office, operations and maintenance, transportation and program expenses.
- Business-type activities - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Mount Ascutney School District include the adventure club fund.


## Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the School District can be classified into three categories: governmental, proprietary and fiduciary funds.

Governmental funds: Most of the basic services provided by the School District are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the School District's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the School District.

Because the focus of governmental funds is narrower than that of governmentwide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These
reconciliations are presented on the page immediately following each governmental fund financial statement.

The School District presents four columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The School District's major funds are the general fund, ESSER II fund and capital reserve fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the School District legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the Mount Ascutney School District. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the District's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

## Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Changes in Net Position - Fiduciary Funds.

## Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pensions, Schedule of Proportionate Share of the Net OPEB Liability, Schedule of Contributions - OPEB and Notes to Required Supplementary Information.

## Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

## Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the School District's governmental and business-type activities. The School District's total net position for governmental activities decreased by $\$ 229,353$ from $\$ 9,336,225$ to $\$ 9,106,872$. For business-type activities, the School District's total net position decreased by $\$ 0$ to a deficit balance of $\$ 1,470$.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased for governmental activities to a balance of $\$ 1,392,638$ for the year.

Table 1
Mount Ascutney School District
Net Position
June 30,
$\frac{\text { Governmental Activities }}{2022} \frac{}{2021} \frac{\text { Business-Type Activities }}{2022}-\frac{2021}{2}-$

## Assets

Current Assets
Noncurrent Assets - Capital Assets Total Assets

| \$ 1,813,531 | \$ 1,787,050 | \$ | - | \$ |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 7,885,901 | 8,144,318 |  | - |  |  |
| 9,699,432 | 9,931,368 |  | - |  |  |

Deferred Outflows of Resources
Deferred Outflows Related to Pensions
Total Deferred Outflows of Resources

| 226,601 | 191,064 | - | - |
| :---: | :---: | :---: | :---: |
| 226,601 | 191,064 | - | - |
| 393,001 | 255,509 | 1,470 | - |
| 313,273 | 411,172 | - | - |
| 706,274 | 666,681 | 1,470 | - |

Deferred Inflows of Resources
Deferred Inflows Related to Pensions
Total Deferred Inflows of Resources
$\frac{112,887}{112,887} \frac{119,526}{119,526}-\frac{-}{-}-\frac{-}{-}$

## Net Position

Net Investment in Capital Assets
Restricted
Unrestricted (deficit)
Total Net Position

| 7,690,901 | 7,869,318 |  | - |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 23,333 | 23,330 |  | - |  |  |
| 1,392,638 | 1,443,577 |  | $(1,470)$ |  | - |
| \$ 9,106,872 | \$ 9,336,225 | \$ | $(1,470)$ | \$ | - |

## Revenues and Expenses

The School District's revenues increased by 10.71\% from the prior year and expenses increased by $19.19 \%$. The increase in revenue was primarily due to operating grants and contributions. The increase in expenses was primarily due to the Superintendent's office, operations and maintenance and on behalf payments.

Table 2
Mount Ascutney School District
Change in Net Position
For the Year Ended June 30,
$\frac{\text { Governmental Activities }}{2022} \frac{}{2021}-\frac{\text { Business-type Activties }}{2022}$

| Revenues |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Program Revenues: |  |  |  |  |  |  |  |  |
| Charges for services | \$ | 1,208,256 | \$ | 1,324,335 | \$ | 28,630 | \$ | - |
| Operating grants and contributions |  | 5,638,752 |  | 3,209,263 |  | 300 |  | - |
| General Revenues: |  |  |  |  |  |  |  |  |
| Grants and contributions not restricted to specific programs |  | 10,316,955 |  | 10,970,205 |  | - |  | - |
| Miscellaneous |  | 28,179 |  | 25,800 |  | - |  | - |
| Total Revenues |  | 17,192,142 |  | 15,529,603 |  | 28,930 |  | - |
| Expenses |  |  |  |  |  |  |  |  |
| School instruction |  | 7,137,664 |  | 7,239,690 |  | - |  | - |
| Board of Education |  | 70,901 |  | 167,422 |  | - |  | - |
| Superintendent's office |  | 2,953,326 |  | 2,322,188 |  | - |  | - |
| Operations and maintenance |  | 1,394,788 |  | 970,068 |  | - |  | - |
| Transportation |  | 60,459 |  | 75,257 |  | - |  | - |
| On-behalf payments |  | 5,638,752 |  | 3,209,263 |  | - |  | - |
| Program expenses |  | 152,142 |  | 595,894 |  | - |  | - |
| Interest on long term debt |  | 13,463 |  | 36,782 |  | - |  | - |
| School lunch |  | - |  | - |  | 30,400 |  | - |
| Total Expenses |  | 17,421,495 |  | 14,616,564 |  | 30,400 |  | - |
| Excess (deficiency) of revenues over (under) expenses |  | $(229,353)$ |  | 913,039 |  | $(1,470)$ |  | - |
| Special and extraordinary items: |  |  |  |  |  |  |  |  |
| Total special and extraordinary items |  | - |  | - |  | - |  | $(31,939)$ |
| Change in Net Position |  | $(229,353)$ |  | 913,039 |  | $(1,470)$ |  | $(31,939)$ |
| Net Position - July 1 |  | 9,336,225 |  | 8,423,186 |  | - |  | 31,939 |
| Net Position - June 30 | \$ | 9,106,872 | \$ | 9,336,225 | \$ | $(1,470)$ | \$ | - |

## Financial Analysis of the School District's Fund Statements

Governmental funds: The financial reporting focus of the School District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the School District's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year and the net resources available for spending.

Table 3
Mount Ascutney School District
Fund Balances - Governmental Funds
June 30,

|  | 2022 | 2021 | Increase/ <br> (Decrease) |
| :---: | :---: | :---: | :---: |
| Major Funds: |  |  |  |
| General Fund: |  |  |  |
| Nonspendable | \$ 1,020 | \$ | \$ 1,020 |
| Unassigned | 609,441 | 1,276,739 | $(667,298)$ |
| Capital Reserve Fund: |  |  |  |
| Committed | 867,939 | 319,018 | 548,921 |
| Total Major Funds | \$1,478,400 | \$ 1,595,757 | \$ $(117,357)$ |

Nonmajor Funds:
Special Revenue Funds:
Restricted
$\begin{array}{llllll}\$ & 667 & \$ & 664 & \$ & 3\end{array}$
Permanent Funds:
Restricted
Total Nonmajor Funds


The changes to total fund balances for the general fund and the nonmajor funds occurred due to the regular activity of operations.

Proprietary funds: The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The adventure club fund had a deficit of $\$ 1,470$ in its first year of operation.

## Budgetary Highlights

The difference between the original and final budget for the general fund was the use of applied revenues and unassigned fund balance.

The general fund actual revenues were below budget by $\$ 239,588$ primarily due to all revenue categories receipted below budget with the exception of miscellaneous income and transfers from other funds.

The general fund actual expenditures were under budgeted amounts by $\$ 225,523$ due to all expenditure categories being within or under budget with the exception of operations and maintenance.

## Capital Asset and Long-Term Debt Activity

## Capital Assets

As of June 30, 2022, the School District's capital assets decreased by $\$ 258,417$ The decrease was the net effect of $\$ 137,105$ in capital assets additions less $\$ 395,522$ in current year depreciation expense.

# Table 4 <br> Mount Ascutney School District <br> Capital Assets (Net of Depreciation) <br> June 30 

|  | $\mathbf{2 0 2 2}$ |  | $\mathbf{2 0 2 1}$ |
| :--- | ---: | ---: | ---: | ---: |
|  |  |  |  |
| Construction in progress | $\$ 105,582$ | $\$$ | - |
| Land improvements | 418,683 |  | 181,043 |
| Buildings | $7,158,050$ |  | $7,727,216$ |
| Furniture and equipment | 158,820 |  | 179,504 |
| Vehicles | 24,718 |  | 35,328 |
| Infrastructure | 20,048 | 21,227 |  |
| $\quad$ Total | $\$ 7,885,901$ | $\$ 8,144,318$ |  |

## Debt

At June 30, 2022, the School District had \$195,000 in bonds payable versus $\$ 275,000$ from June 30, 2021. Refer to Note 7 of Notes to Financial Statements for more detailed information.

## Currently Known Facts, Decisions or Conditions <br> Economic Factors and Next Year's Budgets and Rates

The 2022-2023 budget could be severely impacted by the reduction of funding from the State.

## Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Superintendent's Office at 105 Main Street, Suite 200, Windsor, Vermont 05089.

JUNE 30, 2022

## ASSETS

Current assets:
Cash and cash equivalents
Accounts receivable (net of allowance for uncollectibles)
Due from other governments
Prepaid items
Internal balances
Total current assets

Noncurrent assets:
Land and other assets not being depreciated
Depreciable assets, net of accumulated depreciation
Total noncurrent assets
TOTAL ASSETS
DEFERRED OUTFLOWS OF RESOURCES
Deferred outflows related to pensions
TOTAL DEFERRED OUTFLOWS OF RESOURCES

| Governmental Activities | Business-type Activities | Total |
| :---: | :---: | :---: |
| \$ 1,692,683 | \$ | \$ 1,692,683 |
| 6,267 | - | 6,267 |
| 113,323 |  | 113,323 |
| 1,020 | - | 1,020 |
| 238 | (238) | - |
| 1,813,531 | (238) | 1,813,293 |


| 105,582 |
| ---: |
| $7,780,319$ |
| $7,885,901$ |

9,699,432 (238) 9,699,194

| 226,601 |  |  | 226,601 |  |
| :---: | :---: | :---: | :---: | :---: |
| 226,601 |  | - |  | 226,601 |
| \$ 9,926,033 | \$ | (238) | \$ | 9,925,795 |

LIABILITIES
Current liabilities:
Accounts payable
Due to other governments
Accrued liabilities
Current portion of long-term obligations
Total current liabilities
Noncurrent liabilities:
Noncurrent portion of long-term obligations:
Bonds payable
Accrued compensated absences
Net pension liability
Total noncurrent liabilities

TOTAL LIABILITIES
DEFERRED INFLOWS OF RESOURCES
Deferred inflows related to pensions
TOTAL DEFERRED INFLOWS OF RESOURCES
NET POSITION
Net investment in capital assets
Restricted
Unrestricted (deficit)
TOTAL NET POSITION
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

| \$ 87,435 | \$ | - | \$ | 87,435 |
| :---: | :---: | :---: | :---: | :---: |
| 5,477 |  | - |  | 5,477 |
| 218,886 |  | 1,232 |  | 220,118 |
| 81,203 |  | - |  | 81,203 |
| 393,001 |  | 1,232 |  | 394,233 |


| 115,000 | - | 115,000 |
| ---: | :---: | ---: |
| 6,818 | - | 6,818 |
| 191,455 | - | 191,455 |
| 313,273 |  |  |


| 706,274 |
| ---: |
| 112,887 |
| 112,887 |


| $7,690,901$ | - | $7,690,901$ |
| ---: | ---: | ---: | ---: |
| 23,333 | - | 23,333 |
| $1,392,638$ |  |  |
| $9,106,872$ |  |  |
|  |  | $(1,470)$ |

## MOUNT ASCUTNEY SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

## FOR THE YEAR ENDED JUNE 30, 2022



STATEMENT B (CONTINUED) MOUNT ASCUTNEY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Changes in net position:
Net (expense) revenue
General revenues:
Grants and contributions not restricted to specific programs
Miscellaneous
Total general revenues and transfers

Change in net position
NET POSITION - JULY 1

NET POSITION - JUNE 30

| Governmental Activities | Business-type Activities | Total |
| :---: | :---: | :---: |
| $(10,574,487)$ | $(1,470)$ | $(10,575,957)$ |


| $\begin{array}{r} 10,316,955 \\ 28,179 \end{array}$ |  | - |  | $\begin{array}{r} 10,316,955 \\ 28,179 \end{array}$ |
| :---: | :---: | :---: | :---: | :---: |
| 10,345,134 |  |  |  | 10,345,134 |
| $(229,353)$ |  | $(1,470)$ |  | $(230,823)$ |
| 9,336,225 |  | - |  | 9,336,225 |
| \$ 9,106,872 | \$ | $(1,470)$ | \$ | 9,105,402 |

MOUNT ASCUTNEY SCHOOL DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2022

|  | General Fund | ESSER IIFund |  | Capital Reserve Fund |  | Other Governmental Funds |  | Total Governmental Funds |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| ASSETS |  |  |  |  |  |  |  |  |  |
| Cash and cash equivalents | \$ 1,692,683 | \$ |  | \$ | - | \$ | - | \$ | 1,692,683 |
| Accounts receivable (net of allowance for uncollectibles) | 4,797 |  | - |  | - |  | 1,470 |  | 6,267 |
| Due from other governments | 75,159 |  | 38,164 |  |  |  |  |  | 113,323 |
| Prepaid items | 1,020 |  |  |  | - |  | - |  | 1,020 |
| Due from other funds | 34,950 |  | - |  | 867,939 |  | 41,533 |  | 944,422 |
| TOTAL ASSETS | \$ 1,808,609 | \$ | 38,164 | \$ | 867,939 | \$ | 43,003 | \$ | 2,757,715 |
| LIABILITIES |  |  |  |  |  |  |  |  |  |
| Accounts payable | \$ 69,235 | \$ |  | \$ | - | \$ | 18,200 | \$ | 87,435 |
| Due to other governments | 5,477 |  | - |  |  |  | - |  | 5,477 |
| Accrued liabilities | 213,964 |  | 4,087 |  |  |  | 835 |  | 218,886 |
| Due to other funds | 909,472 |  | 34,077 |  | - |  | 635 |  | 944,184 |
| TOTAL LIABILITIES | 1,198,148 |  | 38,164 |  |  |  | 19,670 |  | 1,255,982 |
| FUND BALANCES |  |  |  |  |  |  |  |  |  |
| Nonspendable | 1,020 |  |  |  |  |  | - |  | 1,020 |
| Restricted |  |  |  |  | - |  | 23,333 |  | 23,333 |
| Committed | - |  |  |  | 867,939 |  | - |  | 867,939 |
| Assigned | - |  |  |  | - |  |  |  |  |
| Unassigned | 609,441 |  | - |  | - |  | - |  | 609,441 |
| TOTAL FUND BALANCES | 610,461 |  | - |  | 867,939 |  | 23,333 |  | 1,501,733 |
| TOTAL LIABLITIES AND FUND BALANCES | \$ 1,808,609 | \$ | 38,164 | \$ | 867,939 | \$ | 43,003 | \$ | 2,757,715 |

See accompanying independent auditor's report and notes to financial statements.

# RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION <br> JUNE 30, 2022 

## Total Fund Balances

Amounts reported for governmental activities in the Statement of Net Position are different because:
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation
Deferred outflows of resources related to pension are not financial resources and therefore are not reported in the funds
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:
Bonds payable
Accrued compensated absences
Net pension liability
Deferred inflows of resources related to pension are not financial resources and therefore are not reported in the funds

Net position of governmental activities

Total Governmental Funds \$ 1,501,733

7,885,901
$\$ \quad 9,106,872$

MOUNT ASCUTNEY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2022

|  | General Fund |  | ESSER <br> Fund |  | Capital Reserve Fund |  | Other Governmental Funds |  | Total Governmental Funds |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| REVENUES |  |  |  |  |  |  |  |  |  |  |
| Intergovernmental revenues | \$ | 10,951,339 | \$ | 117,168 | \$ | - | \$ | 21,820 | \$ | 11,090,327 |
| Tuition |  | 1,137,550 |  | - |  | - |  |  |  | 1,137,550 |
| Other charges for services |  | 70,706 |  | - |  | - |  | - |  | 70,706 |
| Interest income |  | 3,504 |  | - |  | - |  | - |  | 3,504 |
| Miscellaneous revenues |  | 11,518 |  | - |  | - |  | 13,157 |  | 24,675 |
| TOTAL REVENUES |  | 12,174,617 |  | 117,168 |  | - |  | 34,977 |  | 12,326,762 |
| EXPENDITURES |  |  |  |  |  |  |  |  |  |  |
| Current: |  |  |  |  |  |  |  |  |  |  |
| School instruction |  | 6,915,643 |  | - |  | - |  | - |  | 6,915,643 |
| Board of Education |  | 70,901 |  | - |  | - |  | - |  | 70,901 |
| Superintendent's office |  | 2,953,326 |  | - |  | - |  | - |  | 2,953,326 |
| Operations and maintenance |  | 1,378,180 |  | - |  | - |  | - |  | 1,378,180 |
| Transportation |  | 60,459 |  | - |  | - |  | - |  | 60,459 |
| On-behalf payments |  | 773,372 |  | - |  | - |  | - |  | 773,372 |
| Program expenditures |  | - |  | 117,168 |  | - |  | 34,974 |  | 152,142 |
| Debt service: |  |  |  |  |  |  |  |  |  |  |
| Principal |  | 80,000 |  | - |  | - |  | - |  | 80,000 |
| Interest |  | 13,463 |  | - |  | - |  | - |  | 13,463 |
| Capital outlay |  | 46,630 |  | - |  |  |  | - |  | 46,630 |
| TOTAL EXPENDITURES |  | 12,291,974 |  | 117,168 |  | - |  | 34,974 |  | 12,444,116 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES |  | $(117,357)$ |  | - |  | - |  | 3 |  | $(117,354)$ |
| OTHER FINANCING SOURCES (USES) |  |  |  |  |  |  |  |  |  |  |
| Transfers in |  | 75,605 |  | - |  | 624,526 |  | - |  | 700,131 |
| Transfers (out) |  | $(624,526)$ |  | - |  | $(75,605)$ |  | - |  | $(700,131)$ |
| TOTAL OTHER FINANCING SOURCES (USES) |  | $(548,921)$ |  | - |  | 548,921 |  | - |  | - |
| NET CHANGE IN FUND BALANCES |  | $(666,278)$ |  | - |  | 548,921 |  | 3 |  | $(117,354)$ |
| FUND BALANCES - JULY 1 |  | 1,276,739 |  | - |  | 319,018 |  | 23,330 |  | 1,619,087 |
| FUND BALANCES - JUNE 30 | \$ | 610,461 | \$ | - | \$ | 867,939 | \$ | 23,333 | \$ | 1,501,733 |

See accompanying independent auditor's report and notes to financial statements.

# RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES <br> FOR THE YEAR ENDED JUNE 30, 2022 

Net change in fund balances - total governmental funds (Statement E)
\$ $(117,354)$
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:
Capital asset acquisitions
137,105
Depreciation expense
$(395,522)$
$(258,417)$
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are
not reported in the funds.

Repayment of long-term debt principal is an expenditure in the governmental funds, reduces long-term obligations in the Statement of Net Position

Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds.

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:
Accrued compensated absences
Net pension liability

Change in net position of governmental activities (Statement B)

[^1]|  | Enterprise Fund |  |
| :---: | :---: | :---: |
|  | Adventure Club |  |
| ASSETS |  |  |
| Current assets: |  |  |
| Accounts receivable (net of allowance for uncollectible accounts) | \$ | - |
| Total current assets |  | - |
| TOTAL ASSETS | \$ | - |
| LIABILITIES |  |  |
| Current liabilities: |  |  |
| Accrued expenses | \$ | 1,232 |
| Due to other funds |  | 238 |
| Total current liabilities |  | 1,470 |
| TOTAL LIABILTIES |  | 1,470 |
| NET POSTION |  |  |
| Unrestricted (deficit) |  | $(1,470)$ |
| TOTAL NET POSITION |  | $(1,470)$ |
| TOTAL LIABILTIES AND NET POSITION | \$ | - |

FOR THE YEAR ENDED JUNE 30, 2022

|  | Enterprise Fund |  |
| :---: | :---: | :---: |
|  | Adventure Club |  |
| OPERATING REVENUES |  |  |
| Parental fees | \$ | 28,630 |
| Other income |  | 300 |
| TOTAL OPERATING REVENUES |  | 28,930 |
| OPERATING EXPENSES |  |  |
| Wages and benefits |  | 30,013 |
| Supplies |  | 387 |
| TOTAL OPERATING EXPENSES |  | 30,400 |
| CHANGE IN NET POSITION |  | $(1,470)$ |
| NET POSTION - JULY 1 |  | - |
| NET POSTION - JUNE 30 | \$ | $(1,470)$ |

See accompanying independent auditor's report and notes to financial statements.

|  | Adventure Club |  |
| :---: | :---: | :---: |
| CASH FLOWS FROM OPERATING ACTIVITIES |  |  |
| Receipts from customers | \$ | 29,862 |
| Other receipts |  | 300 |
| Internal activity - receipts from other funds |  | 238 |
| Payments to suppliers |  | $(30,400)$ |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES |  | - |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS |  | - |
| CASH AND CASH EQUIVALENTS - JULY 1 |  | - |
| CASH AND CASH EQUIVALENTS - JUNE 30 | \$ | - |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BYOPERATING ACTIVITES: |  |  |
| Operating income (loss) | \$ | $(1,470)$ |
| Changes in operating assets and liabilities: |  |  |
| (Decrease) increase in accrued expenses |  | 1,232 |
| (Decrease) increase in due to other funds |  | 238 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ | - |


| Private-purpose |
| :---: |
| Trust Funds |
| Scholarship |
| Activities |

ASSETS
Cash and cash equivalents
Investments
TOTAL ASSETS

LIABILITIES
Deposits held for others
TOTAL LIABILTIES

NET POSTTION
Restricted
TOTAL NET POSTION
TOTAL LIABILITIES AND NET POSTTION
TOTALLIABILIESAND NETPOSION
50,985
50,985

| $\$$ | 22,805 |
| :---: | ---: |
|  | 28,180 |
| $\$$ | 50,985 |



| Private-purpose |
| :---: |
| Trust Funds |
| Scholarship |
| Activities |

## ADDTIONS

 Interest incomeTotal additions

## DEDUCTIONS

Distributions
Total deductions
Change in net position
$\qquad$
165
NET POSTION - JULY 1
50,820
NET POSTION - JUNE 30
$\$ \quad 50,985$

# NOTES TO FINANCIAL STATEMENTS <br> JUNE 30, 2022 

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## Reporting Entity

The School District was incorporated under the laws in the State of Vermont. The School District operates under the Board of Directors - Superintendent form of government and provides the following services: school instruction, Board of Education, superintendent's office, operations and maintenance, transportation and program expenses.

The School District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The School District's combined financial statements include all accounts and all operations of the School District. We have determined that the School District has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

## Implementation of New Accounting Standards

During the year ended June 30, 2022, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 87 "Leases". The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

paragraphs 5-22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 91 "Conduit Debt Obligations". The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations and improving required note disclosures. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 92 "Omnibus 2020". The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 93 "Replacement of Interbank Offered Rates (paragraphs 13-14)". The primary objectives of paragraphs 13-14 concern provisions of lease contracts that are amended while the contract is in effect. Management has determined the impact of this Statement is not material to the financial statements.

[^2]
## NOTES TO FINANCIAL STATEMENTS <br> JUNE 30, 2022

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management has determined the impact of this Statement is not material to the financial statements.

## Government-Wide and Fund Financial Statements

The School District's basic financial statements include both government-wide (reporting the School District as a whole) and fund financial statements (reporting the School District's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The School District's adventure club program is categorized as a business-type activity. All other activities of the School District are categorized as governmental.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position are reported in three parts - net investment in capital assets; restricted net position and unrestricted net position. The School District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the School District's functions (instruction, administration, etc.), excluding fiduciary activities. The functions are also supported by general government revenues (certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The School District does not allocate indirect costs. All costs are charged directly to the corresponding departments.

The government-wide focus is more on the sustainability of the School District as an entity and the change in the School District's net position resulting from the current year's activities.

## NOTES TO FINANCIAL STATEMENTS <br> JUNE 30, 2022

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the School District are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the School District:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the School District:

## Major Fund:

a. The General Fund is the general operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund.
b. The ESSER II Fund is used to account for financial resources from Education Stabilization Fund proceeds.
c. The Capital Reserve Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment. Major sources of revenue are debt proceeds.

## Nonmajor Funds:

d. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
e. Permanent Funds are used to account for assets that are legally restricted for the purpose of providing scholarships to benefit the High School students.

NOTES TO FINANCIAL STATEMENTS<br>JUNE 30, 2022

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The school lunch program had no activity during the current year as its activities were moved to the Windsor Southeast Supervisory Union.

## 3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds. Component units that are fiduciary in nature have been excluded from these financial statements.

The School District's fiduciary funds are presented in the fiduciary fund financial statements by type (private-purpose trusts). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

The emphasis in fund financial statements is on the major funds in the governmental activity category. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

## Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

## NOTES TO FINANCIAL STATEMENTS <br> JUNE 30, 2022

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 1. Accrual

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.
2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

## Budget

The School District's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

In accordance with Governmental Accounting Standards Board Statement No. 24, Accounting and Reporting for Certain Grants and Other Financial Assistance, payments made by the State of Vermont to the Vermont State Retirement System for teachers and certain other school employees are reported as offsetting revenues and expenditures of the general fund.

Revenues per budgetary basis
Add: On-behalf payments Total GAAP basis

Expenditures per budgetary basis
Add: On-behalf payments Total GAAP basis
\$ 11,476,850
773,372
$\underline{\underline{\$ 12,250,222}}$
\$ 12,143,128
$\begin{array}{r}773,372 \\ \hline \$ 12,916,500\end{array}$

The following procedures are followed in establishing budgetary data reflected in the financial statements:

## NOTES TO FINANCIAL STATEMENTS <br> JUNE 30, 2022

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. The annual school budget is the planning management tool, which delineates the District's educational priorities and programs and forms the basis for voter review and approval of the budget according to applicable State of Vermont education finance laws.
2. The Board budget process includes input from school district administration and staff, educational priorities for the next school year, along with public hearings, which include the School Board and general public.
3. The budget document itself is based upon the most current funding information available along with the projection of current revenues and expenditures for the next year. At the conclusion of the budget process, a final budget is approved by the School Board.

## Deposits and Investments

The 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.

It is the District's policy to value investments at fair value. None of the District's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be a cash equivalent. The District Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

The Mount Ascutney School District has no formal investment policy but instead follows the State of Vermont Statutes.

## Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be $\$ 0$ as of June 30, 2022. Accounts receivable netted with allowances for uncollectible accounts were $\$ 118,120$ for the year ended June 30, 2022.

NOTES TO FINANCIAL STATEMENTS<br>JUNE 30, 2022

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

## Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

## Capital Assets

Capital assets purchased or acquired with an original cost of $\$ 1,000$ or more for land, $\$ 25,000$ or more for buildings and improvements, $\$ 2,500$ for furniture and equipment and $\$ 5,000$ for vehicles are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Estimated useful lives are as follows:

Buildings and improvements Infrastructure
Furniture and equipment

30-50 years
50-100 years
5-20 years

## Long-term Obligations

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

NOTES TO FINANCIAL STATEMENTS<br>JUNE 30, 2022

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All long-term obligations to be repaid from governmental and business-type resources is reported as obligations in government-wide statements. The long-term obligations consist of bonds payable, accrued compensated absences and net pension liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

## Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Vermont State Teachers' Retirement System (VSTRS) and the Vermont Municipal Employees' Retirement System (VMERS) Plans and additions to/deductions from the VSTRS and VMERS Plans' fiduciary net position have been determined on the same basis as they are reported by the VSTRS and VMERS Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, information about the fiduciary net position of the Vermont State Teachers' Retirement System (VSTRS) Plan and additions to/deductions from the VSTRS OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by VSTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

## Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the

NOTES TO FINANCIAL STATEMENTS<br>JUNE 30, 2022

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

## Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the District. Commitments may be established, modified or rescinded only through a Town meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is given through Vermont Statutes Annotated Title $16 \S 567$ and is expressed by the School Board.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

NOTES TO FINANCIAL STATEMENTS<br>JUNE 30, 2022

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District currently has one type of this item, deferred outflows related to pensions. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows related to pensions qualifies for reporting in this category. This item is reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

## Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided, operating or capital grants and contributions, including special assessments).

## Operating/Nonoperating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The School District does not utilize encumbrance accounting for its general fund.

## Use of Estimates

During the preparation of the School District's financial statements, management is required to make estimates and assumptions that affect the reported amounts of

## NOTES TO FINANCIAL STATEMENTS <br> JUNE 30, 2022

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

## NOTE 2 - DEPOSITS AND INVESTMENTS

The School District's investment policies, which follow state statutes, authorize the School District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These investment policies apply to all School District funds.

## Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the School District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The School District does not have a policy covering custodial credit risk.

At June 30, 2022, the School District's cash balance of $\$ 1,715,488$ was comprised of bank balances of $\$ 1,720,235$. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the District's cash balance. Of these bank deposits, $\$ 272,805$ were fully insured by federal depository insurance and consequently were not exposed to custodial risk. The remaining deposits of $\$ 1,447,430$ were collateralized by an irrevocable stand by letter of credit issued by the Federal Home Loan Bank of Boston in the School District's name.

|  | Bank <br> Account Type |  |
| :--- | ---: | ---: |
| Balance |  |  |

## Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the District does

## NOTES TO FINANCIAL STATEMENTS <br> JUNE 30, 2022

## NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

not have a policy for custodial credit risk for investments. At June 30, 2022 the District's investments of $\$ 28,180$ were comprised of certificates of deposit that were fully insured by federal depository insurance and consequently not exposed to custodial credit risk.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a policy related to interest rate risk. Certificates of deposit held with local financial institutions for \$28,180 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

Credit risk - Statutes for the State of Vermont authorize the School District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The District does not have an investment policy on credit risk. Generally, the School District invests excess funds in certificates of deposit.

## NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2022 consisted of the following individual fund receivables and payables:

|  | Receivables (Due from) |  | Payables (Due to) |  |
| :---: | :---: | :---: | :---: | :---: |
| General fund | \$ | 34,950 | \$ | 909,472 |
| ESSER fund |  |  |  | 34,077 |
| Capital reserve fund |  | 867,939 |  | - |
| Nonmajor special revenue funds |  | 18,867 |  | 635 |
| Nonmajor permanent funds |  | 22,666 |  | - |
|  | \$ | 944,422 | \$ | 944,422 |

The results of amounts owed between funds are considered to be in the course of normal operations by the School District. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
NOTE 4 - INTERFUND TRANSFERS
Interfund transfers at June 30, 2022 consisted of the following:

|  |  | ransfers To | Transfers From |  |
| :---: | :---: | :---: | :---: | :---: |
| General fund | \$ | 75,605 | \$ | 624,526 |
| Capital reserve fund |  | 624,526 |  | 75,605 |
|  | \$ | 700,131 | \$ | 700,131 |

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

## NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2022:

|  | Balance, 7/1/21 | Additions | Disposals | Balance, 6/30/22 |
| :---: | :---: | :---: | :---: | :---: |
| Governmental activities: |  |  |  |  |
| Non-depreciated assets: |  |  |  |  |
| Construction in progress | \$ | \$ 105,582 | \$ - | \$ 105,582 |
|  | - | 105,582 | - | 105,582 |
| Depreciated assets: |  |  |  |  |
| Land improvements | 924,035 | - | - | 924,035 |
| Buildings and building improvements | 14,219,842 | - | - | 14,219,842 |
| Furniture and equipment | 593,942 | 31,523 | $(34,329)$ | 591,136 |
| Vehicles | 53,046 | - | - | 53,046 |
| Infrastructure | 35,379 | - | - | 35,379 |
|  | 15,826,244 | 31,523 | $(34,329)$ | 15,823,438 |
| Less: accumulated depreciation |  |  |  |  |
| Land improvements | $(465,617)$ | $(39,735)$ | - | $(505,352)$ |
| Buildings and building improvements | $(6,770,001)$ | $(291,791)$ | - | $(7,061,792)$ |
| Furniture and equipment | $(414,438)$ | $(52,207)$ | 34,329 | $(432,316)$ |
| Vehicles | $(17,718)$ | $(10,610)$ | - | $(28,328)$ |
| Infrastructure | $(14,152)$ | $(1,179)$ | - | $(15,331)$ |
|  | $(7,681,926)$ | $(395,522)$ | 34,329 | $(8,043,119)$ |
| Net capital assets governmental activities | \$ 8,144,318 | \$ $(258,417)$ | \$ | \$ 7,885,901 |

## NOTES TO FINANCIAL STATEMENTS <br> JUNE 30, 2022

NOTE 5 - CAPITAL ASSETS (CONTINUED)

## Current year depreciation:

School instruction
\$ 347,391
Operations and maintenance
Total depreciation expense

| 48,131 |
| ---: |
| $\$ \quad 395,522$ |

## NOTE 6 - SHORT TERM DEBT

On August 9, 2021, the School District issued a tax anticipation note to provide liquidity for governmental operations financed by property taxes. The tax anticipation note allowed principal draws up to $\$ 2,279,366$ at a $2.65 \%$ interest rate per annum with a maturity date of June 30, 2022. As of June 30, 2022, $\$ 345,000$ of the tax anticipation note had been drawn down and paid in full, including $\$ 6,140$ of interest.

|  | Balance,7/1/21 |  | Additions |  | Reductions |  | Balance,6/30/22 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Tax/revenue anticipation note | \$ | - | \$ | 345,000 | \$ | $(345,000)$ | \$ | - |

## NOTE 7 - LONG -TERM DEBT

A summary of long-term debt for the year ended June 30, 2022 is as follows:

| Balance, 7/1/21 | Additions | Deletions | Balance, 6/30/22 | Current <br> Portion |
| :---: | :---: | :---: | :---: | :---: |
| \$ 275,000 | \$ | \$ (80,000) | \$ 195,000 | \$ 80,000 |

The following is a summary of the outstanding bonds payable:
Governmental activities:
$\$ 1,140,000$, Vermont Municipal Bond Bank 2013 Bond due in principal installments of $\$ 55,000$ through December of 2023 with a fixed interest rate of $3.91 \%$ payable semi-annually.
$\$ 485,000$, Vermont Municipal Bond Bank, Bond due in principal installments of $\$ 25,000$ through December of 2022, then $\$ 20,000$ principal installments though December 2025 with a fixed interest rate
of $3.75 \%$ payable semi-annually.

Total Bonds Payable

85,000
\$ 110,000
\$ 195,000

## NOTES TO FINANCIAL STATEMENTS <br> JUNE 30, 2022

## NOTE 7 - LONG -TERM DEBT (CONTINUED)

The following is a summary of outstanding bond principal and interest requirements for fiscal years ending June 30:

| Year | Principal |  | Interest |  | Total Debt Service |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 2023 | \$ | 80,000 | \$ | 5,662 | \$ | 85,662 |
| 2024 |  | 75,000 |  | 1,390 |  | 76,390 |
| 2025 |  | 20,000 |  | $(1,164)$ |  | 18,836 |
| 2026 |  | 20,000 |  | $(3,153)$ |  | 16,847 |
|  | \$ | 195,000 | \$ | 2,735 | \$ | 197,735 |

All bonds payable are direct obligations of the School District, for which its full faith and credit are pledged. The School District is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the School District.

## NOTE 8 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2022 is as follows:

| Balance, <br> $7 / 1 / 21$$\underline{\text { Additions }} \xrightarrow{\text { Deletions }}$Balance, <br> $6 / 30 / 22$Current <br> Portion |
| :--- |

Governmental activities:
Accrued compensated

| absences | \$ | 7,546 | \$ | 475 | \$ | - | \$ | 8,021 | $\$ \quad 1,203$ |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Net pension liability |  | 216,172 |  | 42,176 |  | $(66,893)$ |  | 191,455 |  |  |
|  | \$ | 223,718 | \$ | 42,651 |  | $(66,893)$ |  | 99,476 |  | 1,203 |

Refer to Note 9 of Notes to Financial Statements for detailed accrued compensated absences information. Refer to Note 12 for detailed net pension liability information.

## NOTES TO FINANCIAL STATEMENTS <br> JUNE 30, 2022

## NOTE 9 - ACCRUED COMPENSATED ABSENCES

The School District's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The School District also allows employees to receive a benefit for career change. The liability for these compensated absences are recorded as a long-term obligation in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2022, the School District's liability for compensated absences is $\$ 8,021$.

## NOTE 10 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the School District at June 30, 2022:

|  | Governmental <br> Activities |  |
| :--- | :---: | ---: |
| Invested in capital assets | $\$ \quad$$15,929,020$ <br> $(8,043,119)$ <br> $(195,000)$ |  |
| Accumulated depreciation | $7,690,901$ <br> Outstanding capital related debt |  |

## NOTE 11 - RESTRICTED NET POSITION/FUND BALANCES

At June 30, 2022, the District had the following restricted net position/fund balances:

Vermont Humanities Council
\$ 667
B. Hinton Trust Fund

| 22,666 |
| :--- |
| $\$ \quad 23,333$ |

NOTE 12 - NONSPENDABLE FUND BALANCES
At June 30, 2022, the District had the following nonspendable fund balances:
General fund:
Prepaid items
$\xlongequal{\$ \quad 1,020}$

## NOTE 13 - COMMITTED FUND BALANCES

At June 30, 2022, the District had the following committed fund balances:


NOTE 14 - DEFINED BENEFIT PENSION PLANS VERMONT STATE TEACHERS' RETIREMENT SYSTEM

## Plan Description

All of the teachers employed by the School District participate in the Vermont State Teachers' Retirement System ("VSTRS"), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, covering nearly all public day school and nonsectarian private Union teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State of Vermont that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2020 (the most recent period available), the retirement system consisted of 23,436 participating members.

The plan was established effective July 1, 1947 and is governed by Title 16, V.S.A. Chapter 55. Subsequent Vermont state legislation, Act 74, which became effective on July 1, 2010, contained numerous changes to the plan benefits available to current and future members, as well as a change in access to health care coverage after retirement, resulting from a multi-party agreement to provide sustainability of quality pension and retiree health benefits for Vermont teachers.

The general administration and responsibility for formulating administrative policy and procedures of the retirement System for its members and their beneficiaries is vested in the Board of Trustees consisting of six members. They are the Secretary of Education (ex-officio), the State Treasurer (ex-officio), the Commissioner of Financial Regulation (ex-officio), two members and one alternate elected by active members of the System under rules adopted by the Board and one retired member and one alternate elected by the board of directors of Association of Retired Teachers of Vermont. The Chair is elected by the Board and acts as executive officer of the Board.

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. The Vermont State Agency of Administration issues a publicly available Annual Comprehensive Financial Report that includes financial statements and required supplementary information for the VSTRS. That report may be

## NOTES TO FINANCIAL STATEMENTS <br> JUNE 30, 2022

## NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

viewed on the State's Department of Finance and Management website at: Annual Comprehensive Financial Report Department of Finance and Management (vermont.gov).

## Benefits Provided

The VSTRS provides retirement and disability benefits, annual cost-of-living adjustments, health care and death benefits to plan members and beneficiaries. There are two levels of contributions and benefits in the System: Group A - for public school teachers employed within the State of Vermont prior to July 1, 1981 and elected to remain in Group A; and Group C - for public school teachers employed within the State of Vermont on or after July 1, 1990. Group C also includes those teachers hired prior to July 1, 1990 and were in Group B on July 1, 1990. When Act 74 became effective on June 30, 2010, Group C was further bifurcated into Groups \#1 and \#2. Group \#1 contains members who were at least 57 years of age or had at least 25 years of service and Group \#2 contains members who were less than 57 years of age and had less than 25 years of service.

Benefits available to each group are based on average final compensation (AFC) and years of creditable service and are summarized below:

| VSTRS | Group A | Group C Group \# 1 | Group C Group \# 2 |
| :---: | :---: | :---: | :---: |
| Normal service retirement eligibility (no reduction) | Age 60 or 30 years of service | Age 62 or with 30 years of service | Age 65 or when the sum of age and service equals 90 |
| Average Final Compensation (AFC) | Highest 3 consecutive years, including unused annual leave, sick leave and bonus/incentives | Highest 3 consecutive years, excluding all payments for anything other than service actually performed | Highest 3 consecutive years, excluding all payments for anything other than service actually performed |
| Benefit formula normal service retirement | $1.67 \% \times \text { creditable }$ $\text { service } \times \text { AFC }$ | $\begin{aligned} & 1.25 \% \times \text { service prior } \\ & \text { to } 7 / 1 / 90 \times \text { AFC }+ \\ & 1.67 \% \times \text { service after } \\ & 7 / 1 / 90 \times \text { AFC } \end{aligned}$ | $1.25 \% \times$ service prior to $7 / 1 / 90 \times$ AFC + $1.67 \% \times$ service after 7/1/90 x AFC, 2.0\% after attaining 20 years |
| Maximum Benefit Payable | 100\% of AFC | 53.34\% of AFC | 60\% of AFC |

## NOTES TO FINANCIAL STATEMENTS <br> JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

| VSTRS | Group A | Group C Group \# 1 | Group C Group \# 2 |
| :---: | :---: | :---: | :---: |
| Post-Retirement COLA | Full CPI, up to a maximum of $5 \%$ after 12 months of retirement; minimum of $1 \%$ | $50 \%$ CPI, up to a maximum of $5 \%$ after 12 months of retirement or with 30 years; minimum of 1\% | $50 \%$ CPI, up to a maximum of $5 \%$, minimum of $1 \%$ after 12 months of normal retirement or age 65 |
| Early Retirement Eligibility | Age 55 with 5 years of service | Age 55 with 5 years of service | Age 55 with 5 years of service |
| Early Retirement Reduction | Actuarial reduction | 6\% per year from age 62 | Actuarial reduction |

Other post-employment benefits are available to all plan members include the following:

| VSTRS | Group A | Group C - <br> Group \# 1 | Group C - <br> Group \# 2 |
| :--- | :--- | :--- | :--- |
| Medical Benefits | Health subsidy <br> based on member's <br> service credit | Health subsidy based <br> on member's service <br> credit | Health subsidy based <br> on member's service <br> credit |
| Dental | Members pay full <br> premium | Members pay full <br> premium | Members pay full <br> premium |

## Contributions

VSTRS is a cost-sharing public employee retirement system with one exception: all risks and costs are not shared by the School District but are the liability of the State of Vermont. VSTRS is funded through State and employee contributions and trust fund investment earnings; and the School District has no legal obligation for paying benefits. Required contributions to the System are made by the State of Vermont based upon a valuation report prepared by the System's actuary, which varies by plan group. The Vermont State Teachers Retirement System estimates the contributions on behalf of the School District's employees included in the teacher's retirement plan which approximates $\$ 773,372$ or $19.28 \%$ of total payroll for employees covered under the plan.

NOTES TO FINANCIAL STATEMENTS<br>JUNE 30, 2022

## NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Employee contribution rates by plan group follow:

| VSTRS | Group A | Group C Group \# 1 | Group C Group \# 2 |
| :---: | :---: | :---: | :---: |
| Employee Contributions | $5.5 \%$ of gross salary; contributions stop after 25 years of creditable service | 5.0\% of gross salary | 5.0\% of gross salary with 5 or more years of service as of $7 / 1 / 14$; $6.0 \%$ of gross salary if less than 5 years of service as of $7 / 1 / 14$ |

Employee contributions totaled \$229,523 during the year and were paid by the School District to the State of Vermont. The School District has no other liability under the plan. The School District's total payroll for all employees covered under this plan was \$4,011,267 for the year ended June 30, 2022.

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

## Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost sharing, multi-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. The plan was established effective July 1, 1975 and is governed by Title 24, V.S.A. Chapter 125. It is designed for persons employed on a regular basis by a school district or by a supervisory union for no fewer than 1,040 hours in a year and for no fewer than 30 hours a week for the school year, as defined in 16 V.S.A. § 1071 or for no fewer than 1,040 hours in a year and for no fewer than 24 hours a week year-round; provided, however, that if a person who was employed on a regular basis by a school district as either a special education or transportation employee and who was transferred to and is working in a supervisory union in the same capacity pursuant to 16 V.S.A. § $261 \mathrm{a}(\mathrm{a})(6)$ or (8)(E) and if that person is also employed on a regular basis by a school district within the supervisory union, then the person is an "employee" if these criteria are met by the combined hours worked for the supervisory union and school district. The term shall also mean persons employed on a regular basis by a municipality other than a school district for no fewer than 1,040 hours in a year and for no fewer than 24 hours per week, including persons employed in a library at least onehalf of whose operating expenses are met by municipal funding. For the year ended June 30, 2020 (the most recent data available), the retirement system consisted of 15,548 participating members.

## NOTES TO FINANCIAL STATEMENTS <br> JUNE 30, 2022

## NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Annual Comprehensive Financial Report. That report may be viewed on the State's Department of Finance and Management website at: Annual Comprehensive Financial Report | Department of Finance and Management (vermont.gov).

## Benefits Provided

The pension plan is divided into four membership groups:

- Group A - general employees whose legislative bodies have not elected to become a member of Group B or Group C
- Groups B and C - general employees whose legislative bodies have elected to become members of Group B or Group C
- Group D - sworn police officers, firefighters and emergency medical personnel

The School District participates in Group A. Benefits available to each group are based on average final compensation (AFC) and years of creditable service and are summarized below:

| VMERS | Group A | Group B | Group C | Group D |
| :--- | :--- | :--- | :--- | :--- |
| Normal <br> service <br> retirement <br> eligibility | Age 65 with 5 <br> years of <br> service or age <br> 55 <br> with 35 <br> years of <br> service | Age 62 with 5 <br> years of <br> service or age <br> 55 with 30 <br> years of <br> service | Age 55 with 5 <br> years of <br> service | Age 55 with 5 <br> years of <br> service |
| Average Final <br> Compensation <br> (AFC) | Highest 5 <br> consecutive <br> years | Highest 3 <br> consecutive <br> years | Highest 3 <br> consecutive <br> years | Highest 2 <br> consecutive <br> years |

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

| VMERS | Group A | Group B | Group C | Group D |
| :---: | :---: | :---: | :---: | :---: |
| Benefit formula <br> - Normal <br> Service Retirement (no reduction) | 1.4\% x creditable service x AFC | 1.7\% x creditable service x AFC + previous service; 1.4\% x Group A service x AFC | $\begin{aligned} & 2.5 \% \times \\ & \text { creditable } \\ & \text { service } \times \text { AFC } \\ & + \text { previous } \\ & \text { service; } 1.4 \% \\ & \text { x Group A } \\ & \text { service } \times \text { AFC; } \\ & 1.7 \% \times \text { Group } \\ & \text { B } \times \text { AFC } \end{aligned}$ | 2.5\% x creditable service x AFC + previous service; 1.4\% x Group A service x AFC; $1.7 \% \mathrm{x}$ Group B x AFC; $2.5 \%$ x Group C service x AFC |
| Maximum Benefit Payable | 60\% of AFC | 60\% of AFC | 50\% of AFC | 50\% of AFC |
| Post- <br> Retirement <br> COLA | $50 \%$ of CPI, up to $2 \%$ per year | $50 \%$ of CPI, up to $3 \%$ per year | $50 \%$ of CPI, up to $3 \%$ per year | $50 \%$ of CPI, up to $3 \%$ per year |
| Early Retirement Eligibility | Age 55 with 5 years of service | Age 55 with 5 years of service | N/A | Age 50 with 20 years of service |
| Early Retirement Reduction | 6\% per year from age 65 ** | 6\% per year from age 62 ** | N/A | No reduction |

** - A special early retirement factor of 3\% per year only for municipal police officers who have attained age 60

Members of all groups may qualify for vested deferred allowance, disability allowances and death benefit allowance subject to meeting various eligibility requirements. Benefits are based on AFC and service.

## Contributions

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund and to certify the rates of contributions payable by employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group as of July 1, 2021 are as follows:

NOTES TO FINANCIAL STATEMENTS<br>JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

| VMERS | Group A | Group B | Group C | Group D |
| :---: | :---: | :---: | :---: | :---: |
| Employee Contributions | 3.250\% of gross salary | 5.625\% of gross salary | $10.750 \%$ of gross salary | $12.100 \%$ of gross salary |
| Employer Contributions | 4.750\% of gross salary | 6.250\% of gross salary | 8.000\% of gross salary | $10.600 \% \text { of }$ gross salary |

Employee contributions are withheld pre-income tax by the School District and are remitted to the State of Vermont. Such withholdings for the year ended June 30, 2022 totaled $\$ 20,378$. The School District contributed $\$ 29,783$ for the year ended June 30, 2022. The School District's total payroll for the year ended June 30, 2022 for all employees covered under this plan was \$627,015.

## Pension Liabilities

## VSTRS Plan

The State is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of member employers. Therefore, these employers are considered to be in a special funding situation as defined in GASB No. 68 and the State is treated as a nonemployer to VSTRS. Since the School District does not contribute directly to VSTRS, no net pension liability was recorded at June 30, 2022. The State's portion of the collective net pension liability that was associated with the School District was as follows:

School District's proportionate share of the net pension liability

State's proportionate share of the net pension liability associated with the School District

|  | $9,143,925$ |
| :--- | ---: |
| $\$ \quad 9,143,925$ |  |

The State of Vermont's proportionate share of the net pension liability associated with the School District is equal to the collective net pension liability, actuarially measured as of June 30, 2021, multiplied by the School District's proportionate share percentage. The School District's proportionate share percentage was based on its reported salaries to the total reported salaries for all participating employers. At June 30, 2021, the School District's proportion was $0.53931 \%$ which was a decrease of $0.00393 \%$ from its proportion measured as of June 30, 2020.

# NOTES TO FINANCIAL STATEMENTS <br> JUNE 30, 2022 

## NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

## VMERS Plan

At June 30, 2022, the School District reported a liability of $\$ 191,455$ for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2021 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2021. The School District's proportion of the net pension liabilities were based on a projection of the School District's long-term share of contributions to each pension plan relative to the projected contributions of all participating towns, actuarially determined.

At June 30, 2021, the School District's proportion was $0.13008 \%$ for VMERS, which was a decrease of $0.04463 \%$ from its proportion measured as of June 30, 2020 for VMERS.

## Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2022, the School District recognized total pension expense of $\$ 3,063,772$ and revenue of $\$ 3,063,772$ for support provided by the State of Vermont for the VSTRS plan. In the same period, the School District recognized pension revenue of $\$ 66,893$ for the VMERS plan. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | VSTRS |  | VMERS |  |
| :---: | :---: | :---: | :---: | :---: |
|  | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ | \$ | \$ 35,684 | \$ |
| Changes of assumptions | - | - | 30,262 | - |
| Net difference between projected and actual earnings on pension plan investments | - | - | - | 112,887 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | - | - | 130,872 | - |
| Contributions subsequent to the measurement date | - | - | 29,783 | - |
| Total | \$ | \$ | \$ 226,601 | \$ 112,887 |

\$29,783 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts

## NOTES TO FINANCIAL STATEMENTS <br> JUNE 30, 2022

## NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan year ended June 30:
2022

| VSTRS |  |  | VMERS |  |
| :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |
|  | - | $\$$ | 38,442 |  |
|  | - |  | 34,041 |  |
|  | - |  | 26,516 |  |
|  | - |  | $(15,068)$ |  |
|  | - |  | - |  |
|  | - |  | - |  |

## Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using the actuarial assumptions outlined below.

Investment Rate of Return: For both plans, 7.00\%, net of pension plan investment expenses, including inflation.

Inflation: For both plans, 2.30\%.
Salary Increases: For the VSTRS plan, increases ranging from $3.30 \%$ to $10.50 \%$. For the VMERS plan, varying, service-based rates from 0-10 years of service, then a single rate of $4.50 \%$ (includes assumed inflation rate of $2.30 \%$ ) for all subsequent years.

Deaths After Retirement:
The VSTRS plan's mortality rates were based on historical and current demographic data, adjusted to reflect health characteristics of the underlying groups and estimated future experience and professional judgment. The mortality tables were then adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

- Pre-Retirement: PubT-2010 Teacher Employee Amount-Weighted Table with generational projection using scale MP-2019
- Retiree Healthy Post-Retirement: PubT-2010 Teacher Healthy Retiree AmountWeighted Table with generational projection using scale MP- 2019

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

## NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

The VMERS plan's mortality rates for pre-retirement, healthy retirees and disabled retirees for Groups A, B, C and D were based on historical and current demographic data, adjusted to reflect health characteristics of the underlying groups and estimated future experience and professional judgment. The mortality tables were then adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

## Pre-Retirement:

- Groups A/B/C - 40\% PubG-2010 General Employee Amount-Weighted belowmedian and 60\% of PubG-2010 General Employee Amount-Weighted, with generational projection using Scale MP-2019.
- Group D - PubG-2010 General Employee Amount-Weighted above-median, with generational projection using scale MP-2019.


## Healthy Post-Retirement - Retirees:

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


## Disabled Post-Retirement:

- All Groups - PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using Scale MP-2019.

Inactive Members: For both plans, valuation liability equals 100\% of accumulated contributions. Inactive who are vested immediately become Deferred Members and the liabilities for all Deferred Members are based on the accrued benefit.

Future Administrative Expenses: No provisions were made for the VSTRS plan as Systems expenses are paid for by the State. For the VMERS plan, an expense adjustment based on actual expenses for the previous year is reflected in the development of recommended employer contribution levels.

## NOTES TO FINANCIAL STATEMENTS <br> JUNE 30, 2022

## NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Unknown Data for Participants: For both plans, they are the same as those exhibited by participants with similar known characteristics. If not specified, participants are assumed to be male.

Percent Married: For both plans, 85\% of male members are assumed to be married. $35 \%$ of female members for the VSTRS plan and $50 \%$ of female members for the VMERS plan are assumed to be married.

Spouse's Age: For both plans, husbands are assumed to be three years older than their wives.

Cost-of-Living Adjustments: Adjustments for both plans are assumed to occur on January 1 following one year of retirement. For the VSTRS plan this occurs at the rate of 2.40\% per annum for Group A members and 1.35\% per annum for Group C members (beginning at age 62 for Group C members who elect reduced early retirement). The January 1, 2021 and January 1, 2022 COLAs are 0.00\% and 4.60\%, respectively, for group A and $1.00 \%$ and $2.30 \%$, respectively, for group C. For the VMERS plan, this occurs at the rate of $1.10 \%$ per annum for Group A members and 1.20\% per annum for Groups B, C and D members (beginning Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for Group A, B and D members who receive a disability retirement benefit and at age 55 for members of Group $C$ who receive a disability retirement benefit). The January 1, 2021 COLA is $0.40 \%$ for all groups. The January 1, 2022 COLA is $2.00 \%$ for Group A members and $2.30 \%$ for Group B, C and D members.

Actuarial Cost Method: For both plans is the 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 Accrued Actuarial 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.

For the VSTRS plan, the asset valuation method used equals the preliminary asset value plus $20 \%$ of the difference between the market and preliminary asset values. The preliminary asset value is equal to the previous year's asset value (for valuation purposes) adjusted for contributions less benefit payments and expenses and expected investment income. If necessary, a further adjustment is made to ensure that the valuation assets are within $20 \%$ of the market value.

A smoothing asset valuation method was used for funding purposes in the VMERS plan, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. Then value of assets for actuarial purposes may not differ from the market value of assets by more than $20 \%$.

## NOTES TO FINANCIAL STATEMENTS <br> JUNE 30, 2022

## NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

The long-term expected rate of return on both 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 investment expense and inflation) developed for each major asset class. These best estimate ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2021 are summarized in the following table:

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

## Discount Rate

The discount rate used to measure the total pension liability was $7.00 \%$ for the VSTRS plan and the VMERS plan. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy which exceeds the actuarially determined contribution rate. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

## NOTES TO FINANCIAL STATEMENTS <br> JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

## Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of $7.00 \%$ for both the VSTRS and VMERS plans, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower $(6.00 \%)$ or 1 percentage point higher ( $8.00 \%$ ) than the current rate:

|  |  | 1\% <br> Decrease |  | Discount Rate |  | $1 \%$ Increase |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| VSTRS: |  |  |  |  |  |  |
| Discount rate |  | 6.00\% |  | 7.00\% |  | 8.00\% |
| School District's proportionate share of the net pension liability | \$ | - | \$ | - | \$ |  |
| VMERS: |  |  |  |  |  |  |
| Discount rate |  | 6.00\% |  | 7.00\% |  | 8.00\% |
| School District's proportionate share of the net pension liability | \$ | 378,422 | \$ | 191,455 | \$ | 37,714 |

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of the VSTRS and VMERS or their participating employers. VSTRS and VMERS do not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Annual Comprehensive Financial Report. That report can be viewed on the State's Department of Finance and Management website at: Annual Comprehensive Financial Report | Department of Finance and Management (vermont.gov).

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
VERMONT STATE TEACHERS' RETIREMENT SYSTEM

## 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, 2020, the Plan consisted of 7,094 retired members or beneficiaries currently receiving benefits and 9,996 active members.

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. The Vermont State Agency of Administration issues a publicly available Annual Comprehensive Financial Report that includes financial statements and required supplementary information for the VSTRS. That report may be viewed on the State's Department of Finance and Management website at: Annual Comprehensive Financial Report | Department of Finance and Management (vermont.gov).

## Benefits Provided

VSTRS retirees and their spouses are eligible for medical, prescription drug and dental benefits on a lifetime basis if the retiree is eligible for pension benefits, as described in the Notes to Financial Statements for Defined Benefit Plan(s).

## Contributions

Varying levels of contributions are required from retirees and spouses for medical and prescription drug coverage at the following premium subsidy rates:

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

| Retiree Subsidy |  | Spouse Subsidy* |  |
| :---: | :---: | :---: | :---: |
| At least ten years of service - $80 \%$ of premium <br> Less than ten years of service -0\% of premium |  | 0\% of premium |  |
| 10 years or more of service at June 30, 2010-80\% of premium |  | Years of service at June 30, $2010-80 \%$ of premium if meet the following years of service at retirement requirement: |  |
| Less than 10 years of service at June 30, 2010: |  |  |  |
| Less than 15 years at retirement | 0\% of premium | Less than 10 years | 25 years at retirement |
| 15-19.99 years at retirement | 60\% of premium | 10-14.99 years | 25 years at retirement |
| 20-24.99 years at retirement | 70\% of premium | 15-24.99 years | 10 additional years from June 30, 2010 |
| 25 years or more at | 80\% of premium | 25-29.99 years | 35 years at retirement |
| retirement |  | 30 or more years | 5 additional years from June 30, 2010 |

[^3]Retirees pay full cost of dental benefits.

## OPEB Liabilities

The State is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of member employers. Therefore, these employers are considered to be in a special funding situation as defined in GASB No. 75 and the State is treated as a nonemployer to VSTRS. Since the School District does not contribute directly to VSTRS, no net OPEB liability was recorded at June 30, 2022. The State's portion of the collective net OPEB liability that was associated with the School District was as follows:

## NOTES TO FINANCIAL STATEMENTS <br> JUNE 30, 2022

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)
School District's proportionate share of the net OPEB liability

State's proportionate share of the net OPEB liability associated with the School District

Total

| $\$$ | - |
| ---: | ---: |
|  | $7,385,605$ |
| $\$$ | $7,385,605$ |

The State of Vermont's proportionate share of the net OPEB liability associated with the School District is equal to the collective net OPEB liability, actuarially measured as of June 30, 2021, multiplied by the School District's proportionate share percentage. The School District's proportionate share percentage was based on its reported salaries to the total reported salaries for all participating employers. At June 30, 2021, the School District's proportion was $0.57900 \%$ which was a decrease of $0.02789 \%$ from its proportion measured as of June 30, 2020.

## OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the School District recognized total OPEB expense of $\$ 1,801,608$ and revenue of $\$ 1,801,608$ for support provided by the State of Vermont for the Plan. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Differences between expected and actual experience
Changes of assumptions
Net difference between projected and actual earnings on pension plan investments
Changes in proportion and differences between contributions and proportionate share of contributions
Contributions subsequent to the measurement date

Total


## NOTES TO FINANCIAL STATEMENTS <br> JUNE 30, 2022

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)
Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

VSTRS OPEB Plan
Plan year ended June 30:
2022
2023
2024
2025
2026
Thereafter

## Discount Rate

The discount rate is the single rate of return, that when applied to all projected benefit payments, results in an actuarial present value that is the sum of the actuarial present value of projected benefit payments projected to be funded by plan assets using a long term rate of return and the actuarial present value of projected benefit payments that are not included in (1) using a yield or index rate for 20 year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The sensitivity of net OPEB liability to changes in discount rate are as follows:

|  |  | $\begin{gathered} 1 \% \\ \text { Decrease } \end{gathered}$ |  | Discount Rate |  | $\begin{gathered} 1 \% \\ \text { Increase } \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| VSTRS OPEB Plan: |  |  |  |  |  |  |
| Discount rate |  | 1.20\% |  | 2.20\% |  | 3.20\% |
| School District's proportionate share of the net OPEB liability | \$ |  | \$ |  | \$ |  |

## Healthcare Trend Rate

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The trend rate assumptions were developed using Segal's internal guidelines, which are established each year using data sources such as the 2021 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. The sensitivity of net OPEB liability to changes in healthcare trend rates are as follows:

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022
NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)


## Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2021, using the following methods and assumptions applied to all periods included in the measurement:

## Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

## Amortization

The total OPEB liability of this Plan is amortized on a closed 30 -year period. The amortization method is a level percent of payroll method. As of July 1, 2021, there is 27 years remaining on the amortization period.

## Asset Valuation Method

The Asset Valuation Method used is market value as of the measurement date.
The long-term expected rate of return on OPEB plan investments are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation, long-term expected rates of return for each major asset class and expected inflation, as of June 30, 2021, are summarized below:

## NOTES TO FINANCIAL STATEMENTS <br> JUNE 30, 2022

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

|  |  | Long-term <br> Expected <br> Real Rate of <br> Return |  |
| :--- | ---: | ---: | ---: |
| Asset Class | Target <br> Allocation |  <br>  <br> Passive Global Equities | $24.00 \%$ |

Assumptions
The actuarial assumptions used to calculate the actuarially determined contribution rates can be found in the Report on the Actuarial Valuation of PostRetirement Benefits of the Vermont State Teachers' Retirement System Prepared as of June 30, 2016 completed by Buck Consulting. As of June 30, 2021, they are as follows:
Discount Rate
Salary Increase Rate
Non-Medicare
Medicare
Retiree Contributions
Pre-retirement Mortality

Post-retirement Mortality
2.20\%

Varies by age
$6.700 \%$ graded to $4.50 \%$ over 10 years
$6.000 \%$ graded to $4.50 \%$ over 11 years
Equal to health trend
PubT-2010 Teacher Employee Headcount-
Weighted Table with generational projection using scale MP-2020
Retirees: PubT-2010 Teacher Healthy Retiree Headcount-Weighted Table
Spouses: 109 \% of the Pub-2010 Contingent Survivor Headcount-Weighted Table, both Retirees and Spouses with generational projection using scale MP-2020

# NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED) 

## Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2021 with the following exceptions:

## Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period remaining was twenty-seven years as of July 1, 2021. For the fiscal year ended June 30, 2021, the discount rate was decreased from $2.21 \%$ to $2.20 \%$.

## OPEB Plan Fiduciary Net Position

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 their 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. That report can be viewed on the State's Department of Finance and Management website at: Annual Comprehensive Financial Report | Department of Finance and Management (vermont.gov).

## NOTE 16 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the School District carries commercial insurance or participates in a public entity and self-insured risk pool.

Based on the coverage provided by the insurance purchased, the School District is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2022. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

In addition, the District is a member of the Vermont School Boards Association. The Association has set up two insurance Trusts; Vermont School Boards Insurance

NOTES TO FINANCIAL STATEMENTS<br>JUNE 30, 2022

## NOTE 16 - RISK MANAGEMENT (CONTINUED)

Trust, Inc. (VSBIT) for worker compensation, multi-line intermunicipal school program and unemployment compensation program and the Vermont Education Health Initiative (VEHI) for medical benefits. VSBIT and VEHI are nonprofit corporations formed to provide insurance and risk management programs for Vermont School Districts and is owned by the participating Districts. The Trusts are not licensed insurance carriers and members are not protected by the Vermont Insurance Guaranty Association.

To provide insurance coverage, VEHI has established a self-funded fully insured program in conjunction with Blue Cross and Blue Shield (BCBS). A portion of member contributions is used to purchase reinsurance and to fund a reserve required by the reinsurance. Contributions in excess of claims requirements, reserve fund requirements, reinsurance and administrative costs are returned to participants. The pooling agreement does not permit the pool to make additional assessments to its members.

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

To provide worker's compensation coverage, VSBIT has established a separate trust of funds from member contributions to pay administrative costs and workers compensation coverage. Contributions are based upon formulas applied to payroll expense. At the end of the coverage period, the members will be assessed or refunded any difference between estimated contributions and actual expenses.

Multi-Line Intermunicipal School Program provides coverage for property; inland marine and boiler and machinery; crime; commercial general liability; automobile/garagekeepers and educators legal liability. Annual contributions are based upon appropriate rates applicable to each member; such rates are set based on recommendations of a qualified actuary, plus a proportionate share of all operational and administrative cost including excess reinsurance premiums incurred by the trust. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and VSBIT is unable to meet its required obligations, the program will be terminated with each member assessed their proportionate share of the deficit.

## NOTES TO FINANCIAL STATEMENTS <br> JUNE 30, 2022

## NOTE 17 - COMMITMENTS AND CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the School District's financial position.

The School District participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the School District's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

## NOTE 18 - RELATED ORGANIZATION

The School District has an ongoing financial responsibility to Windsor Southeast Supervisory Union as defined in GASB 14, paragraph 71. Through Windsor Southeast Supervisory Union's assessment process, the School District's assessment can be increased to cover a share of any prior year deficits and decreased to share in any prior year surpluses. Separate financial statements on Windsor Southeast Supervisory Union are available from Windsor Southeast Supervisory Union.

## NOTE 19 - LETTER OF CREDIT

At June 24, 2022, the School District has an outstanding irrevocable standby letter of credit issued by the Federal Home Loan Bank of Boston serving as collateral for its deposits held at Mascoma Bank. This letter of credit, which expires at the close of business on June 26, 2023, authorizes one draw only up to the amount of $\$ 6,000,000$. There were no draws for the year ended June 30, 2022.

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual General Fund
- $\quad$ Schedule of Proportionate Share of the Net Pension Liability
- $\quad$ Schedule of Contributions - Pensions
- $\quad$ Schedule of Proportionate Share of the Net OPEB Liability
- $\quad$ Schedule of Contributions - OPEB
- Notes to Required Supplementary Information


## MOUNT ASCUTNEY SCHOOL DISTRICT

## BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS <br> BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2022

|  | Budgeted Amounts |  | Actual Amounts | Variance Positive (Negative) |
| :---: | :---: | :---: | :---: | :---: |
|  | Original | Final |  |  |
| Budgetary Fund Balance, July 1 | \$ 1,276,739 | \$ 1,276,739 | \$ 1,276,739 | \$ |
| Resources (Inflows): |  |  |  |  |
| Intergovernmental: |  |  |  |  |
| State support | 9,846,589 | 9,846,589 | 9,846,589 | - |
| Other | 381,887 | 381,887 | 331,378 | $(50,509)$ |
| Charges for services: |  |  |  |  |
| Tuition | 1,404,865 | 1,404,865 | 1,137,550 | $(267,315)$ |
| Custodial services | 75,097 | 75,097 | 70,706 | $(4,391)$ |
| Interest income | 8,000 | 8,000 | 3,504 | $(4,496)$ |
| Miscellaneous income | - | - | 11,518 | 11,518 |
| Transfers from other funds | - | - | 75,605 | 75,605 |
| Amounts Available for Appropriation | 12,993,177 | 12,993,177 | 12,753,589 | $(239,588)$ |
| Charges to Appropriations (Outflows): |  |  |  |  |
| School instruction | 7,322,532 | 7,322,532 | 6,915,643 | 406,889 |
| Board of Education | 72,685 | 72,685 | 70,901 | 1,784 |
| Superintendent's office | 2,953,326 | 2,953,326 | 2,953,326 | - |
| Operations and maintenance | 1,183,136 | 1,183,136 | 1,378,180 | $(195,044)$ |
| Transportation | 106,500 | 106,500 | 60,459 | 46,041 |
| Debt service: |  |  |  |  |
| Principal | 80,000 | 80,000 | 80,000 | - |
| Interest | 25,946 | 25,946 | 13,463 | 12,483 |
| Capital outlay | - | - | 46,630 | $(46,630)$ |
| Transfers to other funds | - | 624,526 | 624,526 | - |
| Total Charges to Appropriations | 11,744,125 | 12,368,651 | 12,143,128 | 225,523 |
| Budgetary Fund Balance, June 30 | \$ 1,249,052 | \$ 624,526 | \$ 610,461 | \$ (14,065) |
| Utilization of unassigned fund balance | \$ 27,687 | \$ 652,213 | \$ | \$ 652,213 |

See accompanying independent auditor's report and notes to financial statements.

## MOUNT ASCUTNEY SCHOOL DISTRICT

## SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY LAST 10 FISCAL YEARS*

| VSTRS: | 2022 |  | 2021 |  | 2020 |  | 2019 |  | 2018 |  | 2017 |  | 2016 |  | 2015 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Proportion of the net pension liability |  | 0.54\% |  | 0.54\% |  | 0.55\% |  | 0.08\% |  | 0.08\% |  | 0.08\% |  | 0.07\% |  | 0.08\% |
| School District's proportionate share of the net pension liability | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| State's proportionate share of the net pension |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total | \$ | 9,143,925 |  | 0,445,942 |  | 8,642,218 |  | 8,314,712 |  | 7,735,178 |  | 6,245,341 |  | 5,282,202 | \$ | 4,093,649 |
| Covered payroll | \$ | 3,865,296 |  | 3,718,796 |  | 3,805,315 |  | 3,723,535 |  | 3,448,079 |  | 3,089,458 |  | 2,503,736 | \$ | 2,767,872 |
| Proportionate share of the net pension liability as a percentage of its covered payroll |  | 0.00\% |  | 0.00\% |  | 0.00\% |  | 0.00\% |  | 0.00\% |  | 0.00\% |  | 0.00\% |  | 0.00\% |
| Plan fiduciary net position as a percentage of the total pension liability |  | 58.83\% |  | 50.00\% |  | 54.96\% |  | 54.81\% |  | 53.98\% |  | 55.31\% |  | 58.22\% |  | 64.02\% |
| VMERS: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Proportion of the net pension liability |  | 0.13\% |  | 0.09\% |  | 0.10\% |  | 0.02\% |  | 0.03\% |  | 0.02\% |  | 0.02\% |  | 0.03\% |
| Proportionate share of the net pension |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Covered payroll | \$ | 642,687 | \$ | 416,721 | \$ | 442,922 | \$ | 490,599 | \$ | 538,344 | \$ | 481,100 | \$ | 451,125 | \$ | 429,675 |
| Proportionate share of the net pension liability as a percentage of its covered payroll |  | 29.79\% |  | 51.87\% |  | 37.25\% |  | 32.13\% |  | 29.67\% |  | 33.85\% |  | 20.37\% |  | 2.83\% |
| Plan fiduciary net position as a percentage of the total pension liability |  | 89.29\% |  | 74.52\% |  | 80.35\% |  | 82.60\% |  | 83.64\% |  | 80.95\% |  | 87.42\% |  | 98.32\% |

* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

MOUNT ASCUTNEY SCHOOL DISTRICT

## SCHEDULE OF CONTRIBUTIONS - PENSIONS <br> LAST 10 FISCAL YEARS*

| VSTRS: | 2022 |  | 2021 |  | 2020 |  | 2019 |  | 2018 |  | 2017 |  | 2016 |  | 2015 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Contractually required contribution | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Contributions in relation to the contractually required contribution |  | - |  | - |  | - |  | - |  | - |  | - |  | - |  | - |
| Contribution deficiency (excess) | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Covered payroll | \$ | 4,011,267 | \$ | 3,865,296 |  | 3,718,796 |  | 3,805,315 |  | 3,723,535 |  | 3,448,079 |  | 3,089,458 | \$ | 2,503,736 |
| Contributions as a percentage of covered payroll |  | 0.00\% |  | 0.00\% |  | 0.00\% |  | 0.00\% |  | 0.00\% |  | 0.00\% |  | 0.00\% |  | 0.00\% |
| VMERS: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Contractually required contribution Contributions in relation to the contractually required contribution | \$ | 29,783 |  | \$ 28,921 | \$ | \$ 17,710 | \$ | \$ 18,271 | \$ | \$ 19,624 | \$ | 21,532 | \$ | 19,232 | \$ | 16,661 |
|  |  | $(29,783)$ |  | $(28,921)$ |  | $(17,710)$ |  | $(18,271)$ |  | $(19,624)$ |  | $(21,532)$ |  | $(19,232)$ |  | $(16,661)$ |
| Contribution deficiency (excess) | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Covered payroll | \$ | 627,015 | \$ | 642,687 | \$ | 416,721 | \$ | 442,922 | \$ | 490,599 | \$ | 538,344 | \$ | 481,100 | \$ | 451,125 |
| Contributions as a percentage of covered payroll |  | 4.75\% |  | 4.50\% |  | 4.25\% |  | 4.13\% |  | 4.00\% |  | 4.00\% |  | 4.00\% |  | 3.69\% |

See accompanying independent auditor's report and notes to financial statements.

MOUNT ASCUTNEY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY LAST 10 FISCAL YEARS*

## VSTRS OPEB Plan:

Proportion of the net OPEB liability School District's proportionate share of the net OPEB liability

State's proportionate share of the net OPEB liability associated with the School District Total

Covered payroll
Proportionate share of the net OPEB liability as a percentage of its covered payroll

|  | 2022 |  | 2021 |  | 2020 |  | 2019 | 2018 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 0.58\% |  | 0.61\% |  | 0.63\% |  | 0.64\% | 0.61\% |
| \$ | - | \$ | - | \$ | - | \$ | - | \$ |
|  | 7,385,605 |  | 7,643,216 |  | 6,554,087 |  | 6,125,174 | 5,665,067 |
| \$ | 7,385,605 | \$ | 7,643,216 | \$ | 6,554,087 | \$ | 6,125,174 | \$5,665,067 |
| \$ | 3,865,296 | \$ | 3,718,796 | \$ | 3,805,315 | \$ | 3,723,535 | \$3,448,079 |
|  | 0.00\% |  | 0.00\% |  | 0.00\% |  | 0.00\% | 0.00\% |
|  | 0.69\% |  | 0.69\% |  | 0.03\% |  | -2.85\% | -2.94\% |

Plan fiduciary net position as a percentage of the total OPEB liability
0.69\%
0.03\%
-2.85\%
-2.94\%

* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

MOUNT ASCUTNEY SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS - OPEB LAST 10 FISCAL YEARS*

|  |  | 2022 |  | 2021 |  | 2020 |  | 2019 |  | 2018 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| VSTRS OPEB Plan: |  |  |  |  |  |  |  |  |  |  |
| Contractually required contribution |  | - | \$ | - | \$ | - | \$ | - | \$ | \$ - |
| Contributions in relation to the contractually required contribution |  |  |  | - |  |  |  | - |  |  |
| Contribution deficiency (excess) | \$ | - | \$ | - | \$ | - | \$ | - | \$ | + - |
| Covered payroll | \$ | 4,011,267 | \$ | 3,865,296 | \$ | 3,718,796 | \$ | 3,805,315 |  | \$3,723,535 |
| Contributions as a percentage of covered payroll |  | 0.00\% |  | 0.00\% |  | 0.00\% |  | 0.00\% |  | 0.00\% |

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

# MOUNT ASCUTNEY SCHOOL DISTRICT <br> NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2022 

## Changes of Assumptions

VSTRS Pension Plan:
There have been no changes in actuarial assumptions since the last measurement date.

VMERS Pension Plan:
There have been no changes in actuarial assumptions since the last measurement date.

VSTRS OPEB Plan:
The discount rate was decreased from $2.21 \%$ to $2.20 \%$.
The per capita valuation-year claims and retiree contribution rates were updated.
Future male retirees were assumed to be two years older than their spouses, decreased from three years.

See accompanying independent auditor's report and notes to financial statements.

## Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule - Budget and Actual - General Fund Revenues
- $\quad$ Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- $\quad$ Schedule of Changes in General Capital Assets by Function

|  | Original <br> Budget | Final Budget | Actual Amounts |  | ariance Positive egative) |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Resources (Inflows): |  |  |  |  |  |
| Intergovernmental revenues: |  |  |  |  |  |
| State support | \$ 9,846,589 | \$ 9,846,589 | \$ 9,846,589 | \$ |  |
| Transportation aid | 50,540 | 50,540 |  |  | $(50,540)$ |
| Small school grant | 84,046 | 84,046 | 84,046 |  |  |
| Vocational transportation | 155,705 | 155,705 | 155,705 |  |  |
| High School Completion | 650 | 650 | 681 |  | 31 |
| Property tax - Act 144 | 90,946 | 90,946 | 90,946 |  |  |
| Charges for services: |  |  |  |  |  |
| Tuition | 1,404,865 | 1,404,865 | 1,137,550 |  | $(267,315)$ |
| Custodial services | 75,097 | 75,097 | 70,706 |  | $(4,391)$ |
| Interest income | 8,000 | 8,000 | 3,504 |  | $(4,496)$ |
| Miscellaneous: |  |  |  |  |  |
| Other receipts |  |  | 11,518 |  | 11,518 |
| Transfers in | - | - | 75,605 |  | 75,605 |
| Amounts Available for Appropriation | \$11,716,438 | \$11,716,438 | \$11,476,850 | \$ | (239,588) |

MOUNT ASCUTNEY SCHOOL DISTRICT
SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2022

|  | Original Budget |  | Final Budget |  | Actual | Variance <br> Positive <br> (Negative) |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| School instruction- |  |  |  |  |  |  |  |
| Regular programs | \$ 2,213,585 | \$ | 2,213,585 | \$ | 1,996,222 | \$ | 217,363 |
| Principal | 588,940 |  | 588,940 |  | 567,243 |  | 21,697 |
| Vocational | 226,442 |  | 226,442 |  | 266,725 |  | $(40,283)$ |
| Art | 179,859 |  | 179,859 |  | 186,048 |  | $(6,189)$ |
| English | 391,825 |  | 391,825 |  | 310,956 |  | 80,869 |
| Foreign language | 161,966 |  | 161,966 |  | 157,958 |  | 4,008 |
| Health services | 63,972 |  | 63,972 |  | 47,595 |  | 16,377 |
| Physical education | 257,534 |  | 257,534 |  | 290,714 |  | $(33,180)$ |
| Library/media | 96,157 |  | 96,157 |  | 79,918 |  | 16,239 |
| Math | 418,442 |  | 418,442 |  | 403,294 |  | 15,148 |
| Music | 174,018 |  | 174,018 |  | 161,924 |  | 12,094 |
| Science | 347,796 |  | 347,796 |  | 337,179 |  | 10,617 |
| Social studies | 440,233 |  | 440,233 |  | 451,914 |  | $(11,681)$ |
| Reading | 1,500 |  | 1,500 |  | 661 |  | 839 |
| Drivers education | 25,000 |  | 25,000 |  | 37,000 |  | $(12,000)$ |
| Theatre | 60,968 |  | 60,968 |  | 86,180 |  | $(25,212)$ |
| Athletics and cocurricular | 283,122 |  | 283,122 |  | 265,698 |  | 17,424 |
| Guidance | 544,772 |  | 544,772 |  | 462,771 |  | 82,001 |
| Nurse | 215,364 |  | 215,364 |  | 213,320 |  | 2,044 |
| Technology | 96,528 |  | 96,528 |  | 93,626 |  | 2,902 |
| Psychologist | 313,360 |  | 313,360 |  | 235,795 |  | 77,565 |
| Improvement of instruction | 221,149 |  | 221,149 |  | 262,902 |  | $(41,753)$ |
|  | 7,322,532 |  | 7,322,532 |  | 6,915,643 |  | 406,889 |
| Board of Education - |  |  |  |  |  |  |  |
| Stipends/salaries/benefits | 8,185 |  | 8,185 |  | 7,519 |  | 666 |
| Legal services | 10,000 |  | 10,000 |  | 2,224 |  | 7,776 |
| Liability insurance | 45,000 |  | 45,000 |  | 48,593 |  | $(3,593)$ |
| Advertising | 1,000 |  | 1,000 |  | 258 |  | 742 |
| Dues and fees | 5,000 |  | 5,000 |  | 3,095 |  | 1,905 |
| Miscellaneous | 3,500 |  | 3,500 |  | 9,212 |  | $(5,712)$ |
|  | 72,685 |  | 72,685 |  | 70,901 |  | 1,784 |

## MOUNT ASCUTNEY SCHOOL DISTRICT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2022

|  | Original Budget | Final Budget | Actual | Positive <br> (Negative) |
| :---: | :---: | :---: | :---: | :---: |
| Assessments - |  |  |  |  |
| Central office assessment | 1,661,213 | 1,661,213 | 1,661,213 | - |
| School-wide regular ed assessment | 1,021,877 | 1,021,877 | 1,021,877 | - |
| MSSD pre-k assessment | 270,236 | 270,236 | 270,236 |  |
|  | 2,953,326 | 2,953,326 | 2,953,326 | - |
| Operations and maintenance - |  |  |  |  |
| Telephone | 35,000 | 35,000 | 32,196 | 2,804 |
| Buildings and grounds | 1,148,136 | 1,148,136 | 1,345,984 | $(197,848)$ |
|  | 1,183,136 | 1,183,136 | 1,378,180 | $(195,044)$ |
| Transportation - |  |  |  |  |
| To and from school | 106,500 | 106,500 | 60,459 | 46,041 |
|  | 106,500 | 106,500 | 60,459 | 46,041 |
| Debt service - |  |  |  |  |
| Principal | 80,000 | 80,000 | 80,000 | - |
| Interest | 25,946 | 25,946 | 13,463 | 12,483 |
|  | 105,946 | 105,946 | 93,463 | 12,483 |
| Capital outlay | - | - | 46,630 | $(46,630)$ |
| Transfers to other funds | - | 624,526 | 624,526 | - |
| TOTAL DEPARTMENTAL OPERATIONS | \$11,744,125 | \$ 12,368,651 | \$12,143,128 | \$ 225,523 |

See accompanying independent auditor's report and notes to financial statements.

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2022

ASSETS
Accounts receivable (net of allowance for uncollectibles)
Due from other funds TOTAL ASSETS

| \$ | 1,470 | \$ |  | \$ | 1,470 |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | 18,867 |  | 22,666 |  | 41,533 |
| \$ | 20,337 | \$ | 22,666 | \$ | 43,003 |

LIABILTIES
Accounts payable


FUND BALANCES
Nonspendable
Restricted
Committed
Assigned
Unassigned
TOTAL FUND BALANCES
TOTAL LIABILITIES AND FUND BALANCES
$\xlongequal{\$ \quad 20,337} \xlongequal{\$ \quad 22,666} \xlongequal{\$ \quad 43,003}$

See accompanying independent auditor's report and notes to financial statements.

FOR THE YEAR ENDED JUNE 30, 2022

| Special Revenue Funds |  | Permanent Funds |  | Total Nonmajor Governmental Funds |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| \$ | 21,820 | \$ |  | \$ | 21,820 |
|  | 13,157 |  | - |  | 13,157 |
|  | 34,977 |  |  |  | 34,977 |
|  | 34,974 |  | - |  | 34,974 |
|  | 34,974 |  |  |  | 34,974 |
|  | 3 |  | - |  | 3 |
|  | 664 |  | 22,666 |  | 23,330 |
| \$ | 667 | \$ | 22,666 | \$ | 23,333 |

## Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

MOUNT ASCUTNEY SCHOOL DISTRICT
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS JUNE 30, 2022

|  | DH <br> Innovations |  | Vermont Humanities Council |  | Bryne ABS Photos |  | Bryne HS Science |  | Vital Communities Grant |  | VSBIT <br> Safety Grant |  | Total |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| ASSETS |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Accounts receivable (net of allowance for uncollectibles) | \$ | 1,470 | \$ | - | \$ | - | \$ | - | \$ | - | \$ |  |  | \$ 1,470 |
| Due from other funds |  | - |  | 667 |  | 15,000 |  | 3,200 |  | - |  |  |  | 18,867 |
| TOTAL ASSETS | \$ | 1,470 | \$ | 667 | \$ | 15,000 | \$ | 3,200 | \$ | - | \$ |  |  | \$ 20,337 |
| LIABILITIES |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Accounts payable | \$ | - | \$ | - |  | 15,000 | \$ | 3,200 | \$ | - | \$ |  |  | \$ 18,200 |
| Accrued expenses |  | 835 |  | - |  | - |  | - |  | - |  |  |  | 835 |
| Due to other funds |  | 635 |  | - |  | - |  | - |  | - |  | - |  | 635 |
| TOTAL LIABILITIES |  | 1,470 |  | - |  | 15,000 |  | 3,200 |  | - |  |  |  | 19,670 |
| FUND BALANCES |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Nonspendable |  | - |  | - |  | - |  | - |  | - |  |  |  | - |
| Restricted |  | - |  | 667 |  | - |  | - |  | - |  |  |  | 667 |
| Committed |  | - |  | - |  | - |  | - |  | - |  |  |  | - |
| Assigned |  | - |  | - |  | - |  | - |  | - |  |  |  | - |
| Unassigned |  | - |  | - |  | - |  | - |  | - |  |  |  | - |
| TOTAL FUND BALANCES |  | - |  | 667 |  | - |  | - |  | - |  | - |  | 667 |
| TOTAL LIABILITIES AND |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| FUND BALANCES | \$ | 1,470 | \$ | 667 |  | 15,000 | \$ | 3,200 | \$ | - | \$ | - |  | \$ 20,337 |

See accompanying independent auditor's report and notes to financial statements.

MOUNT ASCUTNEY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2022

| REVENUES |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Intergovernmental | \$ | - | \$ | 2,400 |  | \$ 15,000 | \$ | 3,200 | \$ | 1,000 | \$ | 220 |  | ,820 |
| Other income |  | 13,157 |  | - |  | - |  | - |  | - |  |  |  | ,157 |
| TOTAL REVENUES |  | 13,157 |  | 2,400 |  | 15,000 |  | 3,200 |  | 1,000 |  | 220 |  | ,977 |
| EXPENDITURES |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other |  | 13,157 |  | 2,397 |  | 15,000 |  | 3,200 |  | 1,000 |  | 220 |  | ,974 |
| TOTAL EXPENDITURES |  | 13,157 |  | 2,397 |  | 15,000 |  | 3,200 |  | 1,000 |  | 220 |  | ,974 |
| NET CHANGE IN FUND BALANCES |  | - |  | 3 |  | - |  | - |  | - |  | - |  | 3 |
| FUND BALANCES - JULY1 |  | - |  | 664 |  | - |  | - |  | - |  | - |  | 664 |
| FUND BALANCES - JUNE 30 | \$ | - | \$ | 667 | \$ | \$ | \$ | - | \$ | - | \$ | - | \$ | 667 |

See accompanying independent auditor's report and notes to financial statements.

## Permanent Funds

Permanent funds are used to account for assets held by Mount Ascutney School District in trust or as an agent of individuals, private organizations, other governmental units and/or other funds. Unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Mount Ascutney School District students and/or staff. These funds have been established for purposes including the provision and/or maintenance of scholarships.

## ASSETS

Due from other funds
TOTAL ASSETS
LIABILTIES
Accounts payable
TOTAL LIABILTIES
FUND BALANCES
Nonspendable
Restricted
Committed
Assigned
Unassigned
TOTAL FUND BALANCES
TOTAL LIABILTIES AND FUND BALANCES
B. Hinton

Trust Total

|  |  |
| :--- | :--- | :--- | :--- |



| 22,666 | 22,666 |  |
| ---: | ---: | ---: |
| - | - |  |
| - | - |  |
| - |  |  |
|  | 22,666 | - |

$\xlongequal{\$ \quad 22,666} \xlongequal{\$ \quad 22,666}$

See accompanying independent auditor's report and notes to financial statements.

|  | B. Hinton Trust |  | Total |  |
| :---: | :---: | :---: | :---: | :---: |
| REVENUES |  |  |  |  |
| Interest income | \$ | - | \$ | - |
| TOTAL REVENUES |  | - |  | - |
| EXPENDITURES |  |  |  |  |
| Other |  | - |  | - |
| TOTAL EXPENDTURES |  | - |  | - |
| NET CHANGE IN FUND BALANCES |  | - |  | - |
| FUND BALANCES - JULY 1 |  | 22,666 |  | 22,666 |
| FUND BALANCES - JUNE 30 | \$ | 22,666 | \$ | 22,666 |

See accompanying independent auditor's report and notes to financial statements.

## General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities' column of the government-wide statement of net position.

MOUNT ASCUTNEY SCHOOL DISTRICT
SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2022

|  | Land and <br> Non-depreciable Assets |  | Buildings, <br> Building Improvements and Land Improvements |  | Furniture, Fixtures, Equipment and Vehicles |  | Infrastructure |  | Total |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| School instruction | \$ | 58,952 | \$ | 13,481,891 | \$ | 436,342 | \$ | - | \$ 13,977,185 |
| Operations and maintenance |  | 46,630 |  | 1,661,986 |  | 207,840 |  | 35,379 | 1,951,835 |
| Total General Capital Assets |  | 105,582 |  | 15,143,877 |  | 644,182 |  | 35,379 | 15,929,020 |
| Less: Accumulated Depreciation |  | - |  | $(7,567,144)$ |  | $(460,644)$ |  | $(15,331)$ | $(8,043,119)$ |
| Net General Capital Assets | \$ | 105,582 | \$ | 7,576,733 | \$ | 183,538 | \$ | 20,048 | \$ 7,885,901 |

See accompanying independent auditor's report and notes to financial statements.

MOUNT ASCUTNEY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2022

|  | General <br> Capital <br> Assets <br> 7/1/21 | Additions |  | Deletions |  | General <br> Capital <br> Assets <br> 6/30/22 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| School instruction | \$ 13,952,562 | \$ | 58,952 | \$ | $(34,329)$ | \$ 13,977,185 |
| Operations and maintenance | 1,873,682 |  | 78,153 |  | - | 1,951,835 |
| Total General Capital Assets | 15,826,244 |  | 137,105 |  | $(34,329)$ | 15,929,020 |
| Less: Accumulated Depreciation | $(7,681,926)$ |  | $(395,522)$ |  | 34,329 | $(8,043,119)$ |
| Net General Capital Assets | \$ 8,144,318 | \$ | $(258,417)$ | \$ | - | \$ 7,885,901 |

See accompanying independent auditor's report and notes to financial statements.

# 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 

School Board<br>Mount Ascutney School District<br>Mount Ascutney, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Mount Ascutney School District as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Mount Ascutney School District's basic financial statements and have issued our report thereon dated April 7, 2023.

## Internal Control Over Financial Reporting

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

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Mount Ascutney School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. We noted certain other matters that we reported to management of the Windsor Southeast Supervisory Union in a separate letter dated March 30, 2023.

## 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.


Buxton, Maine
Vermont Registration No. 092.0000697
April 7, 2023


[^0]:    3 Old Orchard Road, Buxton, Maine 04093
    Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
    www.rhrsmith.com

[^1]:    \$ $(229,353)$

[^2]:    Statement No. 97 "Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans". The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements and (3) enhance the relevance, consistency and

[^3]:    * Spouses of retirees who do not meet the 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.

