

**DUMMERSTON TOWN
SCHOOL DISTRICT**

**Financial Statements
and
Independent Auditors' Report**

As of and for the Year Ended
June 30, 2018

DUMMERSTON TOWN SCHOOL DISTRICT

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TYLER, SIMMS & ST. SAUVEUR, CPAs, P.C.
Certified Public Accountants & Business Consultants

Independent Auditors' Report

To the Board of Directors
of Dummerston Town School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Dummerston Town School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Dummerston Town School District as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 to 9 and 41 be presented to supplement the basic financial statements. Also included as required supplementary information is the schedule of state contributions to teachers' pension, District contributions to Vermont State Employees' Retirement System and the proportionate share of the net pension liability presented on pages 42-44. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2018, on our consideration of the Dummerston Town School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Dummerston Town School District's internal control over financial reporting and compliance.

Tyler, Semms and St. Severeur, CPAs, P.C.

Lebanon, New Hampshire
December 3, 2018

Registration No. 92-545

DUMMERSTON TOWN SCHOOL DISTRICT

Management's Discussion and Analysis

As of June 30, 2018

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) section of the Dummerston Town School District's (the District) annual audit provides a narrative overview and analysis of the District's financial performance during the year ended June 30, 2018. The MD&A focuses on the current year's activities, resulting changes and currently known facts. It should be read in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- District-wide net position decreased from \$1,057,299 to \$1,055,588.
- District-wide assets and deferred outflow of resources totaled \$1,581,770 and district-wide liabilities and deferred inflow of resources totaled \$526,182.
- The District-wide revenues were \$3,183,269 which was a \$406,010 decrease from last year.
- The District-wide expenditures were \$3,184,980 which resulted in a loss from operations for FY2018 in the amount of \$1,711.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (on pages 10 and 11) provide information about the activities of the District as a whole and present a long-term view of the District's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the government.

Overview of the Financial Statements

The MD&A will serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: (1) district-wide financial statements, (2) fund information statements and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-wide Financial Statements – The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business using the accrual basis of accounting.

The statement of net position presents information on all of the assets and liabilities of the District with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

DUMMERSTON TOWN SCHOOL DISTRICT

Management's Discussion and Analysis

As of June 30, 2018

The statement of activities presents information showing how the net position of the District changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both the district-wide financial statements distinguish functions of the District that are principally supported by taxes and inter-governmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include programs and services such as instruction, support services and building operation and maintenance.

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 District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is on the Major Funds, rather than fund types.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as those spendable resources available at the end of the fiscal year. Such information is useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-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 fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds – Proprietary funds are used to account for activities that are financed to a significant extent by user charges. These funds use the accrual basis of accounting and the economic resources measurement focus similar to that found in commercial enterprises.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the District cannot use these funds to finance its operations.

Notes to the Financial Statements – The notes provide additional information that is essential for a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 18-40 of this report.

DUMMERSTON TOWN SCHOOL DISTRICT
Management's Discussion and Analysis
As of June 30, 2018

District-wide Financial Analysis

The District's net position was \$1,055,588 at June 30, 2018. The largest portion of the District's net position, \$1,181,672, reflects its investment in capital assets (land, building, furniture and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. The analyses in Table 1 and Table 2 focus on the summary of net position and summary of changes in net position for the District-wide activities.

Table 1: District-wide Balance Sheet
June 30, 2018

	District Wide		Increase (Decrease)
	2018	2017	
Current assets	\$ 339,743	\$ 299,023	\$ 40,720
Capital assets	1,206,758	1,206,756	2
Deferred outflow of resources	<u>35,269</u>	<u>52,588</u>	<u>(17,319)</u>
Total assets and deferred outflow of resources	<u>\$ 1,581,770</u>	<u>\$ 1,558,367</u>	<u>\$ 23,403</u>
Current liabilities	\$ 264,470	\$ 249,765	\$ 14,705
Noncurrent liabilities	251,532	247,304	4,228
Deferred inflow of resources	<u>10,180</u>	<u>3,999</u>	<u>6,181</u>
Total liabilities and deferred inflow of resources	<u>\$ 526,182</u>	<u>\$ 501,068</u>	<u>\$ 25,114</u>
Net position			
Invested in capital assets net of related debt	\$ 1,181,672	\$ 1,173,873	\$ 7,799
Restricted	6,448	5,803	645
Unrestricted	<u>(132,532)</u>	<u>(122,377)</u>	<u>(10,155)</u>
Total net position	<u>\$ 1,055,588</u>	<u>\$ 1,057,299</u>	<u>\$ (1,711)</u>

DUMMERSTON TOWN SCHOOL DISTRICT
Management's Discussion and Analysis
As of June 30, 2018

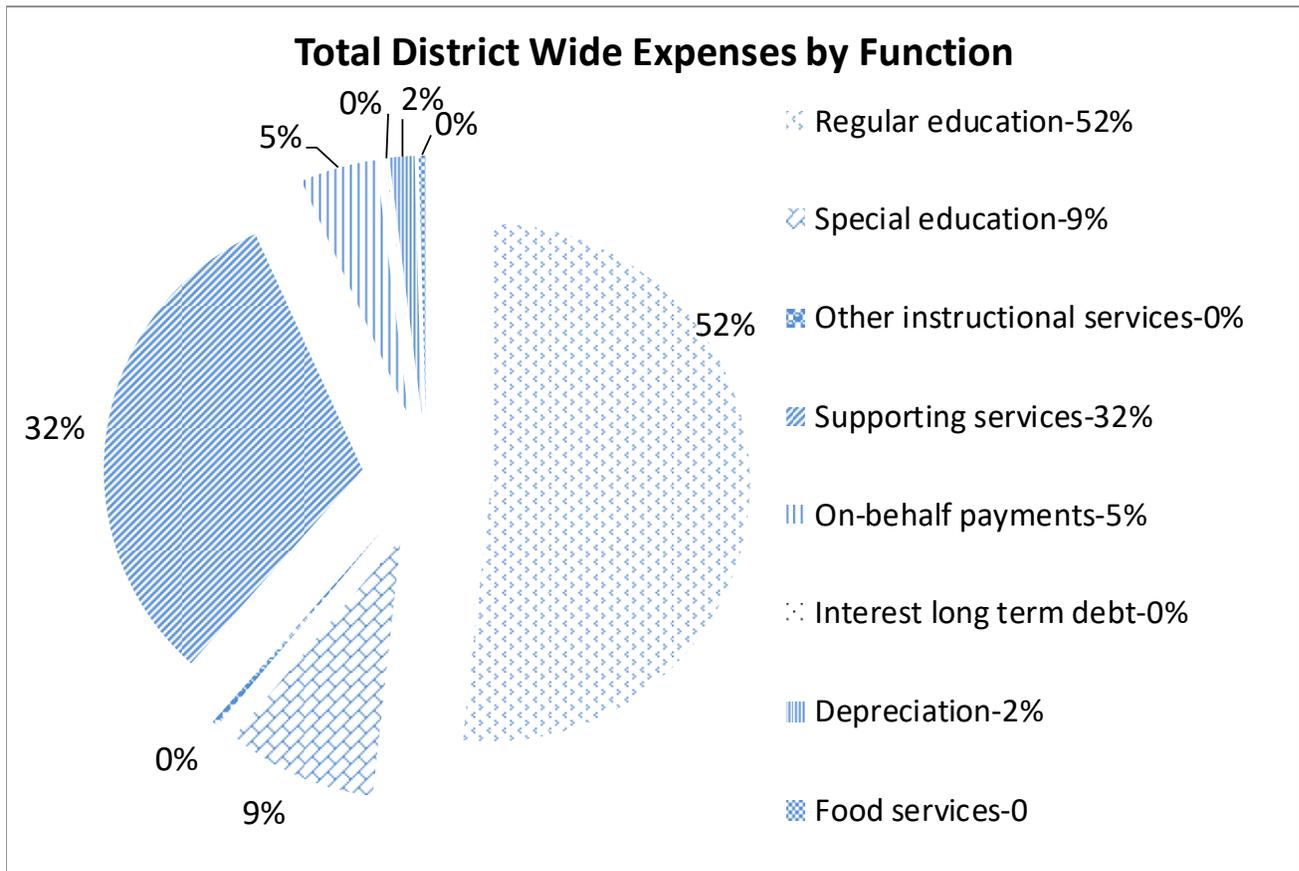
The results of this year's operations for the District as a whole are reported in the statement of activities. Table 2 takes the information from that statement and rearranges it slightly so the reader can see the total revenues for the year compared to fiscal year 2017.

Table 2: District-wide Statement of Activities
June 30, 2018

	<u>2018</u>	<u>2017</u>	Increase (Decrease)
Program revenues			
Charges for services	\$ 22,000	\$ 20,999	\$ 1,001
Operating grants and contributions	204,025	597,098	(393,073)
General revenues			
Education spending grant	2,771,114	2,810,894	(39,780)
Investment earnings	411	320	91
Miscellaneous revenues	33,583	27,160	6,423
On-behalf payments	152,136	132,808	19,328
Total revenues and transfers	<u>3,183,269</u>	<u>3,589,279</u>	<u>(406,010)</u>
Expenses			
Regular education	1,648,224	1,688,733	(40,509)
Special education	299,881	670,897	(371,016)
Other instructional programs	11,611	11,727	(116)
Supporting services	1,008,537	970,712	37,825
On-behalf payments	152,136	132,808	19,328
Interest on long-term debt	698	845	(147)
Depreciation expense	50,168	52,585	(2,417)
Food service expense	13,725	8,000	5,725
Total expenses	<u>3,184,980</u>	<u>3,536,307</u>	<u>(351,327)</u>
Increase (decrease) in net assets	(1,711)	52,972	(54,683)
Net position, July 1	<u>1,057,299</u>	<u>1,004,327</u>	<u>52,972</u>
Net position, June 30	<u>\$ 1,055,588</u>	<u>\$ 1,057,299</u>	<u>\$ (1,711)</u>

DUMMERSTON TOWN SCHOOL DISTRICT
Management's Discussion and Analysis
 As of June 30, 2018

The chart below represents total expenditures from Governmental Funds classified by function:



Fund Financial Analysis

Governmental Fund Types – Fund balances in the Governmental Fund types increased from \$56,908 to \$79,075. Operations increased the fund balance by \$22,167.

Governmental Fund revenues were \$3,183,269, which was a decrease of \$406,010 from the prior year.

General Fund expenditures were \$3,161,102, which was a decrease of \$340,109.

Capital Assets

As required under Governmental Accounting Standards Board (GASB) 34, the District is reporting its capital assets as part of the financial statements. The District has researched and documented the historical costs of the various assets owned by the District and applied appropriate charges against cost to record depreciation. Assets with a cost of \$5,000 or more are capitalized and depreciated.

DUMMERSTON TOWN SCHOOL DISTRICT
Management's Discussion and Analysis
As of June 30, 2018

Following is a summary of the District's capital assets as of June 30, 2018:

	Governmental Activities			Ending Balance June 30, 2018
	Ending Balance June 30, 2017	Additions	Retirements and Transfers	
Non-depreciable assets				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Depreciable assets				
Buildings and improvements	2,649,953	50,170	-	2,700,123
Machinery, equipment and vehicles	163,371	-	-	163,371
	<u>2,813,324</u>	<u>50,170</u>	<u>-</u>	<u>2,863,494</u>
Less depreciation for				
Buildings and improvements	1,498,237	48,413	-	1,546,650
Machinery, equipment and vehicles	158,331	1,755	-	160,086
	<u>1,656,568</u>	<u>50,168</u>	<u>-</u>	<u>1,706,736</u>
Capital assets, net	\$ <u>1,206,756</u>	\$ <u>2</u>	\$ <u>-</u>	\$ <u>1,206,758</u>

Long-Term Debt

Following is a summary of the District's long-term debt as of June 30, 2018:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Due Within One Year
Governmental activities:					
Notes payable					
Water systems improvement	\$ 24,883	\$ -	\$ 1,797	\$ 23,086	\$ 1,802
Green Mountain Power	8,000	-	6,000	2,000	2,000
	<u>32,883</u>	<u>-</u>	<u>7,797</u>	<u>25,086</u>	<u>3,802</u>
	\$ <u>32,883</u>	\$ <u>-</u>	\$ <u>7,797</u>	\$ <u>25,086</u>	\$ <u>3,802</u>

Current Issues

- The Teachers' Master Agreement was renewed until June 2020.

DUMMERSTON TOWN SCHOOL DISTRICT

Management's Discussion and Analysis

As of June 30, 2018

Contacting the District's Management

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lyle Holiday, Superintendent of Schools at (802) 254-3730 or Frank Rucker, Business Administrator at (802) 254-3731, or by mail at WSESU, 53 Green Street, Brattleboro, Vermont 05301.

DUMMERSTON TOWN SCHOOL DISTRICT
Statement of Net Position – District-wide
As of June 30, 2018

	Primary Government	
	Governmental Activities	Total
Assets and other debits		
Current assets		
Cash	\$ 330,895	\$ 330,895
Accounts receivable	2,400	2,400
Prepaid expenses	6,448	6,448
Total current assets	<u>339,743</u>	<u>339,743</u>
Capital assets	2,913,494	2,913,494
Accumulated depreciation	(1,706,736)	(1,706,736)
Total capital assets (net of accumulated depreciation)	<u>1,206,758</u>	<u>1,206,758</u>
Total assets	<u>1,546,501</u>	<u>1,546,501</u>
Deferred outflow of resources		
Pension - VMERS	<u>35,269</u>	<u>35,269</u>
Total assets and deferred outflow of resources	<u>\$ 1,581,770</u>	<u>\$ 1,581,770</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 20,833	\$ 20,833
Accrued expenses	190,728	190,728
Due to other governments	15,089	15,089
Due to student activities	34,018	34,018
Current portion of long-term debt	3,802	3,802
Total current liabilities	<u>264,470</u>	<u>264,470</u>
Noncurrent liabilities		
Accrued separation benefit	163,100	163,100
Net pension liability - VMERS	67,148	67,148
Long-term debt, less current portion above	21,284	21,284
Total noncurrent liabilities	<u>251,532</u>	<u>251,532</u>
Total liabilities	<u>516,002</u>	<u>516,002</u>
Deferred inflow of resources		
Pension - VMERS	<u>10,180</u>	<u>10,180</u>
Net position		
Net investment in capital assets, net of related debt	1,181,672	1,181,672
Restricted	6,448	6,448
Unrestricted	(132,532)	(132,532)
Total net position	<u>1,055,588</u>	<u>1,055,588</u>
Total liabilities, deferred inflow of resources and net position	<u>\$ 1,581,770</u>	<u>\$ 1,581,770</u>

The accompanying notes to financial statements are an integral part of these statements.

DUMMERSTON TOWN SCHOOL DISTRICT

Statement of Activities – District-wide

For the Year Ended June 30, 2018

Functions/programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Total
Governmental activities					
Regular education programs	\$ 1,648,224	\$ 22,000	\$ 95,822	\$ (1,530,402)	\$ (1,530,402)
Special education programs	299,881	-	108,203	(191,678)	(191,678)
Other instructional programs	11,611	-	-	(11,611)	(11,611)
Supporting services	1,008,537	-	-	(1,008,537)	(1,008,537)
On-behalf payment	152,136	-	152,136	-	-
Food service subsidy	13,725	-	-	(13,725)	(13,725)
Depreciation expense	50,168	-	-	(50,168)	(50,168)
Interest on long-term debt	698	-	-	(698)	(698)
Total primary government	<u>\$ 3,184,980</u>	<u>\$ 22,000</u>	<u>\$ 356,161</u>	<u>(2,806,819)</u>	<u>(2,806,819)</u>
General revenues					
				2,771,114	2,771,114
				411	411
				33,583	33,583
				<u>2,805,108</u>	<u>2,805,108</u>
				(1,711)	(1,711)
				<u>1,057,299</u>	<u>1,057,299</u>
				<u>\$ 1,055,588</u>	<u>\$ 1,055,588</u>

The accompanying notes to financial statements are an integral part of these statements.

DUMMERSTON TOWN SCHOOL DISTRICT
Combined Balance Sheet – All Fund Types – Fund Base
As of June 30, 2018

	<u>Government Fund Types</u>		<u>Total Governmental Funds</u>
	<u>General</u>	<u>Capital Project Fund</u>	<u>Primary Government</u>
Assets and other debits			
Cash	\$ 329,649	\$ 1,246	\$ 330,895
Accounts receivable	2,400	-	2,400
Prepaid expenses	<u>6,448</u>	<u>-</u>	<u>6,448</u>
Total assets and other debits	<u>\$ 338,497</u>	<u>\$ 1,246</u>	<u>\$ 339,743</u>
Liabilities			
Accounts payable	\$ 20,833	\$ -	\$ 20,833
Accrued expenses	190,728	-	190,728
Due to other governments	15,089	-	15,089
Due to student activities	<u>34,018</u>	<u>-</u>	<u>34,018</u>
Total liabilities	<u>260,668</u>	<u>-</u>	<u>260,668</u>
Fund balance			
Nonspendable	6,448	-	6,448
Unassigned	<u>71,381</u>	<u>1,246</u>	<u>72,627</u>
Total fund balance	<u>77,829</u>	<u>1,246</u>	<u>79,075</u>
Total liabilities and fund balance	<u>\$ 338,497</u>	<u>\$ 1,246</u>	<u>\$ 339,743</u>

The accompanying notes to financial statements are an integral part of these statements.

DUMMERSTON TOWN SCHOOL DISTRICT
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds
As of June 30, 2018

Fund balances - total governmental funds	\$	79,075
<p>Amounts reported for governmental activities in the government-wide statement of net assets are different because:</p>		
<p>Capital assets used in governmental funds are not current financial resources and therefore are not reported in the governmental funds balance sheet:</p>		
Capital assets		2,913,494
Less: Accumulated depreciation		(1,706,736)
Deferred outflow of resources		35,269
<p>Long-term liabilities are not payable in the current year and therefore are not reported in the government funds balance sheet:</p>		
Accrued separation benefit		(163,100)
Net pension liability		(67,148)
Long-term debt		(25,086)
Deferred inflow of resources		<u>(10,180)</u>
Net position district wide	\$	<u><u>1,055,588</u></u>

The accompanying notes to financial statements are an integral part of these statements.

DUMMERSTON TOWN SCHOOL DISTRICT
Combined Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Fund Types – Fund Base
For the Year Ended June 30, 2018

	Government Fund Types		
	General Fund	Capital Project Fund	Total Governmental Funds
Revenues			
Local sources			
Tuition	\$ 22,000	\$ -	\$ 22,000
Investment income	409	2	411
Miscellaneous	33,583	-	33,583
	<u>55,992</u>	<u>2</u>	<u>55,994</u>
State sources			
Education spending grant	2,771,114	-	2,771,114
Restricted grants-in-aid	95,822	-	95,822
On-behalf payments	152,136	-	152,136
	<u>3,019,072</u>	<u>-</u>	<u>3,019,072</u>
Federal sources			
Restricted grants-in-aid	108,203	-	108,203
Total revenues	<u>3,183,267</u>	<u>2</u>	<u>3,183,269</u>
Expenditures			
Instruction services			
Regular education programs	1,616,547	-	1,616,547
Special education	299,881	-	299,881
Other instructional services	11,611	-	11,611
Supporting services			
Pupils	206,959	-	206,959
Instructional staff	72,058	-	72,058
General administration	160,527	-	160,527
School administration	201,248	-	201,248
Operation and maintenance plant	270,883	-	270,883
Transportation	147,032	-	147,032
Food services			
Food service expenses	13,725	-	13,725
On-behalf payments	152,136	-	152,136
Debt service:			
Interest charges	698	-	698
Principal retirement	7,797	-	7,797
Total expenditures	<u>3,161,102</u>	<u>-</u>	<u>3,161,102</u>
Excess of revenues over expenditures	22,165	2	22,167
Fund balances, beginning	<u>55,664</u>	<u>1,244</u>	<u>56,908</u>
Fund balances, ending	<u>\$ 77,829</u>	<u>\$ 1,246</u>	<u>\$ 79,075</u>

The accompanying notes to financial statements are an integral part of these statements.

DUMMERSTON TOWN SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2018

Net change in fund balances - total governmental funds	\$	22,167
<p>Amounts reported for governmental activities in the government-wide statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives:</p>		
Expenditures for capital assets		50,170
Less: current year depreciation		(50,168)
<p>The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds:</p>		
<p>Issuance of debt:</p>		
Principal payments on notes payable		7,797
<p>Changes in non-current accrued separation liability that does not require the use of current financial resources and therefore is not reported as an expenditure in the governmental funds</p>		
		(27,175)
<p>Governmental funds report District pension costs as expenditures. However, the statement of net activities reports pension expense as the cost of pension benefits earned net of employer contributions</p>		
		<u>(4,502)</u>
Change in net position of governmental funds	\$	<u><u>(1,711)</u></u>

The accompanying notes to financial statements are an integral part of these statements.

DUMMERSTON TOWN SCHOOL DISTRICT
Statement of Fiduciary Net Position
As of June 30, 2018

	Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets		
Cash	\$ -	\$ -
Due from other governmental entities	-	34,018
	<u> </u>	<u> </u>
Total assets	<u>\$ -</u>	<u>\$ 34,018</u>
Liabilities		
Due to student groups	\$ -	\$ 34,018
	<u> </u>	<u> </u>
Total liabilities	<u>\$ -</u>	<u>\$ 34,018</u>
Net position		
Restricted	\$ -	\$ -
	<u> </u>	<u> </u>
Total net position	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes to financial statements are an integral part of these statements.

DUMMERSTON TOWN SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position – Fiduciary Funds
For the Year Ended June 30, 2018

Additions		
Investment earnings	\$	<u>2</u>
		<u>2</u>
Deductions		
Scholarships		<u>2,873</u>
Change in net position		(2,871)
Net position, beginning		<u>2,871</u>
Net position, ending	\$	<u><u>-</u></u>

The accompanying notes to financial statements are an integral part of these statements.

DUMMERSTON TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2018

1. Summary of Significant Accounting Policies:

The financial statements of the Dummerston Town School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

Reporting Entity – The Dummerston Town School District (the District) is a unit of government organized according to Vermont State law. The District's mission is to provide education services to students in the Dummerston Town School District. The District is governed by a Board of School Directors elected by registered voters of the District. There are no component units included within the reporting entity.

District-Wide and Fund Financial Statements – The District's basic financial statements include both district-wide and fund financial statements.

District-wide statements: The statement of net position and the statement of activities report information on all of the non-fiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. District activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

In the district-wide statement of net position, the financial position of the District is consolidated and incorporates all long-term assets and receivables as well as all long-term debt and obligations. The district-wide statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental and business-type activities. Direct expenses are those that are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund financial statements: Fund financial statements are presented according to each fund category; governmental and fiduciary. Separate financial statements are provided for each of these categories. Major governmental funds are reported as separate columns in the fund financial statements.

Governmental Fund Types:

General Fund – The General Fund is used to account for the primary activity of the District. It is used to account for all financial resources, except those required to be accounted for in other funds. This fund is charged with all costs of operating the government for which a separate fund has not been established.

Capital Project Fund – Transactions related to resources obtained and used for acquisition, construction or improvement of capital facilities are accounted for in the capital project fund. Such resources are derived from proceeds of long-term debt and federal and state grants.

DUMMERSTON TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2018

1. Summary of Significant Accounting Policies (continued):

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the District on behalf of outside related organizations or on behalf of other funds within the District. The Fiduciary Funds are prepared under the economic resources measurement focus and the accrual basis of accounting.

- Agency Funds consist of activity funds, which are established at the school to account for the receipts and disbursements of various school activities administered for the general welfare of the students and completion of certain planned objectives and special programs of school groups. The District retains no equity interest in these funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.
- Trust Funds account for assets where both principal and interest may be expended. These are accounted for in essentially the same manner as Governmental Fund Types, using the same measurement focus and basis of accounting.

Measurement Focus, Basis of Accounting and Financial Statement Presentation – The district-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as does the fiduciary fund financial statements, except for agency funds which have no measurement focus. All assets and deferred outflow of resources and liabilities and deferred inflow of resources associated with the operation of the District are included on the statement of net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases (revenues and other financing sources) and decreases (expenditures and other financing uses). The modified accrual basis of accounting recognizes revenues in the accounting period in which they become available and measurable and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

Revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

DUMMERSTON TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2018

1. Summary of Significant Accounting Policies (continued):

The Fiduciary Fund is accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund statement of net position. The fund equity is segregated into invested in capital assets less related debt, restricted net position and unrestricted net position.

Other Accounting Policies:

Cash and Cash Equivalents – For purposes of the statement of cash flows, the District considers highly liquid investments to be cash equivalents if they have a maturity of six months or less when purchased.

Interfund Receivables and Payables – Activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. All other outstanding balances between funds are also reported as “due to/from other funds”. Interfund activity has been eliminated from the government wide financial statements with the exception of activities between governmental activities and business-type activities.

Accounts Receivable – The accounts receivable balances at year end are from governmental entities; no allowance for doubtful accounts is considered necessary.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

Capital Assets – Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable column in the governmental-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Land improvements, buildings, furniture and equipment of the District are depreciated using the straight-line method over the estimated useful lives with a full year of depreciation taken in the year acquired and none taken in the year of disposal.

Long-Term Debt – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The face amount of debt issued is reported as other financing sources.

Unearned Revenue – Certain State and Federal grants are restricted for specific purposes and, upon receipt, are recorded as unearned revenue until expenditures are incurred.

DUMMERSTON TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2018

1. Summary of Significant Accounting Policies (continued):

Use of Estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires the Selectboard to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates and the differences could be material.

Budgets – The District is required by State law to adopt a budget for the General Fund. The budget is presented on the modified accrual basis of accounting which is consistent with GAAP. The operating budget is prepared by the District's administration with direction from the School Board and assistance from the Superintendent and Business Manager of the Windham Southeast Supervisory Union and approved by the Dummerston Town School District School Board at a properly warned meeting for presentation to the voters. The operating budget includes proposed expenditures by line items and the means of financing them. The voters vote on the total expense amount and not on the individual line items presented in these financial statements.

Encumbrances – Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is utilized for budgetary control purposes in the General Fund, Special Revenue Funds and Capital Projects Fund. Encumbrances are not the equivalent of expenditures and, accordingly, amounts assigned for encumbrances at the governmental fund level indicate that portion of the fund balance segregated for expenditure upon vendor performance.

Pensions – For purposes of measuring the net pension liability, deferred outflow of resources and deferred inflow 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) and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by VSTRS and VMERS. For this purpose, benefit payments are recognized when due and in accordance with benefit terms. Investments are reported at fair value.

Deferred Outflows and Inflows of Resources – In addition to assets, the statement of financial position will at times report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and as such will not be recognized as an outflow of resources (expense/expenditure) until that time. The District currently has one type of item, deferred outflows, related to pensions.

In addition to liabilities, the statement of financial position will at times report a separate section for deferred inflow of resources. This separate financial statement element represents an acquisition of net position that applies to future periods, so it will not be recognized as an inflow of resources until that time. Deferred inflows related to pensions qualify for reporting in this category.

Net Position and Fund Balance –

District-wide Financial Statements – Net position represents the difference between assets and deferred outflow of resources, and liabilities and deferred inflow of resources on the district-wide financial statements. Net positions are classified in the following categories:

DUMMERSTON TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2018

1. Summary of Significant Accounting Policies (continued):

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction or improvement of the assets.

Restricted for Net Position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

Restricted for Capital Projects – This amount reports the receipts of revenue from bond proceeds, grants and special assessments in excess of expenditures. These funds are restricted for the construction or acquisition of capital assets.

Unrestricted – This amount represents the net position that does not meet the definition of the above components and is available for general use by the District.

Fund Based Financial Statements – In the fund financial statements, governmental funds balances are classified as follows:

Non-spendable – Resources which cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted – Resources with constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments, or b) imposed by law through constitutional provisions or enabling legislation.

Committed – Resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner. For the purposes of defining the committed fund balance category, the District considers the taxpayers its highest level of decision making authority.

Assigned – Resources neither restricted nor committed for which a government has a stated intended use as established by the School Board or a body or official to which the School Board has delegated the authority to assign amounts for specific purposes.

Unassigned – Resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include any negative residual balance resulting from expenditures exceeding amounts restricted, committed or assigned for a specific purpose.

2. Cash:

Deposits – As of June 30, 2018, the carrying amount of deposits for governmental activities was \$330,895 and for the fiduciary funds was \$0. To cover any portion not insured by the FDIC, the District obtains collateralization agreements from local banks. Securities underlying repurchase agreements are maintained in safe-keeping by the bank. The securities are in the District's name.

DUMMERSTON TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2018

3. Capital Assets:

Capital activity for the District was as follows for the year ended June 30, 2018:

	Governmental Activities			Ending Balance June 30, 2018
	Ending Balance June 30, 2017	Additions	Retirements and Transfers	
Non-depreciable assets				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Depreciable assets				
Buildings and improvements	2,649,953	50,170	-	2,700,123
Machinery, equipment and vehicles	163,371	-	-	163,371
	<u>2,813,324</u>	<u>50,170</u>	<u>-</u>	<u>2,863,494</u>
Less depreciation for				
Buildings and improvements	1,498,237	48,413	-	1,546,650
Machinery, equipment and vehicles	158,331	1,755	-	160,086
	<u>1,656,568</u>	<u>50,168</u>	<u>-</u>	<u>1,706,736</u>
Capital assets, net	\$ <u>1,206,756</u>	\$ <u>2</u>	\$ <u>-</u>	\$ <u>1,206,758</u>

Depreciation expense for the year ended June 30, 2018 was \$50,168.

4. Long-Term Liabilities:

The District does not currently have any General Obligation Bonds. These bonds provide funds for the acquisition and construction of major capital facilities and are typically payable over 15 to 20 years. The District has instead borrowed monies used for capital improvements from local banks and set up repayment schedules of typically three years or less.

The District will occasionally issue tax anticipation notes with local banks. Tax anticipation notes are short-term, interest bearing notes issued by a government in anticipation of tax revenues to be received at a later date. The note is retired from the tax revenues to which it is related.

Long-term liabilities consisted of the following at June 30, 2018:

Water system improvement note, payable in annual installments of \$2,495 including interest at 1% per annum and a 2% administrative fee. Due March 1, 2030.	\$ 23,086
Capital improvement note, dated June 4, 2013 monthly principal payment of \$500 and non-interest bearing, 60 installments due August 2018.	<u>2,000</u>
	<u>\$ 25,086</u>

DUMMERSTON TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2018

4. Long-Term Liabilities (continued):

Changes in long-term debt for the year ended June 30, 2018 were as follows:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Due Within One Year
Governmental activities:					
Notes payable					
Water systems improvement	\$ 24,883	\$ -	\$ 1,797	\$ 23,086	\$ 1,802
Green Mountain Power	8,000	-	6,000	2,000	2,000
	<u>32,883</u>	<u>-</u>	<u>7,797</u>	<u>25,086</u>	<u>3,802</u>
	<u>\$ 32,883</u>	<u>\$ -</u>	<u>\$ 7,797</u>	<u>\$ 25,086</u>	<u>\$ 3,802</u>

Annual maturities of the long-term debt are as follows:

2019	\$ 3,802
2020	1,857
2021	1,912
2022	1,970
2023	2,029
2024-2028	11,141
2029	<u>2,375</u>
	<u>\$ 25,086</u>

5. Compensated Absences:

The District does not incur a liability for employee's non-vesting accumulating rights to receive compensation for employees' absences due to illness.

6. Risk Management:

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. There has been no significant change in insurance coverage from the previous fiscal year. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District.

The District is a member of the Vermont Education Health Initiative (VEHI) for medical insurance benefits. VEHI is a nonprofit corporation formed to provide insurance and risk management programs for Vermont school districts and is owned by the participating districts.

DUMMERSTON TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2018

6. Risk Management (continued):

To provide health insurance coverage, VEHI has established a self-funded, fully insured program in conjunction with Blue Cross and Blue Shield. A portion of member contributions is used to purchase reinsurance and to fund a reserve required by the reinsurance. The pooling agreement does not permit the pool to make additional assessments to its members.

The District is self-insured for unemployment benefits. No liabilities have been accrued as the District is not able to make an estimate as to any future costs. The District paid \$0 in unemployment claims during the fiscal year ended June 30, 2018.

In the normal course of business, the District may be involved in pending or threatened litigation. Management, as part of its ongoing risk management, consults its legal counsel and assesses the impact of these matters on the District. Management does not believe that the District will be subject to an uninsured loss and as such, no accrual has been made for any potential claims.

7. Retirement Plans:

Teachers

Pension Administration – The VSTRS administers the Teachers' Pension Plan (TPP), a cost-sharing, multiple-employer defined benefit pension plan as defined in GASB Statement 67, *Financial Reporting for Pension Plans*. VSTRS provides benefit provisions for teaching-certified employees of 288 participating school districts.

The TPP was created on July 1, 1947, and is governed by Chapter 55, Title 16, of the Vermont Statutes Annotated. Management of TPP is vested in the VSTRS Board of Trustees, which consists of the Secretary of Education, the State Treasurer, the Commissioner of Financial Regulation, two trustees and one alternate who are members of the system (each selected 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).

Plan Membership – Plan membership is immediate upon employment. At June 30, 2017, the most recent census, pension plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	9,021
Inactive members	2,381
Active members	10,028
Terminated vested members	763

The TPP is divided into the following membership groups:

- Group A – for public school teachers employed within the State of Vermont prior to July 1, 1981, and who elected to remain in Group A.
- Group C – for public school teachers employed within the State of Vermont on or after July 1, 1990 or hired before July 1, 1990 and were a member of Group B at that time.

DUMMERSTON TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2018

7. **Retirement Plans (continued):**

General Information About the Teachers' Retirement System – All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service and are summarized below:

Creditable Service	Service as a member plus purchased service
Average Final Compensation (AFC)	Average annual compensation during highest 3 successive years
Membership	Immediate upon employment
Grandfathered Status	Group C members who were within 5 years of normal retirement eligibility as defined prior to July 1, 2010 are grandfathered

Benefits Provided – TPP provides service retirement, disability retirement and death benefits. Normal retirement benefits are determined as 1.67% of the AFC times years of creditable service. A Group A employee is eligible for normal service retirement after 30 years of creditable service, regardless of age. A Group C employee if grandfathered must be 62 with 30 years of creditable service or non-grandfathered, age 65 or age plus creditable service equals 90. Ten years of service is generally required for death benefits and five years of service for disability benefits, though there can be other qualifying circumstances. Certain children benefits are also available in the event of a death. There are also provisions for early retirement at reduced benefits.

Contributions – Member contributions are established by State law. For the year ended June 30, 2018, teachers were required to contribute 5% of their salary to the plan, except for teachers with less than five years of service as of July 1, 2014. Those teachers will contribute at a rate of 6%. Employee contributions for the year ended June 30, 2018 were \$58,898 on \$1,120,293 of covered salaries. The State on-behalf contribution was \$152,136 at 13.58%.

Net Pension Liability – At June 30, 2017, the last census date available, the District's proportionate share of the net pension liability was \$2,570,593 for the VSTRS. This net pension liability will be offset by the State's proportionate share of the net pension liability associated with the District.

Significant Actuarial Assumptions and Methods:

The net pension liability was measured as of June 30, 2017, and is determined based on the June 30, 2016 actuarial valuation adjusted forward using standard actuarial techniques and updated to reflect changes in the investment return, inflation, cost of living and mortality assumptions.

Plan Provisions – The plan provisions used in the measurement of the net pension liability are the same as those used in the actuarial valuation as of June 30, 2016.

DUMMERSTON TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2018

7. Retirement Plans (continued):

Actuarial Assumptions – The total pension liability as of June 30, 2017, was determined by an actuarial valuation as of June 30, 2016 using the following assumptions:

Inflation	2.50%
Salary increases	Ranging from 3.75% to 9.09%
Investment rate of return	7.50%, net of pension plan investment expenses including inflation
Cost of Living Adjustment	2.55% for Group A members and 1.4% for Group C members
Mortality	
Pre-retirement	98% of RP-2014 White Collar Employee with generational improvement
Healthy Retiree	98% of RP-2014 White Collar Annuitant with generational improvement
Disabled Retiree	RP-2014 Disabled Mortality Table with generational improvement

Long-Term Expected Rate of Return – The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2017, is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return June 30, 2017</u>
U.S. Equity	16.00%	6.07%
Non U.S. Equity	16.00%	7.42%
Global Equity	9.00%	6.85%
Fixed Income	24.00%	2.41%
Real Estate	8.00%	4.62%
Private Markets	15.00%	7.80%
Hedge Funds	8.00%	3.95%
Risk Parity	4.00%	4.84%
	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the System’s projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectation that employers will continue to contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is comprised of an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine pension liability.

DUMMERSTON TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2018

7. Retirement Plans (continued):

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net liability, calculated using the discount rate of 7.50%, as well as what the pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) of 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability	\$ 3,185,335	\$ 2,570,593	\$ 2,057,504

Changes in Assumptions and Methods – The following changes were effective June 30, 2017:

- Assumed inflation was lowered from 3.00% to 2.50%.
- The investment return assumption was lowered from 7.95% to 7.5%.
- The salary increase assumption was lowered by 0.37% at each age.
- Assumed COLA increases were lowered from 3.00% to 2.55% for Group A members and from 1.50% to 1.40% for Group C members.
- The mortality tables were updated from RP-2000 with static projections to 98% of the RP-2014 White Collar Table with generational improvements for healthy participants and the RP-2014 Disabled Mortality Table with generational improvement for disabled participants.

Changes in Plan Provisions – There have been no changes in plan provisions since the last measurement date.

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in a separately issued VSTRS financial report which is publicly available at:

http://finance.vermont.gov/reports_and_publications/cafr

Support Staff Retirement Benefits:

Pension Administration – The VMERS administers the Municipal Employees’ Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan as defined in Governmental Accounting Standards Board Statement 67, *Financial Reporting for Pension Plans*. VMERS provides benefit provisions for school districts and other municipal employees of 437 participating employers.

The Plan was created on July 1, 1975, and is governed by Chapter 125, Title 24, of the Vermont Statutes Annotated.

Management of the plan is vested in the VMERS Board of Trustees, which consists of the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives—one elected by the governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association.

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on AFC and years of creditable service.

DUMMERSTON TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2018

7. Retirement Plans (continued):

In preparing the actuarial valuation as of July 1, 2016, the actuary relied on data and assets provided by the staff of the State Treasurer's office. While not verifying the data at their source, the actuary has performed tests for consistency and reasonableness.

Plan Membership – Plan membership is immediate upon employment. At June 30, 2017, the most recent census, pension plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	2,942
Inactive members	2,221
Active members	7,302
Terminated vested members	797

Summary of System Provisions –

Effective Date	July 1, 1975
Creditable Service	Service as a member plus purchased service.
Membership	Full time employees of participating municipalities. Municipality elects coverage under Groups A, B, C or D provisions.
Average Final Compensation (AFC)	Group A - average annual compensation during highest five consecutive years. Group B and C - average annual compensation during highest 3 consecutive years. Group D - average annual compensation during highest 2 consecutive years.
Service Retirement Allowance	
Eligibility	Group A - the earlier of age 65 with 5 years of service or age 55 with 35 years of service. Group B - The earlier of age 62 with 5 years of service or age 55 with 30 years of service. Group C and D - Age 55 with 5 years of service.

DUMMERSTON TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2018

7. **Retirement Plans (continued):**

Summary of System Provisions –

Service Retirement Allowance

Eligibility	Group A - the earlier of age 65 with 5 years of service or age 55 with 35 years of service. Group B - The earlier of age 62 with 5 years of service or age 55 with 30 years of service. Group C and D - Age 55 with 5 years of service.
Amount	Group A - 1.4% of AFC times service. Group B - 1.7% of AFC times service as Group B member plus percentage earned as Group A member times AFC. Group C - 2.5% of AFC times service as a Group C member plus percentage earned as a Group A or B member times AFC. Group D - 2.5% of AFC times service as a Group D member plus percentage earned as a Group A, B or C member times AFC. Maximum benefit is 60% of AFC for Groups A and B and 50% of AFC for Groups C and D. The above amounts include the portion of the allowance provided by member contributions.

Early Retirement Allowance

Eligibility	Age 55 with 5 years of service for Groups A and B: age 50 with 20 years of service for Group D.
Amount	Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes Normal Retirement Age for Group A and B members, and payable without reduction to Group D members.

DUMMERSTON TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2018

7. **Retirement Plans (continued):**

Summary of System Provisions –

Vested Retirement Allowance

Eligibility	5 years of service.
Amount	Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on "Post-Retirement Adjustments" described below.

Disability Retirement Allowance

Eligibility	5 years of service and disability as determined by Retirement Board.
Amount	Immediate allowance based on AFC and service to date of disability; children's benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.

Death Benefits

Eligibility	Death after 5 years of service.
Amount	For Groups A, B and C, reduced early retirement allowance under 100% survivor options commencing immediately or, if greater, survivor's benefit under disability annuity computed as of date of death. For Group D, 70% of the unreduced accrued benefit plus children's benefit.

Optional Benefit and Death after Retirement

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

Refund of Contributions

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

Post-retirement Adjustments

Allowances in payment for at least one year increased on each January 1 by one-half of the percentage increase in Consumer Price Index but not more than 2% for Group A and 3% for Groups B, C and D.

DUMMERSTON TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2018

7. **Retirement Plans (continued):**

Summary of System Provisions –

Member Contributions	Group A - 2.5% effective July 1, 2000 (reduced from 3%)
	Group B - 4.875% effective July 1, 2015 (increased from 4.75%)
	Group C - 10.00% effective January 1, 2016
	Group D - 11.35% effective July 1, 2016
Employer Contributions	Group A - 4.0% effective July 1, 2000
	Group B - 5.5% effective July 1, 2015 (increased from 5.125%)
	Group C - 7.25% effective July 1, 2015 (increased from 6.75%)
	Group D - 9.85% effective July 1, 2015 (increased from 9.625)
Retirement Stipend	\$25 per month payable at the option of the Board to retirees.

Contributions – Member contributions are established by State law. Employee contributions for the year ended June 30, 2018 were \$5,650 on \$225,995 of covered salaries. The District's share of the pension contribution amounted to \$9,039 at a contribution rate of 4%.

Net Pension Liability – At June 30, 2017 and 2016, the last census date available, the proportionate share of the net pension liability for employees of the District was \$67,148 and \$86,146, respectively. The District's proportion of the net pension liability was based on contributions to VMERS during the fiscal year ended June 30, 2018. At June 30, 2017, the District's proportion was .05542% which was a decrease from its proportionate share of .06694% for the year 2018 ended June 30, 2017.

DUMMERSTON TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2018

7. Retirement Plans (continued):

For the year ended June 30, 2018, the District recognized pension expense of \$13,541 on its District-Wide statement of net position. At June 30, 2018, the District reported deferred outflow of resources and deferred inflow of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Balance of deferred outflow and inflow due to:		
Differences between expected and actual experience	\$ 977	\$ 1,662
Changes of assumptions	14,069	-
Net difference between projected and actual earnings on pension plan investments	11,184	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	8,518
Employer contributions subsequent to the measurement date	9,039	-
	<u>35,269</u>	<u>10,180</u>
Total	\$ <u>35,269</u>	\$ <u>10,180</u>

District contributions subsequent to the measurement date of \$9,039 are reported as deferred outflow of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflow of resources and deferred inflow of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2018	\$ 6,050
2019	9,995
2020	1,998
2021	(1,993)
	<u>16,050</u>
	\$ <u>16,050</u>

Significant Actuarial Assumptions and Methods:

The net pension liability was measured as of June 30, 2017, and is determined based on the June 30, 2016 actuarial valuation adjusted forward using standard actuarial techniques and updated to reflect changes in the investment return, inflation, cost of living and mortality assumptions.

Plan Provisions – The plan provisions used in the measurement of the net pension liability are the same as those used in the actuarial valuation as of June 30, 2016.

DUMMERSTON TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2018

7. Retirement Plans (continued):

Actuarial Assumptions – The total pension liability as of June 30, 2017, was determined by an actuarial valuation as of June 30, 2016 using the following assumptions:

Inflation	2.50%
Salary increases	5% per year
Investment rate of return	7.50%, net of pension plan investment expenses including inflation
Cost of Living Adjustment	1.15% for Group A members and 1.3% for Group C, B and D members
Mortality	
Pre-retirement	Groups A/B/C - 98% of RP-2014 blended 60% Blue Collar Employee, 40% Healthy Employee with generational improvement Group D - RP - 2014 Blue Collar Annuitant Table with generational improvement.
Healthy Retiree	Groups A/B/C - 98% of RP-2014 blended 60% Blue Collar Annuitant 40% Healthy Annuitant with generational improvement Group D - RP - 2014 Blue Collar Annuitant Table with generational improvement.
Disabled Retiree	RP-2014 Disabled Mortality Table with generation improvement

Long-Term Expected Rate of Return – The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2017, is summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return June 30, 2017
U.S. Equity	16.00%	6.07%
Non U.S. Equity	16.00%	7.42%
Global Equity	9.00%	6.85%
Fixed Income	24.00%	2.41%
Real Estate	8.00%	4.62%
Private Markets	15.00%	7.80%
Hedge Funds	8.00%	3.95%
Risk Parity	4.00%	4.84%
	100.00%	

DUMMERSTON TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2018

7. Retirement Plans (continued):

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the System’s projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectation that employers will continue to contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is comprised of an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net liability, calculated using the discount rate of 7.50%, as well as what the pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability	\$ 119,889	\$ 67,148	\$ 23,408

Changes in Assumptions and Methods – The following changes were effective June 30, 2017:

- Assumed inflation was lowered from 3.00% to 2.50%.
- The investment return assumption was lowered from 7.95% to 7.5%.
- Assumed COLA increases were lowered from 1.50% to 1.15% for Group A members and from 1.80% to 1.30% for Group B, C and D members.
- The mortality tables were updated from RP-2000 with static projections to 98% of the RP-2014 White Collar Table with generational improvements for healthy participants and the RP-2014 Disabled Mortality Table with generational improvement for disabled participants.

Changes in Plan Provisions – There have been no changes in plan provisions since the last measurement date.

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in a separately issued VMERS financial report which is publicly available at:

http://finance.vermont.gov/reports_and_publications/cafr

403(b) – The District maintains a 403(b) defined contribution plan for eligible administrators and support staff. Based upon the number of years of service, the District contributes 2% to 5% of covered salary for School employees. The District contributed \$10,822 to the 403(b) plan for the year ended June 30, 2018. Employee withholdings contributed to the plan totaled \$45,628.

DUMMERSTON TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2018

7. Retirement Plans (continued):

The Teachers' negotiated agreement and the Support Staffs' negotiated agreement offer a retirement benefit in addition to those described above. The Teachers' agreement calls for a \$8,000 separation payment available to teachers reaching age fifty-five (55) and having fifteen (15) years of service within the District. The Support Staff agreement also has a separation benefit of \$6,500 at age fifty-five (55) with fifteen (15) years of service within the District or \$4,500 at age fifty-five (55) with ten (10) years of service in the District. The estimated accrual for this liability as of June 30, 2018 is \$163,100. Teachers recently approved a new agreement through 2020 that will increase the benefit to \$8,000 in 2018, \$8,500 in 2019 and \$9,000 in 2020 assuming the Teacher's meet the same vesting requirements that were under the old contract.

Other Post-Employment Benefits – The Vermont State Teachers' Retirement System (VSTRS) provides postemployment benefits to eligible VSTRS employees who retire from the System through a cost sharing multiple-employer postemployment benefit (OPEB) 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.

Vermont Statue 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 VSTRS Board of Trustees.

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

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

Retirement: Attainment of 30 years of credible service or age 55

- Group C – for public school teachers employed within the State of Vermont on or after July 1, 1990 or hired before July 1, 1990 and were a member of Group B at that time.

Retirement: Attainment of age 65 or age plus creditable service equal to 90 or age 55 with 5 years of creditable service.

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

8. Contingent Liability:

The District receives significant financial assistance from the State of Vermont and United States government. Entitlement to the resources is generally based on compliance with terms and conditions of grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowance as a result of these audits becomes a liability of the fund that received the grant.

DUMMERSTON TOWN SCHOOL DISTRICT
Notes to Financial Statements
As of and for the Year Ended June 30, 2018

9. Reconciliation of Governmental Funds to District-Wide Funds:

A detailed explanation of the differences between governmental funds balance sheet and district-wide statement of net position are as follows:

	Total Governmental Funds	Long-Term Revenues/ Expenses	Capital Related Items	Long-Term Debt Transactions	Eliminations Due to/ From	Statement of Net Position
Assets and other debits						
Cash	\$ 330,895	\$ -	\$ -	\$ -	\$ -	\$ 330,895
Accounts receivable	2,400	-	-	-	-	2,400
Prepaid expenditures	6,448	-	-	-	-	6,448
Capital assets	-	-	2,913,494	-	-	2,913,494
Accumulated depreciation	-	-	(1,706,736)	-	-	(1,706,736)
Deferred outflow of resources	-	35,269	-	-	-	35,269
Total assets	\$ 339,743	\$ 35,269	\$ 1,206,758	\$ -	\$ -	\$ 1,581,770
Liabilities						
Accounts payable	\$ 20,833	\$ -	\$ -	\$ -	\$ -	\$ 20,833
Accrued expenses	190,728	-	-	-	-	190,728
Due to other governments	15,089	-	-	-	-	15,089
Due to student groups	34,018	-	-	-	-	34,018
Current portion of debt	-	-	-	3,802	-	3,802
Accrued separation benefit	-	163,100	-	-	-	163,100
Net pension liability	-	67,148	-	-	-	67,148
Deferred inflow of resources	-	10,180	-	-	-	10,180
Notes payable, less current portion	-	-	-	21,284	-	21,284
Total liabilities	260,668	240,428	-	25,086	-	526,182
Fund equity (deficit)						
Invested in capital assets net of related debt	-	-	1,206,758	(25,086)	-	1,181,672
Restricted for Other purposes	6,448	-	-	-	-	6,448
Unrestricted	72,627	(205,159)	-	-	-	(132,532)
Total fund equity (deficit)	79,075	(205,159)	1,206,758	(25,086)	-	1,055,588
Total liabilities and fund equity (deficit)	\$ 339,743	\$ 35,269	\$ 1,206,758	\$ -	\$ -	\$ 1,581,770

DUMMERSTON TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2018

9. Reconciliation of Governmental Funds to District-Wide Funds (continued):

A detailed explanation of the differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the district-wide statement of activities are as follows:

	Total Governmental Funds	Long-Term Revenues/ Expenses	Capital Related Items	Long-Term Debt Transactions	Eliminations Due to/ From	Statement of Activities
Revenues						
Local sources						
Tuition	\$ 22,000	\$ -	\$ -	\$ -	\$ -	\$ 22,000
Investment income	411	-	-	-	-	411
Miscellaneous	33,583	-	-	-	-	33,583
	<u>55,994</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,994</u>
State sources						
Education spending grant	2,771,114	-	-	-	-	2,771,114
Restricted grants-in-aid	95,822	-	-	-	-	95,822
On-behalf payments	152,136	-	-	-	-	152,136
	<u>3,019,072</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,019,072</u>
Federal sources						
Restricted grants-in-aid	108,203	-	-	-	-	108,203
	<u>108,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,203</u>
Total revenues	<u>3,183,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,183,269</u>
Expenditures						
Instruction services						
Regular education programs	1,616,547	31,677	-	-	-	1,648,224
Special education	299,881	-	-	-	-	299,881
Other instructional services	11,611	-	-	-	-	11,611
Supporting services						
Pupils	206,959	-	-	-	-	206,959
Instructional staff	72,058	-	-	-	-	72,058
General administration	160,527	-	-	-	-	160,527
School administration	201,248	-	-	-	-	201,248
Operation and maintenance plant	270,883	-	(50,170)	-	-	220,713
Transportation	147,032	-	-	-	-	147,032
Food services						
Food service expenses	13,725	-	-	-	-	13,725
On-behalf payments	152,136	-	-	-	-	152,136
Depreciation expense	-	-	50,168	-	-	50,168
Debt service:						
Interest charges	698	-	-	-	-	698
Principal retirement	7,797	-	-	(7,797)	-	-
Total expenditures	<u>3,161,102</u>	<u>31,677</u>	<u>(2)</u>	<u>(7,797)</u>	<u>-</u>	<u>3,184,980</u>
Excess (deficiency) of revenues under expenditures	<u>22,167</u>	<u>(31,677)</u>	<u>2</u>	<u>7,797</u>	<u>-</u>	<u>(1,711)</u>
Other financing sources (uses)						
Loan proceeds	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 22,167</u>	<u>\$ (31,677)</u>	<u>\$ 2</u>	<u>\$ 7,797</u>	<u>\$ -</u>	<u>\$ (1,711)</u>

DUMMERSTON TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2018

10. Governmental Fund Equity:

Governmental fund equity consisted of the following at June 30, 2018:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total Government Funds</u>
Fund balances			
Nonspendable			
Prepaid expenditures	\$ 6,448	\$ -	\$ 6,448
Restricted for			
Special revenue	-	-	-
Capital projects	-	1,246	1,246
Total restricted	<u>-</u>	<u>1,246</u>	<u>1,246</u>
Unrestricted			
Committed for			
Educational Reserve Fund	-	-	-
Assigned for			
Special Revenue	-	-	-
Capital projects fund	-	-	-
Unassigned	71,381	-	71,381
Total unrestricted	<u>71,381</u>	<u>-</u>	<u>71,381</u>
Total fund balance	<u>\$ 77,829</u>	<u>\$ 1,246</u>	<u>\$ 79,075</u>

11. Budgetary Basis of Accounting:

Actual General Fund revenues and expenditures reported on the budgetary basis vary from the basis of accounting prescribed by GAAP as follows:

	<u>Revenues</u>	<u>Expenditures</u>
Governmental basis	\$ 3,183,267	\$ 3,161,102
On-behalf payment	<u>(152,136)</u>	<u>(152,136)</u>
Budget basis	<u>\$ 3,031,131</u>	<u>\$ 3,008,966</u>

12. Related Party:

On July 1, 2018, the Windham Southeast Supervisory Union entered into an agreement on behalf of Dummerston Town School District, for contracted transportation services through June 30, 2023. Costs related to this contract are billed to the individual districts based upon the number of eligible children served and miles driven.

DUMMERSTON TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2018

12. Related Party (continued):

The approximate minimum amounts due under the contract for years subsequent to June 30, 2018 are as follows:

Year ending June 30,	
2019	\$ 144,050
2020	146,931
2021	150,604
2022	155,122
2023	<u>160,552</u>
	\$ <u><u>757,259</u></u>

The District has an ongoing financial responsibility to Windham Southeast Supervisory Union as defined in GASB 14, paragraph 71. Through Windham Southeast Supervisory Union's assessment process, the 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 Windham Southeast Supervisory Union are available from Windham Southeast Supervisory Union.

13. Commitments:

The District participates in various state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money recovered may be required and the collectability of any related receivable at June 30, 2018 may be impaired. The District is not aware of any significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants. Therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

At its March 6, 2018 meeting, the Dummerston Town School District voters approved a budget for the 2018-2019 fiscal year calling for expenditures of \$2,945,600.

In the normal course of business, the District may be involved in pending or threatened litigation. Management, as part of its ongoing risk management, consults its legal counsel and assesses the impact of these matters on the District. Management does not believe that the District will be subject to an uninsured loss and as such, no accrual has been made for any potential claims.

14. Subsequent Events:

The District has evaluated subsequent events which may require adjustment to or disclosure in the District's financial statements through December 3, 2018, the date these financial statements were available to be issued. The District did not note any events requiring disclosure. The District has not reviewed events occurring after the report date for their potential impact on the information contained in these financial statements.

DUMMERSTON TOWN SCHOOL DISTRICT
Schedule 1 – Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2018

	Original Budget	Actual Budgetary Basis	Variance With Budget
Revenues			
Tuition	\$ 30,500	\$ 22,000	\$ (8,500)
Investment income	200	409	209
Miscellaneous	27,000	33,583	6,583
State education spending grant	2,792,166	2,771,114	(21,052)
State restricted grants-in-aid	94,869	95,822	953
Federal restricted grants-in-aid	102,765	108,203	5,438
Total revenues	<u>3,047,500</u>	<u>3,031,131</u>	<u>(16,369)</u>
Expenditures			
Instruction services			
Regular education services	1,627,713	1,616,547	11,166
Special education programs	341,774	299,881	41,893
Other instructional services	15,672	11,611	4,061
Supporting services			
Pupils	178,430	206,959	(28,529)
Instruction staff	66,862	72,058	(5,196)
General administration	165,078	160,527	4,551
School administration	192,709	201,248	(8,539)
Operation and maintenance plant	288,128	270,883	17,245
Transportation	148,914	147,032	1,882
Food services			
Food service expense	13,725	13,725	-
Debt service			
Bonds payable - interest	-	698	(698)
Bonds payable - principal	8,495	7,797	698
Total expenditures	<u>3,047,500</u>	<u>3,008,966</u>	<u>38,534</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ 22,165</u>	<u>\$ 22,165</u>

DUMMERSTON TOWN SCHOOL DISTRICT
Schedule 2 – State Contributions to Teachers’ Pension
As of June 30, 2018

<u>Year Ending</u>	<u>Statutorily Required Contributions</u>	<u>Actual State Contributions</u>	<u>Contribution Excess (Deficiency)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
6/30/2014	\$ 135,848	\$ 107,853	\$ (27,995)	\$ 1,188,524	9.07%
6/30/2015	\$ 151,607	\$ 149,303	\$ (2,304)	\$ 1,188,775	12.56%
6/30/2016	\$ 150,207	\$ 132,235	\$ (17,972)	\$ 1,169,836	11.30%
6/30/2017	\$ 132,808	\$ 136,408	\$ 3,600	\$ 1,145,883	11.90%
6/30/2018	Information not available				

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

DUMMERSTON TOWN SCHOOL DISTRICT
Schedule 3 – District Contributions to Vermont State Employees’ Retirement System
As of June 30, 2018

<u>Year Ending</u>	<u>Statutorily Required Contributions</u>	<u>Actual District Contributions</u>	<u>Contribution Excess (Deficiency)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
6/30/2014	\$ 10,333	\$ 10,333	\$ -	\$ 258,334	4.00%
6/30/2015	\$ 10,617	\$ 10,617	\$ -	\$ 265,437	4.00%
6/30/2016	\$ 10,274	\$ 10,274	\$ -	\$ 256,850	4.00%
6/30/2017	\$ 9,051	\$ 9,051	\$ -	\$ 226,284	4.00%
6/30/2018	\$ 9,039	\$ 9,039	\$ -	\$ 225,995	4.00%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

DUMMERSTON TOWN SCHOOL DISTRICT
Schedule 4 – Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2018

<u>VSTRS</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Schedule of Proportionate Share of the Net Pension Liability				
District's proportion of the net pension liability	0.173407%	0.180590%	0.204780%	0.209670%
District's proportionate share of the net pension liability	\$ 2,570,593	\$ 2,364,824	\$ 2,429,726	\$ 2,009,547
District's covered-employee payroll	\$ 1,145,883	\$ 1,169,836	\$ 1,188,775	\$ 1,188,524
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	224.33%	202.15%	204.39%	169.08%
Plan fiduciary net position as a percentage of the total pension liability	53.98%	55.31%	58.22%	64.02%

VMERS

Schedule of Proportionate Share of the Net Pension Liability				
District's proportion of the net pension liability	0.5542%	0.0669%	0.0760%	0.0801%
District's proportionate share of the net pension liability	67,148	86,146	\$ 58,559	\$ 7,311
District's covered-employee payroll	226,284	256,850	\$ 265,437	\$ 258,334
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	29.67%	33.54%	22.06%	2.83%
Plan fiduciary net position as a percentage of the total pension liability	83.64%	80.95%	87.42%	98.32%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.



TYLER, SIMMS & ST. SAUVEUR, CPAs, P.C.
Certified Public Accountants & Business Consultants

**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***

Independent Auditors' Report

To the School Board
of Dummerston Town School District

We have audited in accordance with the auditing standards generally accepted in the United States of America, and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Dummerston Town School District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 3, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention to those charged with governance.

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

**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* (continued)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tyler, Simms and St. Severeur, CPAs, P.C.

Lebanon, New Hampshire
December 3, 2018

Registration No. 92-545