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www.angolanoandcompany.com

March 20, 2016

Moretown School District
Att: Michelle Baker, Bus. Mgr.
340 Mad River Park, Ste. 7
Waitsfield, VT 05673

Dear Michelle :

I have electronically forwarded the final financial statements for Moretown School District as of and for the year ended June 30, 2015. In addition I will be mailing you 8 bound copies. We have also sent a pdf copy to the AOE on your behalf.

If you are thinking of putting our audit report into your Town Report, auditing standards provides you with three options:

- You may include the entire audit report from page one through the last page;
- You may include pages 1 through Schedule 1;
- You can put a statement in that you were audited and that the audit is available at _____ and omit our audit report completely.

If you have any questions or need assistance, please do not hesitate to call us.

Sincerely,

Angolano & Company

Angolano & Company

Enclosures

Moretown School District
Financial Statements
For The Year Ended June 30, 2015

Moretown School District
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For The Year Ended June 30, 2015

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Moretown School District
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INDEPENDENT AUDITOR'S REPORT

To the School Board
Moretown School District, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of Moretown School District, Vermont, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the Moretown School District, Vermont, as of June 30, 2015, and the respective changes in financial position, 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, budgetary comparison information, and pensions and other post-employment benefit information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Moretown School District, Vermont's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain

additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2016, on our consideration of the Moretown School District, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Moretown School District, Vermont's internal control over financial reporting and compliance.

Angolano & Company

Angolano & Company
Shelburne, Vermont
Firm Registration Number 92-0000141

February 22, 2016

MORETOWN TOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015

Introduction

The discussion and analysis of The Moretown Town School District's ("the District") financial performance provides a narrative introduction and overview of the school District's financial activities for the fiscal year ending June 30, 2015 (FY 15). The District is organized under the guidance of the Board of School Directors to provide public education for Moretown students in grades Pre-Kindergarten to six.

Financial Highlights

- District-wide assets totaled \$1,403,308 and district-wide liabilities totaled \$886,149.
- Long-term debt (more than one year) totaled \$808,469 at year end.
- The District's general fund actual revenues were \$2,068,662, while the budgeted revenues were \$2,101,556, a decrease of \$32,894 or 1.6%. Most of the reduction in revenue was from Special Education reimbursement (Special Education Reimbursement and Extraordinary).
- The District's general fund actual expenditures were \$2,010,702, while the budgeted expenditures were \$2,091,388, a decrease of \$80,686 or 3.8%.
- Special Revenue Funds totaling \$30,868 are held in the District's accounts for various Federal, State and Private Grants as well as the PTO.
- Capital Projects Funds represent amounts from prior years which have been set aside in a Maintenance Reserve Fund. The fund balance at June 30, 2015 is \$67,888.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Moretown Town School District's basic financial statements. The District's basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements – The first two statements are government-wide financial statements that report information about the District as a whole using accrual accounting methods similar to those used by private sector companies.

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

The Statement of Activities presents information showing how the District net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing or 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 of 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. The business-type activities of the District include the Food Service Program.

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.

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

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

The District maintains four (4) governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Special Revenue and Debt Service. The basic governmental funds financial statements can be found on pages 7-12.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13-43.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information including Budget to Actual Reports for the General Fund and Combining Balance Sheets and Statements of Revenues, Expenditures and Changes in Fund Balances for the various Special Revenue Funds, and a Report on Compliance and Internal Control.

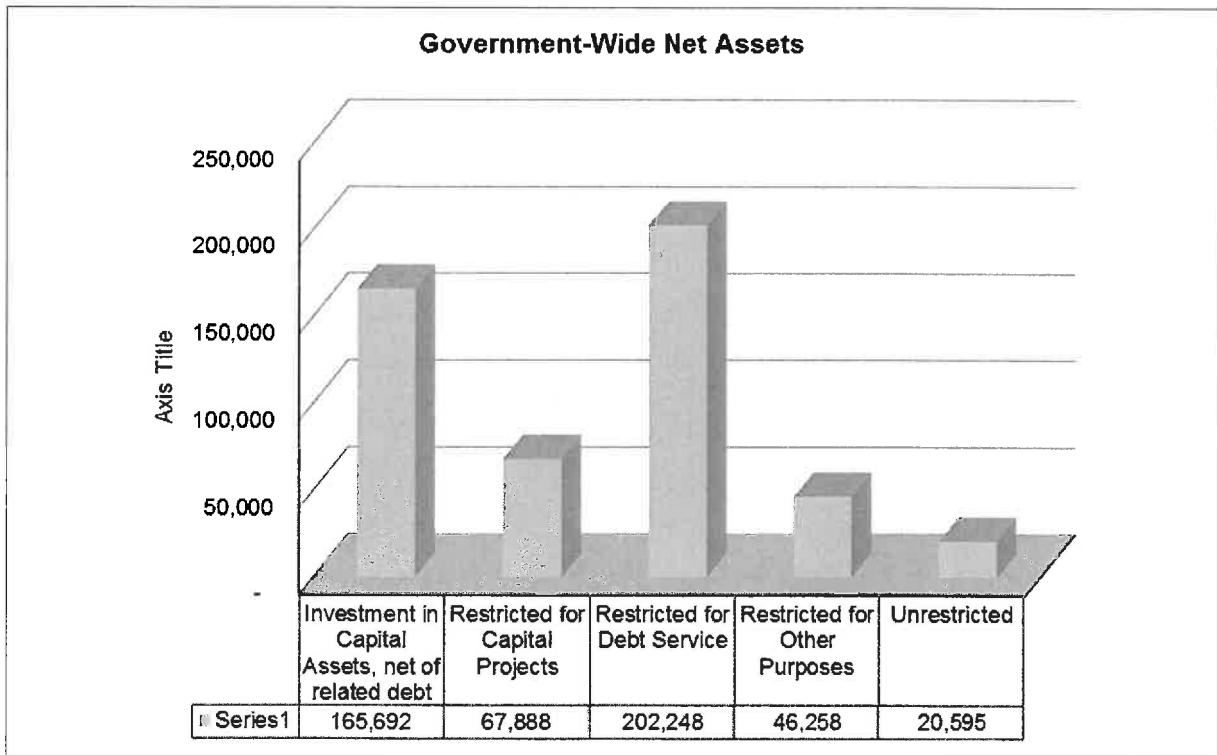
Moretown Town School District
Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2015

	Combined Balance Sheet Fund Based	Statement of Net Position District Wide	Difference
ASSETS			
<u>Current Assets:</u>			
Cash	184,972	184,972	-
Investments	202,248	202,248	-
Accounts Receivable			
State	13,678	13,678	-
Supervisory Union	21,208	21,208	-
Total Current Assets	<u>422,106</u>	<u>422,106</u>	<u>-</u>
<u>Non-current Assets:</u>			
<u>Capital Assets:</u>			
Building & Equipment, net of Accum. Depr.	-	981,202	(981,202)
Total Non-current Assets	<u>-</u>	<u>981,202</u>	<u>(981,202)</u>
TOTAL ASSETS	<u>422,106</u>	<u>1,403,308</u>	<u>(981,202)</u>
<u>Deferred Outflows of Resources</u>			
Vermont Municipal Pension - Payments after measurement date		23,233	(23,233)
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>23,233</u>	<u>(23,233)</u>
LIABILITIES			
<u>Current Liabilities:</u>			
<u>Accounts Payable</u>			
State	18,759	18,759	-
Supervisory Union	97	97	-
Other	32,614	32,614	-
Accrued Expenses	10,386	10,386	-
Net Pension Liability	-	8,783	(8,783)
Capital Leases	-	7,041	(7,041)
Current Portion of Long-Term Obligations	-	55,420	(55,420)
Total Current Liabilities	<u>61,856</u>	<u>133,100</u>	<u>(71,244)</u>
<u>Non-current Liabilities:</u>			
Bonds Payable	-	753,049	(753,049)
Total Non-current Liabilities	<u>-</u>	<u>753,049</u>	<u>(753,049)</u>
TOTAL LIABILITIES	<u>61,856</u>	<u>886,149</u>	<u>(824,293)</u>
<u>Deferred Inflows of Resources</u>			
Unearned Revenues	1,150	1,150	-
Vermont Municipal Pension - Change in proportional s	-	36,561	(36,561)
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,150</u>	<u>37,711</u>	<u>(36,561)</u>
NET POSITION			
Investment in Capital Assets, net of related Debt	-	165,692	(165,692)
Restricted for Capital Projects	67,888	67,888	-
Restricted for Debt Service	202,248	202,248	-
Restricted for Other Purposes	46,258	46,258	-
Unrestricted	42,706	20,595	22,111
TOTAL NET POSITION	<u>359,100</u>	<u>502,681</u>	<u>(143,581)</u>

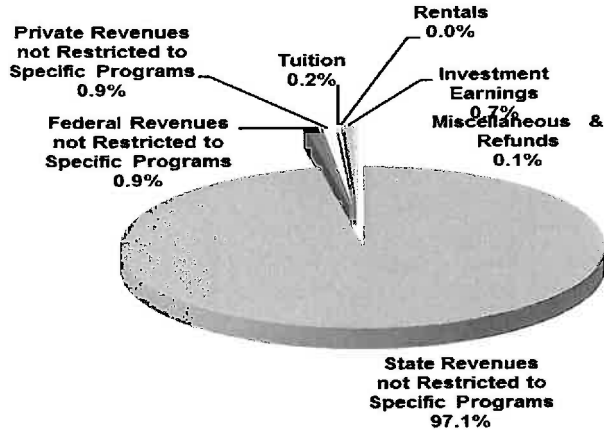
District-Wide Financial Analysis

Our analysis of the District’s major funds begins on Table 1. The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, the District’s Board of Directors establish many other funds to help them control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain grants, and other money.

Amounts reported for governmental activities in this statement of net position differ from the summary of financial operations because: capital (non-current) assets used in governmental activities are not financial resources and therefore, are deferred in the funds; non-current liabilities – consisting of bonds payable (early retirees) – are not due and payable in the current period and therefore are not reported in the funds. Inter-fund receivables and payables are reported in the fund statements, but not included in the amounts reported for governmental activities.

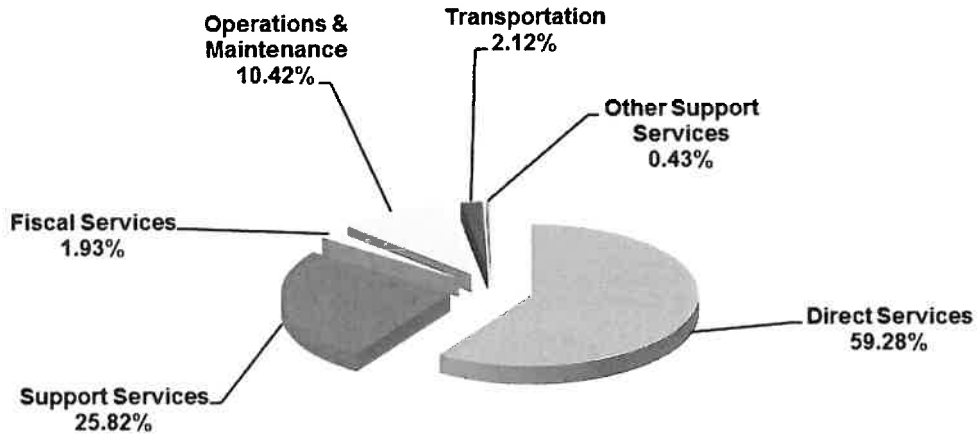


District-Wide General Revenues



State Revenues not Restricted to Specific Programs	\$ 2,005,679
Federal Revenues not Restricted to Specific Programs	\$ 19,397
Private Revenues not Restricted to Specific Programs	\$ 18,484
Tuition	\$ 5,148
Rentals	\$ 250
Investment Earnings	\$ 15,439
Miscellaneous & Refunds	\$ 2,186
	<u>2,066,583</u>

Governmental Activities net of Grants and Contributions



and maintenance, \$65,327 in transportation and \$153,480 in other expenditures for a total of \$2,290,904.

<u>Government-Wide Activities</u>		
Direct Services	1,193,210	59.3%
Support Services	519,737	25.8%
Fiscal Services	38,822	1.9%
Operations & Maintenance	209,668	10.4%
Transportation	42,676	2.1%
Other Support Services	8,730	0.4%
	<u>2,012,843</u>	<u>100.0%</u>

Governmental Activities:

Governmental Activities revenues totaled \$2,066,683 and expenses net of program revenues totaled \$2,012,843 resulting in a change in net position of \$53,740.

Fund Financial Analysis

Governmental Fund Types:

Fund balances in the Governmental Fund types increased from \$24,843 to \$359,100 an increase of \$34,257. This increase was reflected in the General Fund by an increase of \$18,960, a decrease of \$12,925 in the Special Revenue Funds, a decrease of \$11,280 in the Capital Project Fund, and an increase of \$39,502 in Other Governmental Funds.

Five Years of Comparative Fund Based data are shown below:

	Combined Balance Sheet <u>Fund Based</u> 6/30/2015	Combined Balance Sheet <u>Fund Based</u> 6/30/2014	Combined Balance Sheet <u>Fund Based</u> 6/30/2013	Combined Balance Sheet <u>Fund Based</u> 6/30/2012	Combined Balance Sheet <u>Fund Based</u> 6/30/2011
ASSETS					
<u>Current Assets:</u>					
Cash	184,972	127,464	279,523	243,675	279,613
Investments	202,248	162,746	122,729	85,093	40,088
Accounts Receivable					
State	13,678	27,264	35,463	78,168	1,377
Supervisory Union	21,208	13,901	18,177	13,365	13,332
Other LEA's	-	183	-	-	-
Other	-	5,361	7,706	12,099	8,520
Prepaid Expenses	-	10,877	-	4,955	-
Total Current Assets	422,106	347,796	463,598	437,355	342,930
LIABILITIES					
<u>Current Liabilities:</u>					
Accounts Payable					
State	18,759	3,768	-	14,703	-
Supervisory Union	97	20	281	374	-
Other LEA's	-	265	1,634	96	-
Other	32,614	12,053	82,030	44,425	76,426
Accrued Expenses	10,386	5,697	10,868	1,989	-
Deferred Revenue	1,150	1,150	1,150	1,150	3,150
Total Current Liabilities	63,006	22,953	95,963	62,737	79,576
FUND EQUITY					
Restricted for Capital Projects	67,888	79,168	79,130	79,091	36,719
Restricted for Debt Service	202,248	162,746	122,729	85,093	40,088
Restricted for Other Purposes	46,258	80,287	140,206	123,438	137,152
Assigned	-	-	-	14,483	-
Unassigned	42,706	2,642	25,570	72,513	49,395
TOTAL NET POSITION	359,100	324,843	367,635	374,618	263,354
TOTAL LIABILITIES AND FUND EQUITIES	422,106	347,796	463,598	437,355	342,930

Table VI summarizes the state of the District's capital assets.

Moretown School District			TABLE VI
Capital Assets			
June 30, 2015			
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value</u>
Governmental Activities:			
Construction in Progress	-	-	-
Land Improvements	89,106	89,106	-
Buildings	26,567	26,567	-
Building Improvements	1,541,138	\$ 601,633	939,505
Infrastructure	39,919	\$ 4,788	35,131
Furniture and Equipment	27,618	21,052	6,566
Total	\$ 1,724,348	\$ 743,146	\$ 981,202

Long-Term Debt

The District has one category of long-term debt, defined as debt due and payable beyond one year. At June 30, 2015, the District had \$800,000 in outstanding principal and interest. Bond principal and interest and payments to the bond sinking fund for the QSCB are being paid from the General Fund

Current Issues

- Student enrollment has progressively decreased in Moretown. The cost per pupil for operating the school is the highest in the WWSU. The affordability and future of the school should be a topic of current action.
- The Moretown Elementary School facility and property have some deferred maintenance. The Board has identified some capital needs and a maintenance reserve fund has been established.
- Act 153/156 requires transportation, special education, compensatory and remedial services to be provided by the Supervisory Union. Special education teachers will be employed by the Supervisory Union, not the Moretown School District, in FY2017.
- Moretown Elementary School is identified by the Vermont Agency of Education as a high spending district for special education.
- WWSU has a merger study committee and the question of an Act 46 WWSU accelerated merger, including all WWSU school districts, is anticipated to be placed before the voters in May 2016.
- The Legislature is evaluating the current education funding formula and school governance. How any future legislation may affect the Moretown School District is unknown at this time; however it appears change is on the horizon.

Contact for Further Information

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to Michelle J. Baker, Business Manager, Washington West Supervisory Union, 340 Mad River Park – Suite 7, Waitsfield, Vermont 05673 or at (802) 496-2272 ext. 117.

Moretown School District
 District-Wide Statement of Net Position
 June 30, 2015

EXHIBIT I

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 184,972
Investments	202,248
Accounts Receivable - State	13,678
Accounts Receivable - Supervisory Union	21,208
Capital Assets, net	<u>981,202</u>
TOTAL ASSETS	<u>1,403,308</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Vermont Municipal Pension - Payments after measurement date	<u>23,233</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>23,233</u>
 LIABILITIES	
Accounts Payable - State	18,759
Accounts Payable - Supervisory Union	97
Accounts Payable - Other	32,614
Accrued Expenses	10,386
Net Pension Liability	8,783
Capital Leases Payable	7,041
Long-Term Liabilities:	
Due Within 1 Year	55,420
Due in More Than 1 Year	<u>753,049</u>
TOTAL LIABILITIES	<u>886,149</u>
 DEFERRED INFLOWS OF RESOURCES	
Unearned Revenues	1,150
Vermont Municipal Pension - Change in proportional shares	<u>36,561</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>37,711</u>
 NET POSITION	
Net Investment in Capital Assets	165,692
Restrcted For:	
Capital Projects	67,888
Debt Services	202,248
Other Purposes	46,258
Unrestricted (Deficit)	<u>20,595</u>
TOTAL NET POSITION	<u>502,681</u>

The accompanying notes are an integral part of these financial statements

Moretown School District
District-Wide Statement of Activities
For The Year Ended June 30, 2015

EXHIBIT II

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Primary Governmental Activities
Governmental Activities:					
Direct Services	\$ 1,321,605		\$ 128,395		\$ (1,193,210)
Support Services:					
Student Services	227,616				(227,616)
Instructional Staff Services	48,931				(48,931)
General Administrative Services	50,721				(50,721)
Area Administrative Services	192,469				(192,469)
Fiscal Services	38,822				(38,822)
Building Operations and Maintenance	210,346		678		(209,668)
Transportation	65,466		22,790		(42,676)
Other Support Services	151,999	-	143,269	-	(8,730)
Total Governmental Activities	<u>2,307,975</u>	<u>\$ -</u>	<u>295,132</u>	<u>\$ -</u>	<u>(2,012,843)</u>
General Revenues:					
Tuition					5,148
State Revenues not Restricted to Specific Programs					2,005,679
Federal Revenues not Restricted to Specific Programs					19,397
Private Revenues not Restricted to Specific Programs					18,484
Investment Earnings					15,439
Rentals					250
Refunds and Reimbursements					1,663
Miscellaneous					523
Total General Revenues					<u>2,066,583</u>
Change in Net Position					53,740
Net Position - Beginning of Year					471,798
Prior Period Adjustment					(22,857)
Net Position - Ending of Year					<u>\$ 502,681</u>

The accompanying notes are an integral part of these financial statements

Moretown School District
 Combined Balance Sheet
 All Fund Types - Fund Base
 June 30, 2015

EXHIBIT III

	Governmental Fund Types				Totals
	General Fund	Special Revenue Fund	Capital Project Fund	Other Governmental Fund	
ASSETS:					
Current Assets:					
Cash	\$ 107,503		\$ 77,469		\$ 184,972
Investments				\$ 202,248	202,248
Due From Other Funds		\$ 32,453	940		33,393
Accounts Receivable - State	13,678				13,678
Accounts Receivable - Supervisory Union	16,357	4,851	-	-	21,208
Total Current Assets	<u>137,538</u>	<u>37,304</u>	<u>78,409</u>	<u>202,248</u>	<u>455,499</u>
TOTAL ASSETS	\$ 137,538	\$ 37,304	\$ 78,409	\$ 202,248	\$ 455,499
LIABILITIES AND FUND EQUITIES:					
Liabilities:					
Due To Other Funds	\$ 18,303	\$ 5,829	\$ 9,261		\$ 33,393
Accounts Payable - State	18,759				18,759
Accounts Payable - Supervisory Union	97				97
Accounts Payable - Other	30,747	607	1,260		32,614
Accrued Expenses	10,386				10,386
Deferred Revenue	1,150	-	-	-	1,150
Total Liabilities	<u>79,442</u>	<u>6,436</u>	<u>10,521</u>	<u>\$ -</u>	<u>96,399</u>
Fund Equity:					
Fund Balances:					
Unassigned	47,792	(5,086)			42,706
Committed	10,304		67,888		78,192
Restricted	-	35,954	-	202,248	238,202
Total Fund Equities	<u>58,096</u>	<u>30,868</u>	<u>67,888</u>	<u>202,248</u>	<u>359,100</u>
TOTAL LIABILITIES AND FUND EQUITIES	\$ 137,538	\$ 37,304	\$ 78,409	\$ 202,248	\$ 455,499

The accompanying notes are an integral part of these financial statements

Moretown School District
 Reconciliation of the Balance Sheet to the Statement of Net Position
 Governmental Funds
 June 30, 2015

Fund Balances – total governmental funds	\$ 359,100
<p>Amounts reported for governmental activities in the Statement of Net Positions are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:</p>	
Governmental capital assets	1,724,348
Less accumulated depreciation	(743,146)
<p>Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:</p>	
Deferred Outflows – VMERS	23,233
<p>Bonds payable and contractual obligations have not been included in the governmental fund financial statements.</p>	
Bonds Payable	(800,000)
Notes Payable	(8,469)
Capital Lease Obligations	(7,041)
<p>Accrued liabilities have not been reflected in the governmental fund financial statements:</p>	
Net Pension Liability	(8,783)
Deferred Inflows – VMERS	<u>(36,561)</u>
Net Position of Governmental Activities	<u>\$ 502,681</u>

The accompanying notes are an integral part of these financial statements

Moretown School District
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances
 All Governmental Fund Types - Fund Base
 For The Year Ended June 30, 2015

EXHIBIT IV

	General Fund	Special Revenue Fund	Capital Project Fund	Other Governmental Fund	Totals
REVENUES:					
Tuition	\$ 5,148				\$ 5,148
Interest on Investments	13,212		\$ 39	\$ 2,801	16,052
Unrealized Gain/Loss on Investments				(613)	(613)
Rental Income	250				250
Refunds and Reimbursements	1,663				1,663
Miscellaneous	523				523
Private/Local/Other		\$ 175,248			175,248
State	2,028,469	16,165			2,044,634
Federal	19,397	-	-	-	19,397
	<u>2,068,662</u>	<u>191,413</u>	<u>39</u>	<u>2,188</u>	<u>2,262,302</u>
TOTAL REVENUES					
EXPENDITURES:					
Direct Services	1,140,323	56,659			1,196,982
Support Services:					
Students	227,111				227,111
Instructional Staff	46,407				46,407
General Administration	50,721				50,721
Area Administration	192,963				192,963
Fiscal Services	38,822				38,822
Operation & Maintenance of Building	176,251	678			176,929
Transportation	64,833	633			65,466
Food Service	5,631				5,631
Debt Services	67,640		11,319	1,686	80,645
Other Outlays	-	146,368	-	-	146,368
	<u>2,010,702</u>	<u>204,338</u>	<u>11,319</u>	<u>1,686</u>	<u>2,228,045</u>
TOTAL EXPENDITURES					
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	57,960	(12,925)	(11,280)	502	34,257
OTHER FINANCING SOURCES (USES):					
Transfers In				39,000	39,000
Transfers Out	(39,000)	-	-	-	(39,000)
	<u>(39,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,000)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES					
	18,960	(12,925)	(11,280)	39,502	34,257
FUND BALANCE, JULY 1, 2014	<u>39,136</u>	<u>43,793</u>	<u>79,168</u>	<u>162,746</u>	<u>324,843</u>
FUND BALANCE, JUNE 30, 2015	<u>\$ 58,096</u>	<u>\$ 30,868</u>	<u>\$ 67,888</u>	<u>\$ 202,248</u>	<u>\$ 359,100</u>

The accompanying notes are an integral part of these financial statements

Moretown 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, 2015

Net Changes in fund Balances – total governmental funds \$ 34,257

Amount reported for governmental activities in the Statement of
 Activities are different because:

Governmental funds report capital outlays as expenditures. However,
 in the Statement of Activities, the cost of those assets is
 depreciated over their estimated useful lives:

Expenditures for capital assets	0
Less current year depreciation	(46,572)

Bond proceeds provide current financial resources to governmental
 funds, but issuing debt increases long-term liabilities in the
 statement of Net Position. Repayment of bond principal is an
 expenditure in the governmental funds, but the repayment
 reduces long-term liabilities in the Statement of Net Position.

Repayment of bonds	55,000
Repayment of notes	408
Repayment of capital lease obligation	3,901

Expenses reported in the Statement of Activities does not require
 the use of current financial resources and is therefore not
 reported as expenditures in governmental funds:

Deferred Outflows – VMERS Change	23,233
Net Pension Liability Change	(8,783)
Deferred Inflows – VMERS Change	(36,561)

Current year payments on liabilities for the voluntary exit program
 (early retirement, etc.) are reported as expenditures in
 Governmental fund financial statements and as a reduction
 in debt in the district-wide financial statements.

6,000

Current year granting of voluntary exit programs (early retirements,
 etc.) are not reported as expenditures in governmental fund
 financial statements and are reported as an expense and debt.

0

Change in Net Position of Governmental Funds \$ 30,883

The accompanying notes are an integral part of these financial statements

Moretown School District
Notes to Financial Statements
For The Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Moretown School District ("School District") is organized as a public educational district under the applicable laws and regulations of the State of Vermont. It is governed by a Board of School Directors elected by registered voters of the District to provide public education to the residents of the Town. Except where noted, the accounting policies conform to generally accepted accounting principles, as applicable to governmental units.

The School District financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the School District are discussed below. School District also complies with the requirements of the Vermont Department of Education's Handbook for Financial Accounting of Vermont School Systems (The Handbook).

Reporting Entity:

The reporting entity for the School District is based upon criteria set forth by the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity. The financial reporting entity consists of (1) organizations for which the standalone government is financially accountable and (2) the standalone government that is controlled by a separately elected governing body that is legally separate and is fiscally independent. All of the accounts of the School District comprise the standalone government.

The school board is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, School District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14. There are no component units included within the reporting entity. The School District is a component of the Town of Moretown.

Basic Financial Statements - District-wide:

The School District's basic financial statements include both District-wide (reporting School District as a whole) and fund financial statements (reporting School Districts major funds). Both the District-wide and fund financial statements categorized primary activities as either governmental or business type.

The District-wide Statement of Net Position reports all of the non-fiduciary activities of School District. Both the governmental and business-type activities are presented on a consolidated

Moretown School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The District-wide Statement of Activity demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include fees paid by recipients or goods or services provided by a function, and grants that are restricted to a particular function. General State Support and other revenues not identified with a function are presented as general revenues.

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

Basic Financial Statements – Fund Financial Statements:

The financial transactions of the School District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria for the determination of major funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The School District reports major governmental funds as follows:

Governmental Fund Types:

- General Fund – The general fund is the School District's primary operating fund and is always classified as a major fund which accounts for typical general government revenues and a wide variety of activities that benefit the School District's as a whole. It accounts for all financial resources except those required to be accounted for in another fund.
- Special Revenue Funds – The special revenue funds focus on revenues that are restricted or committed to expenditures for specific purposes (other than major capital projects or expendable trusts). The School District accounts for resources restricted to, or committed for, specific purposes by the School District or a grantor in a special revenue fund. Most federal, some State financial assistance and voter committed funds are accounted for in a Special Revenue Fund and sometimes unused balances must be returned to the grantor or the voters at the close of specified project periods.

Moretown School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Capital Project Fund – The capital projects funds are required when the acquisition or construction of capital assets is financed with general obligation debt. Capital project funds are permitted to be used for accounting and reporting whenever the School District has financial resources that are restricted, committed, or assigned to expenditures for capital outlays for general capital assets, including purchasing or constructing any type of general capital asset.
- Debt Service Fund – The School District accounts for resources restricted, committed, or assigned to pay debt principal and interest. As well as accumulation of resources for the payment of principal and interest on long-term general obligation debt.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Both District-wide and business-type activity statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liabilities are incurred regardless of when related cash flows take place. Grant revenues are recognized when eligibility requirements are satisfied. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when both measurable and available. “Available” means collectible within the current period or within 60 days after year end. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recorded when a liability is incurred except for early retirement, and compensated absences, which are recognized to the extent they have matured. When both restricted and unrestricted resources are available for use, restricted resources are used first.

Other Accounting Policies:

Cash and Cash Equivalents:

For purposes of the statement of cash flows for proprietary and similar fund-types, the School District considers highly liquid investments to be cash equivalents if they have a maturity of twelve months or less when purchased.

Moretown School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables:

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. 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”. As a general rule, the effect of interfund activity has been eliminated from the government wide financial statements.

Transfers:

Advances between funds that are not expected to be repaid are accounted for as transfers.

Deposits and Investments:

Resources from each fund are pooled for deposit and investment purposes. A separate accounting is maintained for each fund. Deposits and Investments are stated at fair value and are managed in accordance with any legal constraints.

Accounts Receivable:

All receivables are reported net of estimated uncollectible amounts. The accounts receivable balances at year end are from governmental entities, no allowance for doubtful accounts is considered necessary.

Deferred Inflows of Resources:

The School District recognizes differences between the receipt of funds and the recognition of revenues through the use of unearned revenue accounts. These unearned revenue accounts represent funds that will be recognized as revenues in some future period when the conditions have been met.

Capital Assets:

Capital assets, which include land, construction in progress, buildings, improvements, furniture, equipment, infrastructure, and vehicles, are reported in the applicable governmental activities column in the governmental wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year (categories of assets are depreciated over the following lives; land improvements 10-40 years, buildings 25-50 years, building improvements 10-50 years, infrastructure 10-50 years, furniture & equipment 3-20 years, and vehicles 3-15 years). 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

Moretown School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

extend assets lives are not capitalized. Capital assets, except for land and construction in progress 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. Land and construction in progress are not depreciated.

Long-term Obligations:

In the District-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of Net Position. The face amount of obligations issued is reported as other financing sources.

Pensions :

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

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

Budgetary Data:

The School District is required by state law to adopt a budget for the General Fund. The budget is prepared on the modified accrual basis of accounting which is consistent with generally accepted accounting principles ("GAAP"). Annual appropriations lapse at the end of each fiscal year with the exception of restricted programs indicated as a fund balance restricted or committed. The following procedures are used to establish a budget:

The School Board with assistance from the Supervisory Union and the School District's Administration drafts a budget. The operating budget includes proposed expenditures by line item and the means of financing them.

Moretown School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The budget is adopted by the School Board for presentation to the voters as a warning or article in the annual report.

The voters vote on the total expense amount and not the individual line items at the School District's annual meeting or subsequent special meetings.

Encumbrances:

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration and project control in the General Fund, Special Revenue Funds, and Capital Projects Fund. Encumbrances are not liabilities and should be recorded as a reservation of fund balance at year end. For budgetary purposes, appropriations lapse at fiscal year-end. The School District has elected to treat its encumbrances as liabilities for budgetary control purposes.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

Net Resources and Fund Balance:

District-wide Financial Statements:

When the School District incurs an expense for which it may use either restricted or unrestricted net position, it generally uses restricted net position first. Net position on the Statement of net position includes the following:

Net Investment in Capital Assets, net of Related Debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted For Other Purposes – It consist of assets that are restricted by the School District's creditors, by the state enabling legislation, by grantors and by other contributors.

Restricted For Capital Projects – The component of net position that reports the amount 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.

Moretown School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unrestricted – All other net positions that do not meet the definition of “Restricted For Other Purposes” or “Net Investment in Capital Assets, net of Related Debt”.

Fund Based Financial Statements:

In the fund financial statements, governmental funds report fund balances as unassigned, assigned, restricted, committed, spendable, or non-spendable fund balance.

Unassigned Fund Balance – That portion of the general fund, fund balance that contains all spendable amounts not contained in the other classifications. It is used in other funds only to report a deficit.

Assigned Fund Balance – Includes amounts intended to be used by the government for specific purposes, as determined by the Board, but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

Restricted Fund Balance – Includes amounts constrained to specific purposes stipulated by constitution, external resource providers (grantors and contributors), or through enabling legislation.

Committed Fund Balance – Includes amounts constrained for the specific purposes determined by a formal action of the government’s highest level of decision-making authority, generally the voters.

Spendable Fund Balance – The portion of the permanent fund balance that is available to be spent on the designated purpose of the fund.

Non-spendable Fund Balance – The portion of the permanent fund balance that has to be maintained, and cannot be spent, or an asset such as inventory or prepaid that are not expected to be converted to cash.

Function and Object Codes:

Function and object codes refer to the account code structure prescribed by the Vermont Department of Education. The Vermont Department of Education requires School District to use these codes in order to insure accuracy in building and maintaining a statewide database for policy development and funding plans.

Moretown School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Memorandum Only Columns:

The total columns are captioned "memorandum only" because they do not represent consolidated financial information and are presented only to make financial analysis easier. Data in these columns do not present financial position, results of operations, or cash flows in accordance with GAAP. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 – CASH, CASH EQUIVALENTS, AND REPURCHASE AGREEMENTS

Cash and cash equivalent deposits with financial institutions at June 30th amounted to \$184,972. As major revenues are received during the year bank deposits may temporarily exceed insured limits.

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of any investments. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

The School District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk:

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

FDIC insures all accounts held by the same financial institution up to a combined total of \$250,000. There are some special provisions which increase this limit.

Concentration of Credit Risk:

The policy of the School District contains no limitations on the amount that can be on deposit in any one financial institution.

The cash deposits held at financial institutions and cash on hand can be categorized according to four levels of risk.

Moretown School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

**NOTE 2 – CASH, CASH EQUIVALENTS, AND REPURCHASE AGREEMENTS
(CONTINUED)**

These four levels of risk are as follows:

- Category 1 Repurchase Agreements - Deposits which are invested in government securities held by the School District or by its agent in the School District's name.
- Category 2 Collateralized Accounts - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Bank's name.
- Category 3 Letter of Credit - Private commercial insurance protection or letter of credit issued by the financial institution to cover funds in excess of FDIC limits.
- Category 4 Deposits which are not collateralized or insured. (includes cash on hand)

The School District uses repurchase agreements to protect deposits not otherwise insured by the FDIC and/or SIPC.

Balances held in each area are as follows:

	Carrying Amount	Bank Balance
- Insured (FDIC) and/or (SIPC)	\$ 87,469	\$ 87,469
- Category 1	97,503	164,253
- Category 2	0	0
- Category 3	0	0
- Category 4	<u>0</u>	<u>0</u>
Total deposits	<u>\$184,192</u>	<u>\$251,722</u>

The difference between the book balance and bank balance is due to reconciling items such as deposits in transit and outstanding checks. Due to higher cash flows at certain times during the year, the amount of uninsured and not collateralized cash could have been much higher than at year end.

Repurchase agreements of \$164,253 are securities held by the bank's trust department or agent in the School District's name. Securities consist of municipal bonds, U.S. Government obligations and U.S. Government Agency Bonds.

Moretown School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 3 – INVESTMENTS

Concentration of Credit Risk:

The investment policy of the School District contains no limitations on the amount that can be invested in any one issuer.

Custodial Credit Risk:

The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the School District would not be able to recover the value of its investment of collateral securities that are in possession of another party.

The School District invests its assets in various entities and/or debt instruments as described below. As noted some are insured by the SIPC (Securities Investor Protections Corporation). If the broker-dealer fails, the SIPC provides protection for customer accounts by returning securities registered in the name of the investor, distributing all remaining customer assets on a pro rata basis, and providing SIPC funds for all remaining claims of each customer up to a maximum of \$500,000, including up to \$100,000 on claims for cash.

Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Investments of the balance sheets of the School District are stated at cost plus applicable accrued interest. Market values include applicable accrued interest. The investment consist of:

	Cost	Market Value
Securities held by School District registered to School District uninsured by SIPC	\$ 0	\$ 0
Insured (SIPC) and registered held by dealer/ broker in School District's name (Book Entry)		
Money Market	352	352
U. S. Treasury Notes	199,554	201,896
Uninsured, registered held by dealer/broker in School District's name (Book Entry)	0	0
Insured (SIPC) unregistered held by dealer/broker	0	0
Uninsured, unregistered held by dealer/broker	0	0
TOTAL	\$199,906	\$202,248

Moretown School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 4 - INTERFUND RECEIVABLES

In compliance with GASB 1300.109 School District does not maintain separate bank accounts for each fund, unless it is required by law, or grant agreement. The composition of amounts due to and from other funds as of June 30, 2015 is as follows:

Fund Financial Statements:		Amount
Receivable Fund	Payable Fund	
	Capital Project Fund:	
General Fund	Maintenance Reserve	<u>\$ 9,261</u>
Capital Project Fund:		
Roof Construction	General Fund	<u>\$ 940</u>
	Special Revenue Fund:	
General Fund	Medicaid IEP	\$ 743
General Fund	Girls on the Run	31
General Fund	Field Trip Grade 5-6	1,871
General Fund	MECA Summer Program	<u>3,184</u>
	Total Special Revenue Fund	<u>\$ 5,829</u>
Special Revenue Fund:		
MECA	General Fund	\$10,823
VT Energy Grant	General Fund	56
VKAT	General Fund	60
Educator Grant	General Fund	204
Ste@m Grant	General Fund	1,000
Moretown Book Fair	General Fund	7
VSBIT Wellness	General Fund	67
Field Trip Grade 1-2	General Fund	879
Field Trip Grade 3-4	General Fund	381
Kindergarten Outdoor Program	General Fund	586
Lice Busters	General Fund	600
VT Rural Education Collaborative	General Fund	2,746
MECA One on One	General Fund	341
Eco-Education Children Outdoor	General Fund	7,958
Moretown Partner	General Fund	6,692
Freshies Farmers Market	General Fund	<u>53</u>
	Total Special Revenue Fund	<u>\$32,453</u>

Moretown School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 5 – CAPITAL ASSETS

Capital activity for the School District for the year ended June 30, 2015 was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets being depreciated:				
Land Improvements	\$ 89,106	\$ 0	\$ 0	\$ 89,106
Buildings	26,567	0	0	26,567
Building Improvements	1,541,138	0	0	1,541,438
Infrastructure	39,919	0	0	39,919
Furniture and Equipment	<u>27,618</u>	<u>0</u>	<u>0</u>	<u>27,618</u>
Total other capital assets at historical costs	<u>1,724,348</u>	<u>0</u>	<u>0</u>	<u>1,724,348</u>
Less accumulated depreciation:				
Land Improvements	89,106	0	0	89,106
Buildings	26,567	0	0	26,567
Building Improvements	558,047	43,586	0	601,633
Infrastructure	3,990	798	0	4,788
Furniture and Equipment	<u>18,864</u>	<u>2,188</u>	<u>0</u>	<u>21,052</u>
Total accum. Depr.	<u>696,574</u>	<u>46,572</u>	<u>0</u>	<u>743,146</u>
Governmental activities				
Capital Assets, Net	<u>\$1,027,774</u>	<u>\$(46,572)</u>	<u>\$ 0</u>	<u>\$ 981,202</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Direct Services	\$13,660
Support Services:	
Students	0
Instructional Staff	0
General Administration	0
Area Administration	0
Fiscal Services	0
Operation and Maintenance of Plant	32,912
Transportation	0
Other Support Services	<u>0</u>
Total governmental activities depreciation expense	<u>\$46,572</u>

Moretown School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 6 – SHORT-TERM DEBT

Short-term debt activity consisted of the following for the year ended June 30, 2015:

	Balance July 1, 2014	Borrowings	Retirements	Balance June 30, 2015
Revenue Anticipation Note, issued July 1, 2014, Interest at 2.5%, due June 30, 2015	\$ <u>0</u>	\$ <u>500,000</u>	\$ <u>500,000</u>	\$ <u>0</u>

NOTE 7 - SICK LEAVE

It is the School District's policy to permit employees to earn varying amounts of sick pay benefits. Such sick leave benefits do not vest under the School District's policy, accordingly benefits must be used during employment. Since the employees' accumulating rights to receive compensation for future absences are contingent upon the absences being caused by future illnesses and such amounts cannot be reasonably estimated, a liability for unused sick leave is not recorded in the financial statements.

All teaching staff shall earn 20 sick days per year, and may accumulate a maximum of 90 days. Full year non-teaching staff shall earn 12 sick days per year, and may accumulate a maximum of 90 days. Partial year non-teaching staff shall earn 10 sick days per year, and may accumulate a maximum of 90 days.

NOTE 8 – OPEB AND TERMINATION BENEFITS

The Governmental Accounting Standards Board (GASB) issued Statement #45 requiring the entire liability for Other Post Employment Benefits (post-employment health care benefits) to be accrued. The School District does not offer any OPEB plans and has no liability under GASB #45.

Voluntary termination benefits are governed by GASB Statement #47 and are recognized to the extent they become payable in the current year. The School District offers:

A Retirement Incentive may be offered at the discretion of the board on an annual basis. In FY 2014-2015 the School Board offered a retirement incentive but no one accepted it.

Moretown School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 9 - LONG-TERM OBLIGATIONS

The School District issues general obligation bonds and notes to finance the acquisition and construction of major capital facilities, renovations, and equipment purchases. General obligation bonds are direct obligations and pledge the full faith and credit of the issuing entity. These bonds are generally issued as 5 to 20-year serial bonds with equal amounts of principal maturing each year.

The following is a summary of general obligation bonds & notes:

	Balance July 1, 2014	Borrowings	Retirements	Balance June 30, 2015
<u>BONDS:</u>				
Vermont Municipal Bond Bank, Bond Payable, interest at 4.971%, interest paid semi-annually, principle of \$60,000 due on December 1 st of each year until 2013, then \$55,000 due on December 1 st of each year until 2016; originally borrowed \$1,180,000 on July 31, 1996, for a building addition.	\$165,000	\$ 0	\$55,000	\$110,000
Merchants Bank, Bond Payable, interest at 1%, interest paid semi-annually, payment of \$39,000 due on March 1 st of each year into a Sinking Fund until 2027; originally borrowed \$690,000 on July 1, 2010.	<u>690,000</u>	<u>0</u>	<u>0</u>	<u>690,000</u>
TOTAL BONDS	<u>\$855,000</u>	<u>\$ 0</u>	<u>\$55,000</u>	<u>\$800,000</u>

NOTES:

Vermont Environmental Protection Agency, Water Construction Loan Payable, interest at 1.0%, administrative fee of 2.0%, total payments of \$674.17 due on December 1st of each year starting in 2011 until 2030; originally approved for \$25,800 in 2009 for

Moretown School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 9 - LONG-TERM OBLIGATIONS (CONTINUED)

	Balance July 1, 2014	Borrowings	Retirements	Balance June 30, 2015
water project, amended to \$35,030 on June 23, 2010. The State of VT forgave \$25,000.	<u>\$ 8,876</u>	<u>\$ 0</u>	<u>\$ 408</u>	<u>\$ 8,468</u>
TOTAL NOTES	<u>\$ 8,876</u>	<u>\$ 0</u>	<u>\$ 408</u>	<u>\$ 8,468</u>
Total Bonds and Notes	<u>\$863,876</u>	<u>\$ 0</u>	<u>\$55,408</u>	<u>\$808,468</u>

The annual debt service requirement to maturity for general obligation bonds and notes including interest are as follows:

	Principal	Interest	Total
During the year ended June 30, 2016	\$ 55,420	\$ 7,154	\$ 62,574
2017	55,433	7,161	62,594
2018	446	7,128	7,574
2019	459	7,115	7,574
2020	473	7101	7,574
2021-2025	2,586	35,285	37,870
2026-2030	692,998	14,173	707,171
2031-2035	<u>655</u>	<u>20</u>	<u>674</u>
Totals	<u>\$808,468</u>	<u>\$85,138</u>	<u>\$893,607</u>

The following is a summary of other long term obligation:

	Balance July 1, 2014	Increases	Retirements	Balance June 30, 2015
OTHER LONG-TERM OBLIGATIONS:				
Obligations Under Capital Lease	<u>\$10,942</u>	<u>\$ 0</u>	<u>\$3,901</u>	<u>\$7,041</u>
OPEB and Termination Benefits	<u>\$ 6,000</u>	<u>\$ 0</u>	<u>\$6,000</u>	<u>\$ 0</u>

NOTE 10 - CAPITAL LEASES

On June 17, 2014, the Moretown School District entered into a non-cancellable lease agreement with Apple, Inc. for the lease of computers and related accessories. This lease agreement

Moretown School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 10 - CAPITAL LEASES (CONTINUED)

qualifies as a capital lease, for accounting purposes and thus, has been recorded at the present value of the future minimum lease payments at the inception of the lease in the general long-term debt account group. The total amount due is \$11,704, to be paid in yearly installments of \$3,901 over 3 years with a buyout at the end of \$1.

The future minimum lease obligations and the net present value of these minimum lease payments are as follows:

During the year ended June 30, 2016	\$3,901
2017	3,901
Thereafter	<u>0</u>
Total minimum lease payments	7,803
Less amount representing interest	<u>762</u>
Present value of minimum lease payments	<u>\$7,041</u>

Interest rate on the capitalized lease is approximately 7.13 percent.

NOTE 11 – RESTRICTED, COMMITTED AND ASSIGNED FUND BALANCES (Fund Financial Statements)

Restricted, committed and assigned fund balances represent amounts that must be used for specific purposes within that fund and cannot be spent otherwise without prior approval of funding source. A more detailed explanation is provided in Note 1. Reservations at year end are for the following:

General Fund:

Fiscal Year 2015-16	<u>\$ 10,304</u>
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Special Revenue Fund:

Medicaid IEP	\$ 4,108
MECA	10,541
Vt. Energy Grant	56
VKAT	60
Educator Grant	204
Ste@m Grant	1,000
Moretown Book Fair	7
VSBIT Wellness Grant	67

Moretown School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 11 – RESTRICTED, COMMITTED AND ASSIGNED FUND BALANCES (Fund Financial Statements) (CONTINUED)

Special Revenue Fund (continued):	
Field Trip Grade 1-2	\$ 879
Field Trip Grade 3-4	381
Kindergarden Outdoor Program	586
Lice Busters	600
Vt. Rural Collaborative	2,746
MECA One on One	341
Eco – Ed Children Outdoor	7,958
Moretown Ptn	6,367
Freshies Farmers Market	<u>53</u>
Total	<u>\$ 35,954</u>
Capital Projects Fund:	
Maintenance Reserve	\$ 66,948
Roof Construction	<u>940</u>
Total	<u>\$ 67,888</u>
Other Governmental Fund:	
Bond Sinking Fund	<u>\$202,248</u>

NOTE 12 – NET RESOURCES RESTRICTED (District-wide Financial Statements)

Restricted net resource balances represent amounts that must be used for specific purposes and cannot be spent otherwise without prior approval of the funding source. Restrictions at year end are for the following:

Net Resources Restricted For Capital Projects:	
Maintenance Reserve	\$ 66,948
Roof Construction	<u>940</u>
Total	<u>\$ 67,888</u>
Net Resources Restricted For Debt Service:	
Bond Sinking Fund	<u>\$202,248</u>
Net Resources Restricted For Other Purposes:	
Fiscal Year 2015-16	\$ 10,304

Moretown School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 12 – NET RESOURCES RESTRICTED (District-wide Financial Statements)
(CONTINUED)

Net Resources Restricted For Other Purposes (continued):

Medicaid IEP	\$ 4,108
MECA	10,541
Vt. Energy Grant	56
VKAT	60
Educator Grant	204
Ste@m Grant	1,000
Moretown Book Fair	7
VSBIT Wellness Grant	67
Field Trip Grade 1-2	879
Field Trip Grade 3-4	381
Kindergarden Outdoor Program	586
Lice Busters	600
Vt. Rural Collaborative	2,746
MECA One on One	341
Eco – Ed Children Outdoor	7,958
Moretown Ptn	6,367
Freshies Farmers Market	<u>53</u>
Total	<u>\$ 46,258</u>

NOTE 13 – TRANSFERS IN THE FUND BASED FINANCIAL STATEMENTS

The School District transfers funds to cover expenditures made in one fund for which the revenues are in another fund, or at the request of the voters. The following transfers were made during the year.

Funds of \$39,000 were transferred from the General Fund to the Other Governmental Fund – Bond Sinking Fund as per bond agreement to accumulate funds to pay off the bond upon maturity.

NOTE 14 - PENSIONS

VERMONT TEACHERS’ RETIREMENT SYSTEM

Plan Description. VSTR is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the Vermont State Teachers Retirement System (VSTR) that provides benefits for teaching-certified employees of participating school districts.

Moretown School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 14 – PENSIONS (CONTINUED)

VERMONT TEACHERS' RETIREMENT SYSTEM (CONTINUED)

Title 16 of the Vermont State Statutes grants the authority to establish and amend the benefit terms to the VSTR Board of Trustee. VSTR issues a publicly available financial report that can be obtained at www.vermonttreasurer.gov/retirement/vstr-financial-reports.

Benefits provided. VSTR provides retirement, disability, and death benefits. Retirement benefits vary based on group classification (Group A or Group C), years of service, and age at retirement. Details of benefits are explained in Vermont Statutes Annotated Title 16 Section 1937. Five years of service is required for disability eligibility. Details of disability benefits are explained in Vermont Statutes Annotated Title 16 section 1938. Details of death benefits are explained in Vermont Statutes Annotated Title 16 section 1940.

Public school teachers employed within the State of Vermont prior to July 1, 1981 and elected to remain in Group A are eligible for group A benefits. Public school teachers employed within the State of Vermont on or after July 1, 1990 are automatically a Group C member. All employees hired before July 1, 1990 who were Group B members are now Group C members.

Contributions. Per Vermont Statutes Annotated Title 16 Section 1944, contribution requirements of the active employees and the participating school districts are established and may be amended by the VSTR Board. Title 16 also requires the State to contribute 100 percent of school districts' contractually required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees are required to contribute 5.5% for Group A, 6% for Group C with less than 5 years of employment and 5% for Group C with more than 5 years of employment of their annual pay. The school districts' contractually required contribution rate for the year ended June 30, 2015 was 12.75 percent of annual school district payroll of which 0 percent of payroll was required from the school districts and 12.75 percent of payroll was required from the State. State contributions to the pension plan were \$100,531 for the year ended June 30, 2015.

Pension Liability, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At June 30, 2014, the State reported a liability of \$1,234,536 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial

Moretown School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 14 – PENSIONS (CONTINUED)

VERMONT TEACHERS’ RETIREMENT SYSTEM (CONTINUED)

valuation as of the date. The State’s proportion of the net pension liability was based on a projection of the State’s long-term share of contributions to the pension plan relative to the total projected contributions of the state and all participating school districts, actuarially determined. At June 30, 2014, the State’s proportion was 100 percent.

As a result of its requirement to contribute to VSTR, the State recognized expense of \$99,413 for the year ended June 30, 2014. At June 30, 2014, the State reported deferred outflows of resources and deferred inflows of resources from the following sources as a result of its requirement to contribute to VSTR.

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences between expected and actual experience	\$0	\$ 0
Changes in assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	0	(120,644)
Change in proportional share	0	(59,339)
State contributions subsequent to the measurement date	<u>0</u>	<u>0</u>
Total	<u>\$0</u>	<u>\$(179,983)</u>

\$(135,539) reported as deferred outflows/inflows of resources related to pensions resulting from State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources as a result of the State’s requirement to contribute to VSTR will be recognized in expenses as follows:

Year ended June 30:	
2016	\$(51,773)
2017	(51,773)
2018	(31,993)
2019	0
2020	0
Thereafter	0

Actuarial assumptions. The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	3-3.25 percent
Salary increases	4.25 – 8.4 percent, average, including inflation

Moretown School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 14 – PENSIONS (CONTINUED)

VERMONT TEACHERS’ RETIREMENT SYSTEM (CONTINUED)

contributions will be made at the current contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined, and that contributions from the State will be made at current statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the State’s proportionate share of the net pension liability to changes in the discount rate. The following presents the State’s proportionate share of the net pension liability calculated using the discount rate of 8.15 percent, as well as what the State’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage -point lower (7.15 percentage) or 1-percentage -point higher (9.15 percentage) than the current rate:

	1% Decrease <u>(7.15%)</u>	Discount Rate <u>(8.15%)</u>	1% Increase <u>(9.15%)</u>
State’s proportionate share of The net pension liability	\$1,621,330	\$1,234,536	\$909,847

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued VSTR financial report.

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (Cost sharing pension plan)

Employees of the District are provided with pensions through the Vermont Municipal Employees’ Retirement System (VMERS) – a cost-sharing multiple employer defined benefit pension plan administered by a board of five trustees, known as the Retirement Board. Vermont Statutes Annotated title 24 Section 5062 grants the responsibility for the proper operation and effective provision of the Retirement System to the Retirement Board. VMERS issues a publicly available financial report that can be obtained at [www.vermonttreasurer.gov/retirement/muni - financial-reports](http://www.vermonttreasurer.gov/retirement/muni-financial-reports).

Moretown School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 14 – PENSIONS (CONTINUED)

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (Cost sharing pension plan) (CONTINUED)

Benefits provided. VMERS provides retirement, disability and death benefits. Details of benefits can be obtained at www.vermonttreasurer.gov/retirement/muni_group-plans and www.vermonttreasurer.gov/retirement/muni_group-comparisons.

Contributions. Per Title 24 Chapter 125 of the Vermont Statutes, contribution requirements of the active employees and the participating School District are established and may be amended by the Retirement Board. Employees and the School District contributions vary based on group classification (Group A, B, C, or D)

	Group A	Group B	Group C	Group D
Employees' Contributions (% of gross wages)	2.5%	4.75%	9.75%	11.25%
The (B)'s contributions (% of gross wages)	4.0%	5.375%	7.0%	9.75%

Further information on contributions can be obtained at www.vermonttreasurer.gov/retirement/muni_group-comparisons.

The School District's contractually required contribution rate for the year ended June 30, 2015, was the percentage of annual payroll from the above table, which is actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School District were \$17,085 for the year ended June 30, 2015.

Pension Liability, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions.

At June 30, 2015, the School District reported a liability of \$11,857 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating School Districts, actuarially determined. At June 30, 2014, the School District's proportion was 0.1299 percent, which was an increase of 0.0211 from its proportion measured as of June 30, 2013.

Moretown School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 14 – PENSIONS (CONTINUED)

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (Cost sharing pension plan) (CONTINUED)

For the year ended June 30, 2015, the School District recognized pension expense of \$19,413. At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences between expected and actual experience	\$ 0	\$ 0
Changes in assumptions	0	0
Net difference between projected and actual		
Earnings on pension plan investments	0	(36,561)
Changes in proportion and differences between		
School District contributions and		
Proportionate share of contributions	6,148	0
School District contributions subsequent		
To the measurement date	<u>0</u>	<u>0</u>
Total	<u>\$6,148</u>	<u>\$(36,561)</u>

\$(18,354) reported as deferred outflows/inflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expenses as follows:

Year ended June 30:	
2016	\$(6,118)
2017	(6,118)
2018	(6,118)
2019	0
2020	0
Thereafter	0

Actuarial assumptions. The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	3-3.25 percent
Salary increases	5 percent, average, including inflation
Investment rate of return	6.25 percent, net of pension plan investment expense, Including inflation

Moretown School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 14 – PENSIONS (CONTINUED)

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (Cost sharing pension plan) (CONTINUED)

Mortality rates were based on the 12995 Buck Mortality Tables for Males or Females, as appropriate.

The actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2010. Expectation of life after disability was based on RP 2000 Disabled Life Tables.

The long-term expected rate of return on System investments was determined using best estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variables and the asset classes. These best estimate ranges were combined to produce forecast of the short, intermediate, and longer term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles. To reflect this in the rate-of-return assumption, a Select and Ultimate assumption setting approach, which is cited in Section 3.6.4 of Actuarial Standard of Practice No. 27 as an alternative to a single assumed rate of return, is employed.

The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed Income	33.0%	2.94%
Equity	31.5	6.70
Alternative	15.5	6.26
Multi-Strategy	20.0	5.98

Discount rate. The discount rate used to measure the total pension liability was 8.23 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from

Moretown School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 14 – PENSIONS (CONTINUED)

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (Cost sharing pension plan) (CONTINUED)

School Districts will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate. The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 8.23 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.23 percentage) or 1-percentage-point higher (9.23 percentage) than the current rate:

	1% Decrease <u>(7.23%)</u>	Discount Rate <u>(8.23%)</u>	1% Increase <u>(9.23%)</u>
School District's proportionate share of The net pension liability	\$99,886	\$11,857	\$(61,997)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued VMERS financial report.

NOTE 15 - RISK MANAGEMENT

The School 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, students and guests; as well as natural disasters. School District uses risk sharing pools and carries commercial insurance to cover these risks. There have been no significant reductions in coverage from the prior year. Management believes such coverage is sufficient to preclude any significant uninsured losses to the School District.

In addition, Moretown School District as a member of Vermont School Boards Association (Association), participates in that entity's public entity risk pools. The Association has set up two insurance trusts; Vermont School Board Insurance Trust, Inc. (VSBIT) for Workers

Moretown School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 15 - RISK MANAGEMENT (CONTINUED)

Compensation , Multi-Line Intermunicipal School Program, and Unemployment Compensation Program, and the Vermont Education Health Initiative (VEHI) for Medical Benefits. VSBIT and VEHI are nonprofit corporations formed to provide insurance and risk management programs for Vermont school districts and are owned by the participating districts. The Trusts are not licensed insurance carriers and members are not protected by the Vermont Insurance Guaranty Association.

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

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

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

Multi-Line Intermunicipal School Program provides coverage for Property; Inland Marine and Boiler & Machinery; Crime; Commercial General Liability; Automobile/Garagekeepers; and Educators legal Liability. Annual contributions are based upon appropriate rates applicable to each Member; such rates are set based on recommendations of a qualified actuary, plus a proportionate share of all operational and administrative cost including excess reinsurance premiums incurred by the trust. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and VSBIT is unable to meet its required obligations, the Program will be terminated with each members assessed their proportionate share of the deficit.

Moretown School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 15 - RISK MANAGEMENT (CONTINUED)

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of asset and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 16 - OPERATING LEASES

On May 13, 2013, the Moretown School District entered into a lease agreement with Ikon Office Solutions for the lease of a copier. The total amount due is \$25,085, to be paid in monthly installments of \$696.81 over 3 years. The following is a schedule of future minimum lease payments under this lease.

During the year ended June 30, 2016	<u>\$8,363</u>
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Total minimum lease payments made this year under a prior lease were \$9,731.

NOTE 17 - SUBSEQUENT EVENTS

On July 1, 2015, the Moretown School District borrowed \$500,000 from the Merchants Bank in a Revenue Anticipation Note at a 2.8% interest rate. Any outstanding principle and interest are due at maturity on June 30, 2016.

On July 14, 2015, the Moretown School District entered into a non-cancellable lease agreement with Apple, Inc. for the lease of computers and related accessories. This lease agreement qualifies as a capital lease, for accounting purposes and thus, has been recorded at the present value of the future minimum lease payments at the inception of the lease in the general long-term debt account group. The total amount due is \$6,234, to be paid in yearly installments of \$2,078 over 3 years with a buyout at the end of \$1.

The future minimum lease obligations and the net present value of these minimum lease payments are as follows:

During the year ended June 30, 2016	\$2,078
2017	2,078
2018	2,078

Moretown School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 17 - SUBSEQUENT EVENTS (CONTINUED)

	Thereafter	\$ <u>0</u>
	Total minimum lease payments	6,234
	Less amount representing interest	<u>325</u>
	Present value of minimum lease payments	<u>\$5,909</u>

Interest rate on the capitalized lease is approximately 5.6 percent.

On July 14, 2015, the Moretown School District entered into a noncancellable lease agreement with US Bank Equipment Finance for the lease of 48 Chromebooks. This lease agreement qualifies as a capital lease, for accounting purposes and thus, has been recorded at the present value of the future minimum lease payments at the inception of the lease in the general long-term debt account group. The total amount due is \$14,148, to be paid in monthly installments of \$393.00 over 3 years with a buyout at the end of \$0.

The future minimum lease obligations and the net present value of these minimum lease payments are as follows:

During the year ended June 30, 2016	\$ 4,716
2017	4,716
2018	<u>4,716</u>
Total minimum lease payments	14,148
Less amount representing interest	<u>1,284</u>
Present value of minimum lease payments	<u>\$12,864</u>

Interest rate on the capitalized lease is approximately 9.08 percent.

NOTE 18 - COMMITMENTS

On June 25, 2015, the School District entered into an agreement with Gillespie Fuels & Propane, Inc. to pre-buy 8,500 gallons of fuel at \$2.47 per gallon. The minimum prepayment to the School District for fiscal year 2015-2016 will be \$20,995. Any unused account balance at June 30, 2015, will be refunded to the School District.

The School 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 School District has not complied with the rules and regulations governing the grants,

Moretown School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 18 – COMMITMENTS (CONTINUED)

refunds of any money recovered may be required and the collectibility of any related receivable at June 30, 2015 may be impaired. It is the opinion of the School District, that there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

The School District is responsible for the withholding and paying over of certain payroll taxes and related items. At June 30, 2015, School District showed a liability for any taxes due and unpaid. These taxes are subject to audit by the State and federal government. It is the opinion of the School District, that there are no significant contingent liabilities relating to compliance with the rules and regulations governing these or other taxes.

NOTE 19 - RELATED PARTY

As defined by GASB No. 14, paragraph 71, the School District is a participant in and has an ongoing financial responsibility to Washington West Supervisory Union. The School District's board is responsible for appointing one member to the board of Washington West Supervisory Union. Washington West Supervisory Union assesses the School District annually for a share of the net projected expenses in excess of revenues, plus a share of other budgetary provisions. Washington West Supervisory Union also provides the busing for the District, the cost of which is billed by the busing company directly to the School District based on agreement with the Washington West Supervisory Union. Separate financial statements on Washington West Supervisory Union are available from Washington West Supervisory Union.

The School District is part of the Harwood Union School District. The Union District is not a component of Moretown School District. Separate financial statements on the Union School District are available from Washington West Supervisory Union.

NOTE 20 - CONTINGENCY

Annually, before November 1st, the Secretary of the Vermont Agency of Education notifies each school of its net cost per elementary and/or secondary pupil for the previous school year. If the School District received tuition students from other Vermont School Districts it must determine whether it overcharged the sending District. If it did, it must provide the overcharged District with a credit against current tuition or refund the overcharged amount.

Moretown School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 20 – CONTINGENCY (CONTINUED)

The School District received State construction aid in the past for various projects. In the event that the school building was to be sold, this construction aid might have to be repaid out of the proceeds. The amount of State construction aid received since July 1970 is not available but can be calculated by the State of Vermont in the event that a repayment is sought.

Moretown School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
General Fund
For The Year Ended June 30, 2015

Schedule 1

	Object	Original & Final Budget	Actual	Variance
REVENUES:				
Tuition		\$ -	\$ 5,148	\$ 5,148
Interest on Investments		8,800	13,212	4,412
Building Use		-	250	250
E-Rate Reimbursement		-	1,663	1,663
Miscellaneous		-	523	523
State:				
Education Spending Grant		1,703,237	1,703,237	-
Small Schools Grant		50,562	51,315	753
Transportation Aid		22,830	22,790	(40)
Mainstream Block Grant		35,490	35,490	-
Special Education Expenditures Reimbursement		230,037	211,230	(18,807)
Extraordinary Reimbursement		30,600	-	(30,600)
Essential Early Education		2,000	4,407	2,407
Federal:				
Schoolwide Program		-	9,249	9,249
IDEA-B		18,000	9,692	(8,308)
IDEA-B Preschool		-	456	456
		<u> </u>	<u> </u>	<u> </u>
TOTAL REVENUES		<u>2,101,556</u>	<u>2,068,662</u>	<u>(32,894)</u>
EXPENDITURES:				
Regular Instruction 1100:				
Salaries	110	357,255	361,503	(4,248)
Per Diem Salaries	110	6,000	6,000	-
Mentoring Salaries	110	-	750	(750)
Aide Salaries	115	3,978	6,798	(2,820)
Temporary Salaries	120	15,000	9,346	5,654
Personal Days	125	660	448	212
Per Diem Extra Salaries	151	-	1,445	(1,445)
MGI Per Diem Salaries	170	-	3,068	(3,068)
Health Insurance	210	83,250	95,615	(12,365)
Section 125 Plan	211	400	350	50
Insurance Compensation	212	700	700	-
Social Security	220	28,987	28,713	274
Life Insurance	230	1,988	2,391	(403)
Retirement	240	199	411	(212)
Workers Compensation	250	3,105	2,815	290
Unemployment Compensation	260	448	942	(494)

The accompanying notes are an integral part of these financial statements

Moretown School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
General Fund
For The Year Ended June 30, 2015

Schedule 1

	Object	Original & Final Budget	Actual	Variance
Tuition Reimbursement	270	\$ 14,000	\$ 22,882	\$ (8,882)
Dental Insurance	280	5,000	4,198	802
Purchased Services	330	2,000	23,460	(21,460)
Copier	410	9,000	9,731	(731)
Travel	580	300	269	31
Supplies	610	14,350	17,605	(3,255)
Books and Periodicals	640	6,000	2,776	3,224
Equipment	730	3,500	800	2,700
Subtotal		<u>556,120</u>	<u>603,016</u>	<u>(46,896)</u>
Early Education 1100:				
Salaries	110	33,805	33,805	-
Per Diem Salaries	110	-	1,132	(1,132)
Aide Salaries	115	15,886	13,759	2,127
Personal Days	125	88	45	43
Health Insurance	210	26,026	10,043	15,983
Social Security	220	3,801	3,294	507
Life Insurance	230	239	245	(6)
Retirement	240	794	740	54
Workers Compensation	250	428	331	97
Unemployment Compensation	260	138	63	75
Professional Development	270	-	119	(119)
Dental Insurance	280	987	-	987
Testing Services	332	310	-	310
Supplies	610	500	504	(4)
Subtotal		<u>83,002</u>	<u>64,080</u>	<u>18,922</u>
Art 1102:				
Salaries	110	26,736	26,736	-
Per Diem Salaries	111	-	443	(443)
Personal Days	125	44	84	(40)
Insurance Compensation	212	280	280	-
Social Security	220	2,045	2,107	(62)
Life Insurance	230	189	155	34
Workers Compensation	250	230	178	52
Unemployment Compensation	260	69	38	31
Supplies	610	2,000	1,755	245
Subtotal		<u>31,593</u>	<u>31,776</u>	<u>(183)</u>
Foreign Language 1106:				
Salaries	110	22,127	22,127	-

The accompanying notes are an integral part of these financial statements

Moretown School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
General Fund
For The Year Ended June 30, 2015

Schedule 1

	Object	Original & Final Budget	Actual	Variance
Personal Days	125	\$ 44	\$ 14	\$ 30
Insurance Compensation	212	280	280	-
Social Security	220	1,693	1,715	(22)
Life Insurance	230	172	37	135
Workers Compensation	250	190	148	42
Unemployment Compensation	260	69	31	38
Supplies	610	-	187	(187)
Books and Periodicals	640	500	83	417
Subtotal		<u>25,075</u>	<u>24,622</u>	<u>453</u>
Physical Education 1108:				
Salaries	110	21,358	15,366	5,992
Personal Days	125	44	14	30
Insurance Compensation	212	280	-	280
Social Security	220	1,634	1,177	457
Life Insurance	230	169	31	138
Workers Compensation	250	184	142	42
Unemployment Compensation	260	69	23	46
Dental Insurance	280	493	-	493
Equipment	730	500	1,228	(728)
Subtotal		<u>24,731</u>	<u>17,981</u>	<u>6,750</u>
Music 1112:				
Salaries	110	20,590	20,590	-
Personal Days	125	44	14	30
Health Insurance	210	2,787	-	2,787
Social Security	220	1,575	1,576	(1)
Life Insurance	230	166	96	70
Workers Compensation	250	177	137	40
Unemployment Compensation	260	69	29	40
Dental Insurance	280	186	-	186
Supplies	610	1,000	317	683
Software	650	500	-	500
Equipment	730	-	168	(168)
Subtotal		<u>27,094</u>	<u>22,927</u>	<u>4,167</u>
Computer Technology 1123:				
Equipment Repairs	330	2,500	1,728	772
Purchased Services	331	11,500	11,213	287
Supplies	610	2,500	2,963	(463)
Software	650	2,350	841	1,509

The accompanying notes are an integral part of these financial statements

Moretown School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
General Fund
For The Year Ended June 30, 2015

Schedule 1

	Object	Original & Final Budget	Actual	Variance
Equipment	730	\$ 4,000	\$ 5,688	\$ (1,688)
Subtotal		<u>22,850</u>	<u>22,433</u>	<u>417</u>
Special Education 1200:				
Salaries	110	93,539	95,460	(1,921)
Tutor	112	11,600	6,871	4,729
Aide Salaries	115	100,454	103,566	(3,112)
Temporary Salaries	120	5,000	3,261	1,739
Personal Days	125	165	69	96
Health Insurance	210	82,193	70,935	11,258
Social Security	220	14,841	14,837	4
Life Insurance	230	653	722	(69)
Retirement	240	5,023	5,534	(511)
Workers Compensation	250	1,669	1,402	267
Unemployment Compensation	260	483	258	225
Tuition Reimbursement	270	-	1,906	(1,906)
Dental Insurance	280	1,465	1,125	340
Tuition	565	500	-	500
Travel	580	-	301	(301)
Supplies	610	600	1,635	(1,035)
Books and Periodicals	640	900	665	235
Audio Visual Materials	650	500	60	440
Equipment	730	<u>3,000</u>	<u>2,027</u>	<u>973</u>
Subtotal		<u>322,585</u>	<u>310,634</u>	<u>11,951</u>
Early Essential Education 1200:				
Purchased Services	300	2,000	-	2,000
Supplies	610	<u>500</u>	<u>264</u>	<u>236</u>
Subtotal		<u>2,500</u>	<u>264</u>	<u>2,236</u>
Compensatory Education 1250:				
Salaries	110	16,617	17,540	(923)
Aide Salaries	115	5,879	7,179	(1,300)
Personal Days	125	46	22	24
Health Insurance	210	2,742	5,928	(3,186)
Social Security	220	1,722	1,768	(46)
Life Insurance	230	117	109	8
Retirement	240	294	386	(92)
Workers Compensation	250	51	205	(154)
Unemployment Compensation	260	191	31	160

The accompanying notes are an integral part of these financial statements

Moretown School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
General Fund
For The Year Ended June 30, 2015

Schedule 1

	Object	Original & Final Budget	Actual	Variance
Dental Insurance	280	\$ 239	\$ 189	\$ 50
Subtotal		<u>27,898</u>	<u>33,357</u>	<u>(5,459)</u>
Schoolwide Program 1270:				
Salaries	110	8,229	7,584	645
Health Insurance	210	1,095	951	144
Social Security	220	629	551	78
Life Insurance	230	84	33	51
Workers Compensation	250	214	-	214
Unemployment Compensation	260	74	10	64
Dental Insurance	280	<u>112</u>	<u>104</u>	<u>8</u>
Subtotal		<u>10,437</u>	<u>9,233</u>	<u>1,204</u>
Guidance Services 2120:				
Salaries	110	19,054	19,822	(768)
Personal Days	125	44	35	9
Per Diem Extra Salaries	151	-	84	(84)
Health Insurance	210	2,787	997	1,790
Social Security	220	1,458	1,452	6
Life Insurance	230	160	23	137
Workers Compensation	250	164	127	37
Unemployment Compensation	260	69	27	42
Dental Insurance	280	186	52	134
Supplies	610	100	47	53
Books and Periodicals	640	<u>50</u>	<u>-</u>	<u>50</u>
Subtotal		<u>24,072</u>	<u>22,666</u>	<u>1,406</u>
Health Services 2130:				
Salaries	110	36,876	36,271	605
Assistant Salaries	115	66	-	66
Temporary Salaries	120	-	438	(438)
Personal Days	125	560	77	483
Insurance Compensation	212	-	560	(560)
Social Security	220	2,828	2,814	14
Life Insurance	230	349	183	166
Retirement	240	-	246	(246)
Workers Compensation	250	317	33	284
Unemployment Compensation	260	69	49	20
Dental Insurance	280	987	-	987

The accompanying notes are an integral part of these financial statements

Moretown School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
General Fund
For The Year Ended June 30, 2015

Schedule 1

	Object	Original & Final Budget	Actual	Variance
Supplies	610	\$ 1,000	\$ 810	\$ 190
Subtotal		<u>43,052</u>	<u>41,481</u>	<u>1,571</u>
SPED Psychological Services 2140:				
Contracted Services	300	50,500	22,855	27,645
Equipment	739	-	(829)	829
Subtotal		<u>50,500</u>	<u>22,026</u>	<u>28,474</u>
EEE Psychological Services 2140:				
Contracted Services	300	-	2,138	(2,138)
Subtotal		<u>-</u>	<u>2,138</u>	<u>(2,138)</u>
SPED Speech Services 2150:				
Salaries	110	64,920	64,920	-
Summer Services	112	3,750	529	3,221
Personal Days	125	110	-	110
Health Insurance	210	18,362	17,559	803
Social Security	220	4,966	4,792	174
Life Insurance	230	330	267	63
Workers Compensation	250	558	458	100
Unemployment Compensation	260	69	90	(21)
Dental Insurance	280	1,233	1,125	108
Subtotal		<u>94,298</u>	<u>89,740</u>	<u>4,558</u>
SPED Occupational Therapy Services 2160:				
Contracted Services	300	6,375	2,832	3,543
Subtotal		<u>6,375</u>	<u>2,832</u>	<u>3,543</u>
SPED Other Contracted Services 2190:				
Contracted Services	300	85,500	45,360	40,140
Subtotal		<u>85,500</u>	<u>45,360</u>	<u>40,140</u>
EEE Other Contracted Services 2190:				
Contracted Services	300	-	868	(868)
Subtotal		<u>-</u>	<u>868</u>	<u>(868)</u>
Media Center 2220:				
Salaries	110	38,107	38,625	(518)
Personal Days	125	88	337	(249)
Insurance Compensation	212	560	560	-
Social Security	220	2,922	2,981	(59)
Life Insurance	230	231	188	43
Workers Compensation	250	558	254	304
Unemployment Compensation	260	69	54	15

The accompanying notes are an integral part of these financial statements

Moretown School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
General Fund
For The Year Ended June 30, 2015

Schedule 1

	Object	Original & Final Budget	Actual	Variance
Repairs and Maintenance	430	\$ 500	\$ 500	\$ -
Supplies	610	300	443	(143)
Books and Periodicals	640	3,400	2,465	935
Subtotal		<u>46,735</u>	<u>46,407</u>	<u>328</u>
Board of Education 2310:				
Social Security	220	38	46	(8)
Unemployment Compensation	260	-	1	(1)
Reimbursement	310	500	275	225
Legal	360	3,000	611	2,389
Insurance	523	2,500	2,615	(115)
Advertising	540	750	529	221
Miscellaneous	550	500	465	35
Dues and Fees	810	1,050	1,697	(647)
Subtotal		<u>8,338</u>	<u>6,239</u>	<u>2,099</u>
District Treasurer 2313:				
Town Office	300	2,500	2,500	-
Subtotal		<u>2,500</u>	<u>2,500</u>	<u>-</u>
WWSU Assessment 2321:				
Assessment	331	41,972	41,982	(10)
Subtotal		<u>41,972</u>	<u>41,982</u>	<u>(10)</u>
Administration 2400:				
Salaries	110	91,832	91,835	(3)
Support Staff Salaries	111	34,982	33,947	1,035
Temporary Salaries	120	750	2,165	(1,415)
Personal Days	125	-	1,000	(1,000)
Health Insurance	210	40,735	41,071	(336)
Social Security	220	9,701	9,765	(64)
Life Insurance	230	667	561	106
Retirement	240	1,749	1,878	(129)
Workers Compensation	250	138	849	(711)
Unemployment Compensation	260	138	133	5
Tuition Reimbursement	270	2,500	-	2,500
Dental Insurance	280	2,466	2,486	(20)
Postage	531	1,000	596	404
Travel	580	200	651	(451)
Supplies	610	1,000	1,041	(41)
Equipment	730	2,500	4,859	(2,359)

The accompanying notes are an integral part of these financial statements

Moretown School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
General Fund
For The Year Ended June 30, 2015

Schedule 1

	Object	Original & Final Budget	Actual	Variance
Dues and Fees	810	\$ 500	\$ 126	\$ 374
Subtotal		<u>190,858</u>	<u>192,963</u>	<u>(2,105)</u>
Fiscal Services 2520:				
Business Manager Assessment	331	7,016	7,018	(2)
Accounting Services Assessment	331	15,773	15,777	(4)
Audit	370	3,700	3,700	-
Current Interest	830	<u>6,900</u>	<u>12,327</u>	<u>(5,427)</u>
Subtotal		<u>33,389</u>	<u>38,822</u>	<u>(5,433)</u>
Building Maintenance & Operation 2600:				
Salaries	110	42,723	46,708	(3,985)
Summer Salaries	116	3,573	3,256	317
Substitute Salaries	120	-	665	(665)
Health Insurance	210	18,996	18,996	-
Social Security	220	3,268	3,645	(377)
Life Insurance	230	78	160	(82)
Retirement	240	2,136	2,628	(492)
Workers Compensation	250	2,686	283	2,403
Unemployment Compensation	260	69	55	14
Dental Insurance	280	1,233	468	765
Trash Removal	421	2,500	3,310	(810)
Snow Removal	422	2,000	1,800	200
Repairs and Maintenance	430	25,000	24,382	618
Travel	519	-	147	(147)
Property Insurance	521	6,000	5,499	501
Telephone	530	5,100	6,159	(1,059)
Travel	580	-	146	(146)
Supplies	610	8,500	5,910	2,590
Electricity	622	17,222	17,329	(107)
Gas	623	650	501	149
Oil	624	34,400	30,867	3,533
Equipment	730	<u>2,100</u>	<u>3,337</u>	<u>(1,237)</u>
Subtotal		<u>178,234</u>	<u>176,251</u>	<u>1,983</u>
Special Education Transportation 2700:				
Social Security	220	-	3	(3)
Retirement	240	-	2	(2)
Contracted Services	519	<u>7,000</u>	<u>2,899</u>	<u>4,101</u>
Subtotal		<u>7,000</u>	<u>2,904</u>	<u>4,096</u>

The accompanying notes are an integral part of these financial statements

Moretown School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
General Fund
For The Year Ended June 30, 2015

Schedule 1

	Object	Original & Final Budget	Actual	Variance
Contracted Transportation 2710:				
Contracted Services	519	\$ 58,945	\$ 55,904	\$ 3,041
Subtotal		<u>58,945</u>	<u>55,904</u>	<u>3,041</u>
Co-Curricular Transportation 2720:				
Field Trips	519	3,500	2,511	989
Subtotal		<u>3,500</u>	<u>2,511</u>	<u>989</u>
Lunch Transportation 2750:				
Salaries	110	2,701	2,349	352
Social Security	220	207	180	27
Unemployment Compensation	260	-	2	(2)
Travel	580	900	983	(83)
Subtotal		<u>3,808</u>	<u>3,514</u>	<u>294</u>
Food Service 3100:				
Contracted Services	500	7,500	5,631	1,869
Subtotal		<u>7,500</u>	<u>5,631</u>	<u>1,869</u>
Debt Services 5100"				
Interest Charges	830	15,520	12,244	3,276
Principal Reduction	910	55,407	55,396	11
Subtotal		<u>70,927</u>	<u>67,640</u>	<u>3,287</u>
 TOTAL EXPENDITURES		 <u>2,091,388</u>	 <u>2,010,702</u>	 <u>80,686</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		 10,168	 57,960	 (47,792)
OTHER FINANCING SOURCES (USES):				
Transfer To Other Governmental Fund		<u>(39,000)</u>	<u>(39,000)</u>	<u>-</u>
 EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES		 (28,832)	 18,960	 (47,792)
 FUND BALANCE, JULY 1, 2014		 <u>-</u>	 <u>39,136</u>	 <u>39,136</u>
 FUND BALANCE, JUNE 30, 2015		 <u>\$ (28,832)</u>	 <u>\$ 58,096</u>	 <u>\$ 86,928</u>

The accompanying notes are an integral part of these financial statements

Moretown School District
Combining Balance Sheet
Special Revenue Fund Components
June 30, 2015

Schedule 2
(page 1 of 3)

	MECA	VKAT	Vermont Energy Grant	Book Fair	Girls on the Run	VSBIT Wellness	Field Trip Grades 1-2	Subtotals
ASSETS:								
Current Assets:								
Due From Other Funds	\$ 10,823	\$ 60	\$ 56	\$ 7		\$ 67	\$ 879	\$ 11,892
Accounts Receivable - Supervisory Union	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Current Assets	<u>10,823</u>	<u>60</u>	<u>56</u>	<u>7</u>	<u>\$ -</u>	<u>67</u>	<u>879</u>	<u>11,892</u>
TOTAL ASSETS	<u>\$ 10,823</u>	<u>\$ 60</u>	<u>\$ 56</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 67</u>	<u>\$ 879</u>	<u>\$ 11,892</u>
LIABILITIES AND FUND BALANCES:								
Liabilities:								
Due To Other Funds					\$ 31			\$ 31
Accounts Payable - Other	<u>\$ 282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>282</u>
Total Liabilities	<u>282</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>31</u>	<u>\$ -</u>	<u>\$ -</u>	<u>313</u>
Fund Balances:								
Unassigned					(31)			(31)
Restricted	<u>10,541</u>	<u>60</u>	<u>56</u>	<u>7</u>	<u>-</u>	<u>67</u>	<u>879</u>	<u>11,610</u>
Total Fund Balances	<u>10,541</u>	<u>60</u>	<u>56</u>	<u>7</u>	<u>(31)</u>	<u>67</u>	<u>879</u>	<u>11,579</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 10,823</u>	<u>\$ 60</u>	<u>\$ 56</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 67</u>	<u>\$ 879</u>	<u>\$ 11,892</u>

The accompanying notes are an integral part of these financial statements

Moretown School District
Combining Balance Sheet
Special Revenue Fund Components
June 30, 2015

Schedule 2
(page 2 of 3)

	Field Trip Grades 3	Field Trip Grades 4-5-6	Educator Grant	Kindergarten Outdoor Program	Lice Busters	Vermont Rural Ed Collaborative	MECA One-on-One	Subtotals
ASSETS:								
Current Assets:								
Due From Other Funds	\$ 381		\$ 204	\$ 586	\$ 600	\$ 2,746	\$ 341	\$ 4,858
Accounts Receivable - Supervisory Union	-	-	-	-	-	-	-	-
Total Current Assets	<u>381</u>	<u>\$ -</u>	<u>204</u>	<u>586</u>	<u>600</u>	<u>2,746</u>	<u>341</u>	<u>4,858</u>
TOTAL ASSETS	<u>\$ 381</u>	<u>\$ -</u>	<u>\$ 204</u>	<u>\$ 586</u>	<u>\$ 600</u>	<u>\$ 2,746</u>	<u>\$ 341</u>	<u>\$ 4,858</u>
LIABILITIES AND FUND BALANCES:								
Liabilities:								
Due To Other Funds		\$ 1,871						\$ -
Accounts Payable - Other	-	-	-	-	-	-	-	-
Total Liabilities	<u>\$ -</u>	<u>1,871</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,871</u>
Fund Balances:								
Unassigned		(1,871)						(1,871)
Restricted	381	-	204	586	600	2,746	341	4,858
Total Fund Balances	<u>381</u>	<u>(1,871)</u>	<u>204</u>	<u>586</u>	<u>600</u>	<u>2,746</u>	<u>341</u>	<u>2,987</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 381</u>	<u>\$ -</u>	<u>\$ 204</u>	<u>\$ 586</u>	<u>\$ 600</u>	<u>\$ 2,746</u>	<u>\$ 341</u>	<u>\$ 4,858</u>

The accompanying notes are an integral part of these financial statements

Moretown School District
Combining Balance Sheet
Special Revenue Fund Components
June 30, 2015

Schedule 2
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	Eco-Ed Children Outdoor	Moretown Ptn	Freshies Farmers Market	MECA Summer Program	Ste@m Grant	Medicaid	Subtotals	Totals
ASSETS:								
Current Assets:								
Due From Other Funds	\$ 7,958	\$ 6,692	\$ 53		\$ 1,000		\$ 15,703	\$ 32,453
Accounts Receivable - Supervisory Union	-	-	-	-	-	\$ 4,851	4,851	4,851
Total Current Assets	<u>7,958</u>	<u>6,692</u>	<u>53</u>	<u>\$ -</u>	<u>1,000</u>	<u>4,851</u>	<u>20,554</u>	<u>37,304</u>
TOTAL ASSETS	<u>\$ 7,958</u>	<u>\$ 6,692</u>	<u>\$ 53</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 4,851</u>	<u>\$ 20,554</u>	<u>\$ 37,304</u>
LIABILITIES AND FUND BALANCES:								
Liabilities:								
Due To Other Funds				\$ 3,184		\$ 743	\$ 3,927	\$ 5,829
Accounts Payable - Other	-	\$ 325	-	-	-	-	325	607
Total Liabilities	<u>\$ -</u>	<u>325</u>	<u>\$ -</u>	<u>3,184</u>	<u>\$ -</u>	<u>743</u>	<u>4,252</u>	<u>6,436</u>
Fund Balances:								
Unassigned				(3,184)			(3,184)	(5,086)
Restricted	<u>7,958</u>	<u>6,367</u>	<u>53</u>	<u>-</u>	<u>1,000</u>	<u>4,108</u>	<u>19,486</u>	<u>35,954</u>
Total Fund Balances	<u>7,958</u>	<u>6,367</u>	<u>53</u>	<u>(3,184)</u>	<u>1,000</u>	<u>4,108</u>	<u>16,302</u>	<u>30,868</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 7,958</u>	<u>\$ 6,692</u>	<u>\$ 53</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 4,851</u>	<u>\$ 20,554</u>	<u>\$ 37,304</u>

The accompanying notes are an integral part of these financial statements

Moretown School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Special Revenue Fund Components
For The Year Ended June 30, 2015

Schedule 3
(page 1 of 3)

	MECA	VKAT	Vermont Energy Grant	Girls on the Run	Book Fair	VSBIT Wellness	Field Trip Grades 1-2	Subtotals
REVENUES:								
Private/Local/Other State	\$ 118,490 <u>16,165</u>	-	-	-	-	-	\$ 492 -	\$ 118,982 <u>16,165</u>
TOTAL REVENUES	<u>134,655</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>492</u>	<u>135,147</u>
EXPENDITURES:								
Direct Services							336	336
Operation and Maintenance of Building								-
Transportation								-
Other Outlays	<u>117,897</u>	-	-	-	-	-	-	<u>117,897</u>
TOTAL EXPENDITURES	<u>117,897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>336</u>	<u>118,233</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	16,758	-	-	-	-	-	156	16,914
FUND BALANCES, JULY 1, 2014	<u>(6,217)</u>	<u>60</u>	<u>56</u>	<u>(31)</u>	<u>7</u>	<u>67</u>	<u>723</u>	<u>(5,335)</u>
FUND BALANCES, JUNE 30, 2015	<u>\$ 10,541</u>	<u>\$ 60</u>	<u>\$ 56</u>	<u>\$ (31)</u>	<u>\$ 7</u>	<u>\$ 67</u>	<u>\$ 879</u>	<u>\$ 11,579</u>

The accompanying notes are an integral part of these financial statements
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Moretown School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Special Revenue Fund Components
For The Year Ended June 30, 2015

Schedule 3
(page 2 of 3)

	Field Trip Grades 3	Field Trip Grades 4-5-6	Educator Grant	Kindergarten Outdoor Program	Lice Busters	Vermont Rural Ed Collaborative	MECA One-on-One	Subtotals
REVENUES:								
Private/Local/Other State	\$ 245	\$ 2,158	-	\$ 350	-	\$ 2,000	-	\$ 4,753
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>245</u>	<u>2,158</u>	<u>\$ -</u>	<u>350</u>	<u>\$ -</u>	<u>2,000</u>	<u>\$ -</u>	<u>4,753</u>
EXPENDITURES:								
Direct Services	304	2,323		432		762		3,821
Operation and Maintenance of Building						678		678
Transportation		377						377
Other Outlays	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>304</u>	<u>2,700</u>	<u>-</u>	<u>432</u>	<u>-</u>	<u>1,440</u>	<u>-</u>	<u>4,876</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(59)	(542)	-	(82)	-	560	-	(123)
FUND BALANCES, JULY 1, 2014	<u>440</u>	<u>(1,329)</u>	<u>204</u>	<u>668</u>	<u>600</u>	<u>2,186</u>	<u>341</u>	<u>3,110</u>
FUND BALANCES, JUNE 30, 2015	<u>\$ 381</u>	<u>\$ (1,871)</u>	<u>\$ 204</u>	<u>\$ 586</u>	<u>\$ 600</u>	<u>\$ 2,746</u>	<u>\$ 341</u>	<u>\$ 2,987</u>

The accompanying notes are an integral part of these financial statements
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Moretown School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Special Revenue Fund Components
For The Year Ended June 30, 2015

Schedule 3
(page 3 of 3)

	Eco-Ed Children Outdoor	Moretown Ptn	Freshies Farmers Market	Ste@m Grant	Medicaid	MECA Summer Program	Subtotals	Totals
REVENUES:								
Private/Local/Other State	\$ 1,609 -	\$ 4,191 -	-	\$ 1,000 -	\$ 19,341 -	\$ 25,372 -	\$ 51,513 -	\$ 175,248 16,165
TOTAL REVENUES	1,609	4,191	\$ -	1,000	19,341	25,372	51,513	191,413
EXPENDITURES:								
Direct Services	2,511	7,558			42,433		52,502	56,659
Operation and Maintenance of Building							-	678
Transportation		256					256	633
Other Outlays	-	-	-	-	-	28,471	28,471	146,368
TOTAL EXPENDITURES	2,511	7,814	-	-	42,433	28,471	81,229	204,338
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(902)	(3,623)	-	1,000	(23,092)	(3,099)	(29,716)	(12,925)
FUND BALANCES, JULY 1, 2014	8,860	9,990	53	-	27,200	(85)	46,018	43,793
FUND BALANCES, JUNE 30, 2015	\$ 7,958	\$ 6,367	\$ 53	\$ 1,000	\$ 4,108	\$ (3,184)	\$ 16,302	\$ 30,868

The accompanying notes are an integral part of these financial statements
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Moretown School District
Combining Balance Sheet
Capital Project Fund Components
June 30, 2015

Schedule 4

	Capital Improvement	Roof Construction Fund	Totals
ASSETS:			
Current Assets:			
Cash	\$ 77,469		\$ 77,469
Due From Other Funds	<u>-</u>	<u>\$ 940</u>	<u>940</u>
Total Current Assets	<u>77,469</u>	<u>940</u>	<u>78,409</u>
TOTAL ASSETS	<u>\$ 77,469</u>	<u>\$ 940</u>	<u>\$ 78,409</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Due To Other Funds	\$ 9,261		\$ 9,261
Accounts Payable - Other	<u>1,260</u>	<u>-</u>	<u>1,260</u>
Total Liabilities	<u>10,521</u>	<u>\$ -</u>	<u>10,521</u>
Fund Balances:			
Committed	<u>66,948</u>	<u>940</u>	<u>67,888</u>
Total Fund Balances	<u>66,948</u>	<u>940</u>	<u>67,888</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 77,469</u>	<u>\$ 940</u>	<u>\$ 78,409</u>

The accompanying notes are an integral part of these financial statements

Moretown School District
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 Capital Project Fund Components
 For The Year Ended June 30, 2015

Schedule 5

	Capital Improvement	Roof Construction Fund	Totals
REVENUES:			
Investment Income	\$ <u>39</u>	<u>-</u>	\$ <u>39</u>
TOTAL REVENUES	<u>39</u>	\$ <u>-</u>	<u>39</u>
EXPENDITURES:			
Debt Service	<u>11,319</u>	<u>-</u>	<u>11,319</u>
TOTAL EXPENDITURES	<u>11,319</u>	<u>-</u>	<u>11,319</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(11,280)	-	(11,280)
FUND BALANCES, JULY 1, 2014	<u>78,228</u>	<u>940</u>	<u>79,168</u>
FUND BALANCES, JUNE 30, 2015	<u>\$ 66,948</u>	<u>\$ 940</u>	<u>\$ 67,888</u>

The accompanying notes are an integral part of these financial statements



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

To the School Board
Moretown School District, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Moretown School District, Vermont, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Moretown School District, Vermont's basic financial statements and have issued our report thereon dated February 22, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Moretown School District, Vermont's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Moretown School District, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of Moretown School District, Vermont'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Moretown School District, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance of 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.

Angolano & Company

Angolano & Company
Shelburne, Vermont
Firm Registration Number 92-0000141

February 22, 2016



August 21, 2015

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To the School Board
Moretown School District

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Moretown School District** for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, Government Auditing Standards and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 19, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Moretown School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during June 30, 2015. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the lives of property, plant, and equipment is based on expected usefulness. We evaluated the key factors and assumptions used to develop the lives of property, plant, and equipment in determining that it is reasonable in relation to the financial statements taken as a whole.

Management estimates the final receivable or payable with the State of Vermont Department of Education for special education expense reimbursement.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of Fund Balances and Net Resources in Notes 11 and 12 to the financial statements as to how any surplus is to be used in future fiscal years.

The disclosure of Other Post Employment Benefits (OPEB) and Termination Benefits in Note 8 to the financial statements as to how it is being offered and any contingent and real liabilities that exist.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of School Board and management of Moretown School District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Angolano & Company

Angolano & Company,
Shelburne, Vermont
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