

**BRATTLEBORO TOWN
SCHOOL DISTRICT**

**Financial Statements
and
Independent Auditors' Report**

As of and for the Year Ended
June 30, 2015

BRATTLEBORO TOWN SCHOOL DISTRICT

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

Independent Auditors' Report

To the School Board
of Brattleboro Town School District:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Brattleboro Town School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 to 10 and 46 be presented to supplement the basic financial statements. Also included as required supplementary information is the schedule of state contributions to teachers' pension, District contribution to Vermont Municipal Employees' Retirement System and the proportionate share of the net pension liability presented on pages 47-49. 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 Brattleboro Town School District's basic financial statements. The combining schedule of fiduciary net position – agency funds is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining schedule of fiduciary net position–agency funds and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements or to the 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 schedule of fiduciary net position – agency funds and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2016, on our consideration of the Brattleboro Town School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial report or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Brattleboro Town School District's internal control over financial reporting and compliance.

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

Lebanon, New Hampshire
January 25, 2016

Registration No. 92-545

BRATTLEBORO TOWN SCHOOL DISTRICT

Management's Discussion and Analysis

As of June 30, 2015

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) section of the Brattleboro Town School District's (the District) annual audit presents a narrative overview and analysis of the District's financial performance during the year ended June 30, 2015. The MD&A focuses on the current year's activities, resulting changes and currently known facts. It should be read in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The District wide assets exceeded its liabilities at the close of the most recent fiscal year by \$5,971,228. Of this amount, \$5,606,617 represents the District's investment in capital assets net of depreciation and related debt.
- The District's net position decreased by \$525,150 inclusive of the prior period adjustment.
- The total cost of the District-wide programs was \$19,304,780 this fiscal year compared to \$19,767,714 for the fiscal year ended June 30, 2014.

Overview of the Financial Statements

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

District-wide Financial Statements

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

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

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

In the statement of net position and the statement of activities, the District is divided into two kinds of activities:

Governmental activities – Most of the District's basic services are reported here including the general fund, special revenue fund, capital projects fund, governmental capital assets and governmental long-term liabilities.

Business-type activities – The District charges fees to help cover the cost of certain services it provides, primarily the food service program.

BRATTLEBORO TOWN SCHOOL DISTRICT

Management's Discussion and Analysis

As of June 30, 2015

Fund Financial Statements

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

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

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Government fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the 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 fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

The District uses an agency fund to account for resources held for student activities and groups. The basic fiduciary fund financial statements can be found on pages 20 and 21 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the district-wide and fund financial statements. The notes to the basic financial statements can be found on pages 22 to 45 of this report.

BRATTLEBORO TOWN SCHOOL DISTRICT
Management's Discussion and Analysis
As of June 30, 2015

District-wide Financial Analysis

The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental and business-type activities:

Table 1: Summarized Data from the Statement of Net Position

	School Wide	
	2015	2014 Restated
Current assets	\$ 2,612,652	\$ 3,333,680
Capital assets	6,087,617	6,283,283
Deferred outflow of resources	<u>41,940</u>	<u>34,868</u>
Total assets and deferred outflow of resources	<u>\$ 8,742,209</u>	<u>\$ 9,651,831</u>
Current and non-current liabilities	\$ 2,213,910	\$ 2,954,050
Long-term debt outstanding	481,000	829,532
Deferred inflow of resources	<u>76,071</u>	<u>-</u>
Total liabilities	<u>\$ 2,770,981</u>	<u>\$ 3,783,582</u>
Net position		
Invested in capital assets net of related debt	\$ 5,606,617	\$ 5,453,751
Restricted	7,629	58,980
Unrestricted	<u>356,982</u>	<u>355,518</u>
Total net position	<u>\$ 5,971,228</u>	<u>\$ 5,868,249</u>

Governmental Activities – Governmental activities decreased the District's fund balance by \$525,150.

Business-type Activities – Business-type activities increased the District's net position by \$55,780.

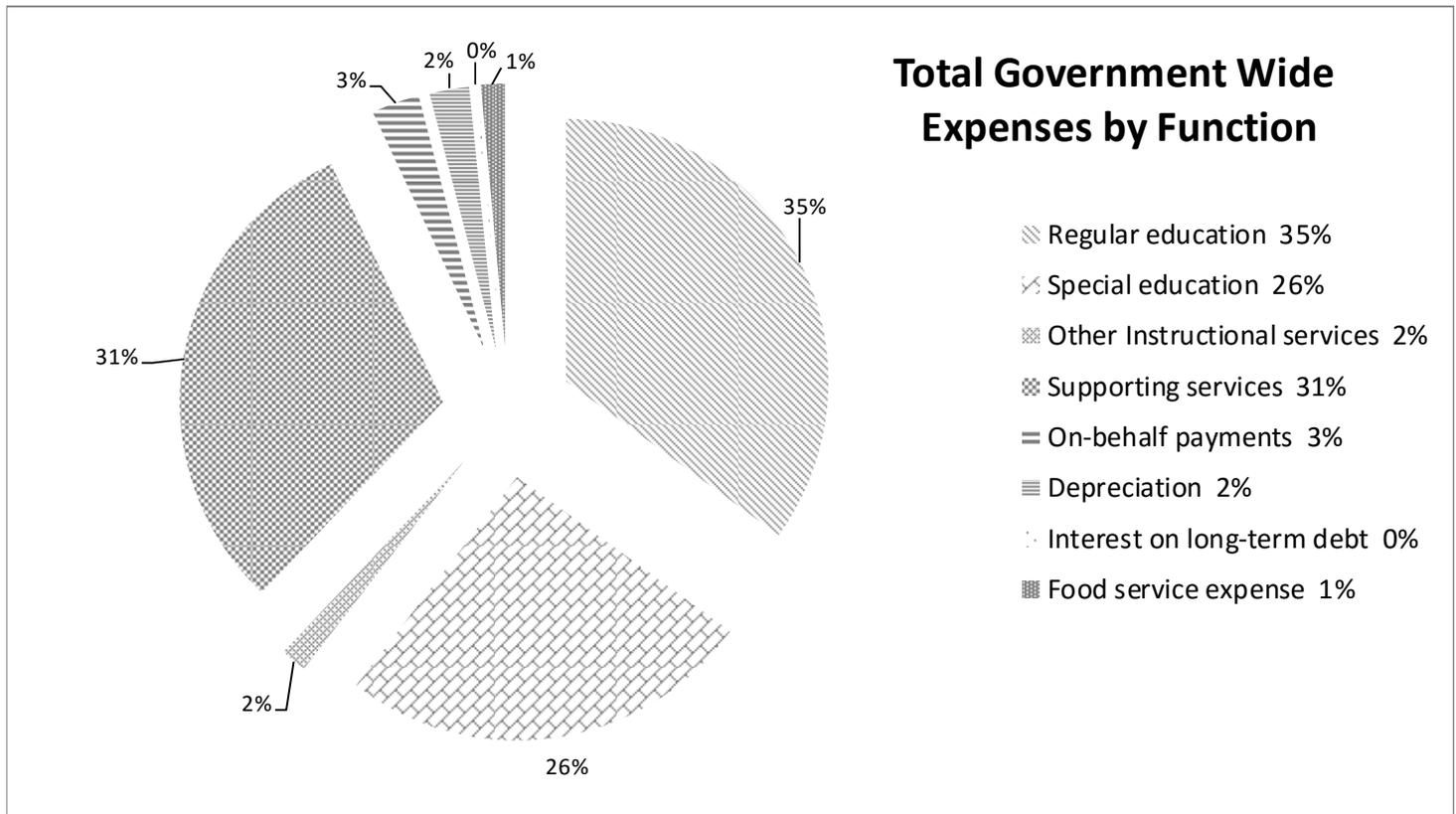
BRATTLEBORO TOWN SCHOOL DISTRICT
Management's Discussion and Analysis
As of June 30, 2015

Table 2: Summarized Data from the Statement of Activities

	<u>2015</u>	<u>2014</u>	Increase (Decrease)
Program revenues			
Charges for services	\$ 371,810	\$ 560,848	\$ (189,038)
Operating grants and contributions	6,900,005	7,230,937	(330,932)
General revenues			
State support	12,090,328	11,880,478	209,850
Investment earnings	3,328	5,434	(2,106)
Miscellaneous revenues	42,288	56,880	(14,592)
Total revenues and transfers	<u>19,407,759</u>	<u>19,734,577</u>	<u>(326,818)</u>
Expenses			
Current:			
Regular education	6,747,791	5,763,734	984,057
Special education	4,926,695	5,399,701	(473,006)
Other instructional programs	312,701	362,723	(50,022)
Supporting services	5,965,551	6,520,508	(554,957)
On-behalf payments	570,128	579,648	(9,520)
Depreciation	468,385	492,438	(24,053)
Interest on long-term debt	30,029	46,100	(16,071)
Food service subsidy	281,040	228,558	52,482
Food services	2,460	374,304	(371,844)
Total expenses	<u>19,304,780</u>	<u>19,767,714</u>	<u>(462,934)</u>
Increase (decrease) in net position before other financing sources	<u>102,979</u>	<u>(33,137)</u>	<u>136,116</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	102,979	(33,137)	136,116
Net position, July 1	5,868,249	6,529,515	(661,266)
Prior period adjustment	<u>-</u>	<u>(628,129)</u>	<u>628,129</u>
Net position, June 30	<u>\$ 5,971,228</u>	<u>\$ 5,868,249</u>	<u>\$ 102,979</u>

BRATTLEBORO TOWN SCHOOL DISTRICT
Management's Discussion and Analysis
 As of June 30, 2015

The pie chart below represents total expenditures from government-wide funds by function:



Financial Analysis of the District's Funds

As previously indicated, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources.

The District reported a combined governmental fund balance of \$1,016,874 at the end of fiscal year 2015. Revenues for governmental funds totaled \$19,456,123. Expenditures for governmental funds totaled \$19,623,060. Of the total funds expended, \$12,322,060 or 62.79% was spent for direct instructional services to students.

The total General Fund reported a decrease in fund balance this year of \$260,353. Variances between anticipated and actual revenues and expenditures can be found on Schedule 1: Budgetary Comparison Schedule – General Fund on page 46.

BRATTLEBORO TOWN SCHOOL DISTRICT

Management's Discussion and Analysis

As of June 30, 2015

Proprietary Funds – The Food Service Program reported a decrease in fund balances of \$55,804. In 2015, the Food Service Program is being treated as an enterprise funds. Enterprise funds are designed to establish fees and charges to recover its costs, rather than with taxes or similar revenues. Prior to 2014, this fund was reported as a governmental fund.

Capital Assets and Debt Administration

Capital Assets – At the end of the year, the District had \$12,494,686 invested in capital assets compared to \$11,919,604 in the prior year. This represents a net increase of \$575,082 over last year. Following is a summary of the District's capital assets as of June 30, 2015:

	Governmental Activities			
	Ending Balance, June 30, 2014	Additions	Retirements and Transfers	Ending Balance, June 30, 2015
Depreciable assets				
Land and land improvements	\$ 457,132	\$ -	\$ -	\$ 457,132
Buildings and improvements	9,833,534	201,472	858	10,034,148
Equipment	228,319	17,261	15,948	229,632
Outdoor equipment	30,530	3,800	-	34,330
Vehicles	192,952	-	-	192,952
Heavy equipment and machinery	290,776	11,516	-	302,292
Furniture and fixtures	464,848	17,684	9,017	473,515
Office equipment and computers	996,595	36,298	55,338	977,555
	<u>12,494,686</u>	<u>288,031</u>	<u>81,161</u>	<u>12,701,556</u>
Less depreciation for				
Land improvements	83,338	18,599	-	101,937
Buildings and improvements	4,426,694	264,613	858	4,690,449
Equipment	166,434	26,206	5,065	187,575
Outdoor equipment	6,727	2,847	-	9,574
Vehicles	183,421	8,797	-	192,218
Heavy equipment and machinery	127,323	24,921	-	152,244
Furniture and fixtures	370,042	38,747	9,017	399,772
Office equipment and computers	860,358	83,655	55,338	888,675
	<u>6,224,337</u>	<u>468,385</u>	<u>70,278</u>	<u>6,622,444</u>
Capital assets, net	<u>\$ 6,270,349</u>	<u>\$ (180,354)</u>	<u>\$ 10,883</u>	<u>\$ 6,079,112</u>
	Business Type Activities			
	Ending Balance, June 30, 2014	Additions	Retirements and Transfers	Ending Balance, June 30, 2015
Depreciable assets				
Kitchen equipment	\$ -	\$ 12,934	\$ -	\$ 12,934
Accumulated depreciation				
Kitchen equipment	-	4,429	-	4,429
Capital assets, net	<u>\$ -</u>	<u>\$ 8,505</u>	<u>\$ -</u>	<u>\$ 8,505</u>
Total District	<u>\$ 6,270,349</u>	<u>\$ (171,849)</u>	<u>\$ 10,883</u>	<u>\$ 6,087,617</u>

BRATTLEBORO TOWN SCHOOL DISTRICT
Management's Discussion and Analysis
As of June 30, 2015

Debt – At year end, the District had \$481,000 in outstanding bonds, notes payable and capital lease obligations. The District also recognized other long-term debt in the amount of \$61,066, representing accrued voluntary exit incentive program liabilities and \$540,025 in accrued pension separation benefits.

Following is a summary of the District's debt as of June 30, 2015:

	Balance 6/30/2014	Additions	Retirements	Balance 6/30/2015	Due Within One Year
Governmental activities:					
Notes payable					
Water systems improvement	\$ 4,956	\$ -	\$ 4,956	\$ -	\$ -
Capital improvement note	187,890	-	62,630	125,260	62,630
	<u>192,846</u>	<u>-</u>	<u>67,586</u>	<u>125,260</u>	<u>62,630</u>
General obligation bonds					
Dated August 2, 1995	430,000	-	215,000	215,000	215,000
	<u>430,000</u>	<u>-</u>	<u>215,000</u>	<u>215,000</u>	<u>215,000</u>
Capital leases					
Energy project	206,686	-	65,946	140,740	69,096
	<u>206,686</u>	<u>-</u>	<u>65,946</u>	<u>140,740</u>	<u>69,096</u>
	<u>\$ 829,532</u>	<u>\$ -</u>	<u>\$ 348,532</u>	<u>\$ 481,000</u>	<u>\$ 346,726</u>

Economic Factors and Next Year's Budget

The District's elected and appointed officials considered many factors when setting the fiscal year 2016 budget for school operations. Factors included were enrollment, the economic climate, property taxes and the impact of the budget on property taxes.

When adopting the budget for fiscal year 2016, the School Board took into account the aforementioned factors before recommending an expenditure budget of \$15,410,005.

Contacting the District's Management

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

BRATTLEBORO TOWN SCHOOL DISTRICT

Statement of Net Position

As of June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash	\$ 2,168,305	\$ 8,187	\$ 2,176,492
Accounts receivable	102,174	2,769	104,943
Inventory	-	-	-
Prepaid expenses	56,525	-	56,525
Internal balances	-	-	-
Due from other funds	-	-	-
Due from other governments	274,692	-	274,692
Total current assets	<u>2,601,696</u>	<u>10,956</u>	<u>2,612,652</u>
Capital assets	12,701,556	12,934	12,714,490
(Accumulated depreciation)	(6,622,444)	(4,429)	(6,626,873)
Total capital assets (net of accumulated depreciation)	<u>6,079,112</u>	<u>8,505</u>	<u>6,087,617</u>
Total assets	<u>8,680,808</u>	<u>19,461</u>	<u>8,700,269</u>
Deferred outflow of resources			
Pension - VMERS	41,940	-	41,940
Total assets and deferred outflow of resources	<u>\$ 8,722,748</u>	<u>\$ 19,461</u>	<u>\$ 8,742,209</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 193,990	\$ -	\$ 193,990
Accrued expenses	885,549	-	885,549
Accrued early separation incentive	61,066	-	61,066
Unexpended grant revenues	386,203	3,327	389,530
Due to student activity funds	81,705	-	81,705
Due to other funds	-	-	-
Due to other governments	37,375	-	37,375
Current portion of capital lease	69,096	-	69,096
Current portion of long-term debt	277,630	-	277,630
Total current liabilities	<u>1,992,614</u>	<u>3,327</u>	<u>1,995,941</u>
Noncurrent liabilities			
Accrued pension separation benefit	540,025	-	540,025
Net pension liability - VMERS	24,670	-	24,670
Capital lease, net of current portion above	71,644	-	71,644
Long-term debt, net of current portion above	62,630	-	62,630
Total noncurrent liabilities	<u>698,969</u>	<u>-</u>	<u>698,969</u>
Total liabilities	<u>2,691,583</u>	<u>3,327</u>	<u>2,694,910</u>
Deferred inflow of resources			
Pension VMERS	76,071	-	76,071
Net position			
Net investment in capital assets, net of related debt	5,598,112	8,505	5,606,617
Restricted	-	7,629	7,629
Unrestricted	356,982	-	356,982
Total net position	<u>5,955,094</u>	<u>16,134</u>	<u>5,971,228</u>
Total liabilities and net position	<u>\$ 8,722,748</u>	<u>\$ 19,461</u>	<u>\$ 8,742,209</u>

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

BRATTLEBORO TOWN SCHOOL DISTRICT
Statement of Activities

For the Year Ended June 30, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/programs						
Governmental activities						
Regular education programs	\$ 6,747,791	\$ 113,170	\$ 3,254,449	\$ (3,380,172)	\$ -	\$ (3,380,172)
Special education programs	4,926,695	220,551	3,166,861	(1,539,283)	-	(1,539,283)
Other instructional programs	312,701	-	-	(312,701)	-	(312,701)
Supporting services	5,965,551	-	-	(5,965,551)	-	(5,965,551)
On-behalf payment	570,128	-	570,128	-	-	-
Depreciation expense	468,385	-	-	(468,385)	-	(468,385)
Interest on long-term debt	30,029	-	-	(30,029)	-	(30,029)
Food service subsidy	281,040	-	-	(281,040)	-	(281,040)
Total governmental activities	19,302,320	333,721	6,991,438	(11,977,161)	-	(11,977,161)
Business-type activities						
Food services	2,460	38,089	(91,433)	-	(55,804)	(55,804)
Total primary government	\$ 19,304,780	\$ 371,810	\$ 6,900,005	(11,977,161)	(55,804)	(12,032,965)
General revenues						
Education spending grant				12,090,328	-	12,090,328
Investment income				3,304	24	3,328
Miscellaneous revenue				42,288	-	42,288
Total general revenues				12,135,920	24	12,135,944
Changes in net position				158,759	(55,780)	102,979
Net position - beginning				6,424,464	71,914	6,496,378
Prior period adjustment				(628,129)	-	(628,129)
Net position - ending				\$ 5,955,094	\$ 16,134	\$ 5,971,228

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

BRATTLEBORO TOWN SCHOOL DISTRICT
Balance Sheet – Governmental Funds
As of June 30, 2015

	Government Fund Types			Total Governmental Funds
	General	Special Revenue	Capital Projects	Primary Government
Assets				
Cash	\$ 1,866,284	\$ 302,021	\$ -	\$ 2,168,305
Accounts receivable	626	101,548	-	102,174
Inventory	-	-	-	-
Prepaid expenses	45,271	11,254	-	56,525
Internal balances	-	-	-	-
Due from other funds	-	323,303	2,778	326,081
Due from other governments	149,908	124,784	-	274,692
Total assets and other debits	<u>\$ 2,062,089</u>	<u>\$ 862,910</u>	<u>\$ 2,778</u>	<u>\$ 2,927,777</u>
Liabilities				
Accounts payable	\$ 119,220	\$ 71,992	\$ 2,778	\$ 193,990
Accrued expenses	845,660	39,889	-	885,549
Unexpended grant revenues	3,213	382,990	-	386,203
Due to student activity funds	81,705	-	-	81,705
Due to other funds	326,081	-	-	326,081
Due to other governments	22,107	15,268	-	37,375
Total liabilities	<u>1,397,986</u>	<u>510,139</u>	<u>2,778</u>	<u>1,910,903</u>
Fund balance				
Nonspendable				
Prepaid expenses	45,271	11,254	-	56,525
Restricted	-	341,517	-	341,517
Unrestricted				
Committed	122,945	-	-	122,945
Assigned	500,000	-	-	500,000
Unassigned	(4,113)	-	-	(4,113)
Total fund equity	<u>664,103</u>	<u>352,771</u>	<u>-</u>	<u>1,016,874</u>
Total liabilities and fund equity	<u>\$ 2,062,089</u>	<u>\$ 862,910</u>	<u>\$ 2,778</u>	<u>\$ 2,927,777</u>

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

BRATTLEBORO TOWN SCHOOL DISTRICT
Balance Sheet – Governmental Funds (continued)
As of June 30, 2015

Fund balances - total governmental funds	\$	1,016,874
<p>Amounts reported for governmental activities in the school-wide statement of net assets are different because:</p> <p>Capital assets used in governmental funds are not current financial resources and therefore are not reported in the governmental funds balance sheet:</p>		
Capital assets		12,701,556
Less: Accumulated depreciation		(6,622,444)
Deferred outflow of resources		41,940
<p>Long-term liabilities are not payable in the current year and therefore are not reported in the government funds balance sheet:</p>		
Accrued early separation incentive		(61,066)
Accrued pension separation benefit		(540,025)
Accrued pension benefit - VMERS		(24,670)
Capital lease		(140,740)
Long term debt		(340,260)
Deferred inflow of resources		(76,071)
Net position of governmental activities	\$	<u><u>5,955,094</u></u>

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

BRATTLEBORO TOWN SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2015

	General Fund	Special Revenue	Capital Projects	Total Governmental Funds
Revenues				
Local sources				
Tuition	\$ 113,170	\$ -	\$ -	\$ 113,170
Investment income	3,304	-	-	3,304
Food service sales	-	-	-	-
Local grants	-	220,551	-	220,551
Miscellaneous	37,332	-	-	37,332
	<u>153,806</u>	<u>220,551</u>	<u>-</u>	<u>374,357</u>
State sources				
Education spending grant	12,090,328	-	-	12,090,328
Restricted grants-in-aid	1,931,073	1,235,788	-	3,166,861
On-behalf payments	570,128	-	-	570,128
	<u>14,591,529</u>	<u>1,235,788</u>	<u>-</u>	<u>15,827,317</u>
Federal sources				
Restricted grants-in-aid	710,566	2,543,883	-	3,254,449
	<u>710,566</u>	<u>2,543,883</u>	<u>-</u>	<u>3,254,449</u>
Total revenues	<u>15,455,901</u>	<u>4,000,222</u>	<u>-</u>	<u>19,456,123</u>
Expenditures				
Instruction services				
Regular education programs	7,082,664	-	-	7,082,664
Special education	3,221,671	1,705,024	-	4,926,695
Vocational education	-	-	-	-
Other instruction	312,701	-	-	312,701
Supporting services				
Pupils	725,291	152,669	-	877,960
Instructional staff	338,122	64,535	-	402,657
General administration	746,463	4,855	-	751,318
School administration	692,714	281,420	-	974,134
Business administration	-	110,992	-	110,992
Operation and maintenance plant	1,293,425	429,525	7,051	1,730,001
Transportation	228,278	61,090	-	289,368
Other supporting services	-	883,802	-	883,802
Food service expenditures	66,749	203,409	-	270,158
Capital outlay	-	-	66,878	66,878
On behalf payments	570,128	-	-	570,128
Debt service:				
Interest charges	33,038	-	-	33,038
Principal retirement	340,566	-	-	340,566
Total expenditures	<u>15,651,810</u>	<u>3,897,321</u>	<u>73,929</u>	<u>19,623,060</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(195,909)</u>	<u>102,901</u>	<u>(73,929)</u>	<u>(166,937)</u>
Other financing sources (uses)				
Issuance of debt	-	-	-	-
Transfer to capital fund	(64,444)	-	64,444	-
Total other financing sources (uses)	<u>(64,444)</u>	<u>-</u>	<u>64,444</u>	<u>-</u>
Net change in fund balance	(260,353)	102,901	(9,485)	(166,937)
Fund balances, beginning	<u>924,456</u>	<u>249,870</u>	<u>9,485</u>	<u>1,183,811</u>
Fund balances, ending	<u>\$ 664,103</u>	<u>\$ 352,771</u>	<u>\$ -</u>	<u>\$ 1,016,874</u>

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

BRATTLEBORO TOWN SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds (continued)
For the Year Ended June 30, 2015

Net change in fund balances - total governmental funds \$ (166,937)

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives

Expenditures for capital assets	288,031
Less: current year depreciation	(468,385)

Transfer of fixed assets net of depreciation from general fund to food service	(10,882)
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The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds:

Issuance of debt	-
Principal payments on bonds payable	282,585
Principal payments on capital leases	65,946

Changes in accrued early separation incentive that do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	139,098
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Changes in accrued pension separation benefit that do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	23,500
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Governmental funds report District pension costs as expenditures. However, the statement of net activities reports pension expense as the cost of pension benefits earned net of employer contributions.	<u>5,803</u>
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Change in net position of governmental funds \$ 158,759

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

BRATTLEBORO TOWN SCHOOL DISTRICT

Statement of Net Position – Proprietary Fund

As of June 30, 2015

	<u>Food Service</u>
Assets	
Current assets	
Cash	\$ 8,187
Accounts receivable	2,769
Inventories	-
Due from other governments	-
Total current assets	<u>10,956</u>
Noncurrent assets	
Capital assets	12,934
Less accumulated depreciation	<u>(4,429)</u>
Total non current assets	<u>8,505</u>
Total assets	<u>\$ 19,461</u>
Liabilities	
Current liabilities	
Accounts payable	\$ -
Internal balances	-
Unearned revenues	3,327
Total current liabilities	<u>3,327</u>
Net position	
Invested in capital assets	8,505
Restricted	7,629
Unrestricted	-
Total net position	<u>16,134</u>
Total liabilities and deferred inflows of resources and net position	<u>\$ 19,461</u>

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

BRATTLEBORO TOWN SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund
For the Year Ended June 30, 2015

	<u>Food Service</u>
Revenues	
Local sources:	
Food service sales	\$ 38,089
Miscellaneous income	-
Total operating revenues	<u>38,089</u>
Expenditures	
Supporting services:	
Food services	82
Depreciation	2,378
Total expenditures	<u>2,460</u>
Operating income	<u>35,629</u>
Other financing sources (uses)	
State grants and entitlements	-
Federal grants and entitlements	-
Transfer from other funds	
Transfer to other governmental entities	(91,433)
Total other financing sources (uses)	<u>(91,433)</u>
Nonoperating revenues (expenses)	
Investment income	24
Commodities received	-
Commodities consumed	-
Total nonoperating revenues (expenses)	<u>24</u>
Change in net position	(55,780)
Net position, beginning	<u>71,914</u>
Net position, ending	<u>\$ 16,134</u>

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

BRATTLEBORO TOWN SCHOOL DISTRICT

Statement of Cash Flows – Proprietary Fund

For the Year Ended June 30, 2015

	Food Service
Cash flows from operating activities	
Food sales	\$ 44,051
Cash payments for goods and services	(43,786)
Cash paid to employees for services and benefits	-
Net cash provided by operating activities	<u>265</u>
Cash flows from noncapital financing activities	
State grants	-
Federal grants	18,080
Transfers out	(89,382)
Net cash used in noncapital financing activities	<u>(71,302)</u>
Cash flows from investing activities	
Investment income	24
Net cash provided by investing activities	<u>24</u>
Net decrease in cash and cash equivalents	(71,013)
Cash and cash equivalents, beginning	<u>79,200</u>
Cash and cash equivalents, ending	<u>\$ 8,187</u>
Reconciliation of operating loss to net cash used in operating activities	
Operating income	\$ 35,629
Adjustment to reconcile operating income to net cash used in operating activities:	
Depreciation expense	2,378
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	8,074
(Increase) decrease in inventory	11,361
(Increase) decrease in capital additions	-
Increase (decrease) in accounts payable and accrued expenses	(29,977)
Increase (decrease) in due to general fund	(27,548)
Increase (decrease) in deferred revenues	348
Net cash provided by operating activities	<u>\$ 265</u>

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

BRATTLEBORO TOWN SCHOOL DISTRICT

Statement of Fiduciary Net Position

As of June 30, 2015

	Agency Funds	Fiduciary Fund
Assets		
Cash	\$ -	\$ 64,517
Due from general funds	<u>81,705</u>	<u>-</u>
Total assets	<u>\$ 81,705</u>	<u>\$ 64,517</u>
Liabilities		
Accounts payable	\$ -	\$ 2,210
Due to student groups	<u>81,705</u>	<u>-</u>
Total liabilities	<u>81,705</u>	<u>2,210</u>
Net assets		
Restricted	<u>-</u>	<u>62,307</u>
Total net position	<u>-</u>	<u>62,307</u>
Total liabilities and net position	<u>\$ 81,705</u>	<u>\$ 64,517</u>

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

BRATTLEBORO TOWN SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2015

Additions		
Investment earnings	\$	31
		<u>31</u>
Deductions		
Scholarships		-
		<u>-</u>
Change in net assets		31
Net position, beginning, as restated		<u>62,276</u>
Net position, ending	\$	<u><u>62,307</u></u>

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

BRATTLEBORO TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2015

1. Summary of Significant Accounting Policies:

The Brattleboro Town School District (the District) is a unit of government organized according to Vermont state law. The District's mission is to provide education services to students in the Brattleboro Town School District. The District is governed by a five member Board of School directors (the Board) elected by taxpayers at Annual School meetings. The Board has oversight responsibility and control over all activities related to public school education for Brattleboro Town School District.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements of the District have been prepared in conformity with generally accepted accounting principles as applied to governmental entities.

The following is a summary of the District's more significant accounting policies:

- a. Reporting Entity – The District is a primary unit of government under reporting criteria established by GASB. Those criteria include separate legal standing, separate elected governing body and fiscal independence from other governmental entities. In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units and evaluated them against the criteria established by the GASB. The District has determined that there are no component units as defined by GASB.
- b. Government-wide and Fund Financial Statements – The District's basic financial statements include both government-wide and fund financial statements.

Government-wide statements: The statement of net position and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary in nature. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

BRATTLEBORO TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2015

1. Summary of Significant Accounting Policies (continued):

- c. Basis of Presentation – The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures or expenses.

The District reports the following major governmental funds:

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

Special Revenue Fund – This special revenue fund is used to account for activity associated with specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. These funds can consist of federal, state and local grants.

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

The District reports the following major proprietary fund:

Food Service Fund – This fund is used to account for all activities associated with the District's food service program. The principal operating revenues of the District's Food Service Fund are charges to students and staff for food service sales. Operating expenses include costs of sales and administrative expenses and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. During the year ended June 30, 2015, the food service program was primarily operated out of the Supervisory Union offices. Federal and State revenues for the program were collected by and spent out of the Supervisory Union.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The District also reports trust and agency relationships as fiduciary activity. Trust Funds are used by the District to record activity associated with assets held by the District as trustee primarily for scholarships. Agency Funds are used by the District to record activity associated with assets held by the District as an agent for student activity groups.

- d. Measurement Focus and Basis of Accounting – The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. Measurement focus refers to what items are reported on the financial statements. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

BRATTLEBORO TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2015

1. Summary of Significant Accounting Policies (continued):

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this model, revenues are recognized when both measurable and available for use. Expenditures are recorded when the liability has occurred if measurable. Measurable means that the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District has defined available to mean collected within three months of year end for purposes of revenue recognition. Investment earnings and certain intergovernmental grants are recorded as earned. Other miscellaneous revenue is recorded when received in cash because they are generally not measurable until received. Expenditures related to principal and interest on general long-term debt that has not matured, compensated absences and claims and judgments are recorded only when payment is due.

Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Additions are recorded when earned and deductions when a liability has been incurred, regardless of the related cash flows.

- e. Governmental Fund Equity – In the fund financial statements, governmental fund balance is presented in five possible categories:

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

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

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

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

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

BRATTLEBORO TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2015

1. Summary of Significant Accounting Policies (continued):

For the classification of governmental fund balances, the District does not have a formal policy regarding which classification should be reduced first when more than one classification is available. However, the District has generally considered an expenditure to be made from the most restrictive classification first when more than one classification is available.

- f. Budgetary Accounting – The District follows the following procedures in establishing the General Fund budget presented in the financial statements:

The District budget is prepared by the superintendent, business supervisor and school principals. The School Board reviews the budget, invites public comment and approves the budget for balloting. The budget is published in the Brattleboro Town School District Annual Report. The budget is legally enacted by vote at an annual meeting in February. The budget is prepared on a modified accrual basis. All appropriations lapse at year-end.

- g. Estimates – The preparation of the financial statements require 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, expenditures or expenses during the reported period. Actual results could differ from those estimates.
- h. Cash and Cash Equivalents – Cash and cash equivalents consist of cash and short-term investments with an original maturity of three months or less.
- i. Receivables – The District has not recorded an allowance for doubtful accounts. Management estimates that all receivables are collectible.
- j. Inventory – Inventory in the Food Service Fund is valued using U.S. government commodity prices. Quantities are determined by regular physical count.
- k. Capital Assets – Capital assets, which include land, buildings, furniture and equipment, are defined by the District as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Capital assets are reported in the government-wide financial statements and the proprietary fund and are depreciated in order for their costs to be charged to expenses over their estimated useful lives. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Donated capital assets are recorded at estimated fair value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets of the District are depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Land improvements	50
Buildings and improvements	50
Machinery and equipment	3 – 10
Vehicles	7

BRATTLEBORO TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2015

1. Summary of Significant Accounting Policies (continued):

- l. Unexpended grant revenues – Certain Federal, State and local grants are restricted for specific purposes and, upon receipt, are recorded as unearned revenue until expenditures are incurred.
- m. Compensated Absences – The District does not incur a liability for employee’s non-vesting accumulating rights to receive compensation for employee’s absences due to illness.
- n. Interfund Activity and Transactions – Interfund activity has been eliminated from the government-wide financial statements with the exception of activities between governmental activities and business-type activities. Interfund activity with fiduciary funds has been reclassified and reported as external activity.
- o. Tuition Revenue – The District records tuition revenue for the regular education program using an announced tuition rate based on the estimated total expenditures expected for the current fiscal year. Subsequent to year end, the State of Vermont calculates the final allowable tuition rate, which is required to be published by the State of Vermont by November 1st. State statutes establish required procedures if overcharging or undercharging of sending districts has occurred as a result of the final tuition rate calculation being different than the estimated announced rate.

Because final tuition revenue is generally not measurable prior to the receipt of the allowable tuition rate provided by the State of Vermont annually by November 1st and to ensure comparability between reporting periods, the District’s policy is to recognize differences between the estimated announced rate and the final allowable rate as increases or decreases to revenue in the fiscal year in which the final tuition rate becomes available.

- p. Self Insurance – The District is self-insured for unemployment claims. All such claims are recorded as an expenditure of the General Fund as each claim occurs.
- q. Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Vermont State Teachers’ Retirement System (VSTRS) and the Vermont Municipal Employees’ Retirement System (VMERS) and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by VSTRS and VMERS. For this purpose, benefit payments are recognized when due and in accordance with benefit terms. Investments are reported at fair value.

2. Cash and Investments:

Deposits – As of June 30, 2015, the carrying amount of deposits for governmental and business-type activities was \$2,176,492 and for fiduciary funds was \$64,517. The District obtains short-term irrevocable stand-by letters of credit arrangements with a bank, issued by the Federal Home Loan Bank of Pittsburgh which serves as collateral for deposits in excess of federal depository insurance limits. These letters of credit are issued and adjusted to cover any uninsured deposits.

Certain of the District’s investments are subject to credit risk and interest rate risk considerations, as defined by GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an Amendment of GASB Statement No.3*. Deposits and investments not exposed to credit quality risk, as defined by GASB Statement No. 40, are designated as “N/A” in the credit rating column.

BRATTLEBORO TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2015

3. Capital Assets:

Capital asset activity in governmental activities for the fiscal year ended June 30, 2015 is as follows:

	Governmental Activities			
	Ending Balance, June 30, 2014	Additions	Retirements and Transfers	Ending Balance, June 30, 2015
Depreciable assets				
Land and land improvements	\$ 457,132	\$ -	\$ -	\$ 457,132
Buildings and improvements	9,833,534	201,472	858	10,034,148
Equipment	228,319	17,261	15,948	229,632
Outdoor equipment	30,530	3,800	-	34,330
Vehicles	192,952	-	-	192,952
Heavy equipment and machinery	290,776	11,516	-	302,292
Furniture and fixtures	464,848	17,684	9,017	473,515
Office equipment and computers	996,595	36,298	55,338	977,555
	<u>12,494,686</u>	<u>288,031</u>	<u>81,161</u>	<u>12,701,556</u>
Less depreciation for				
Land improvements	83,338	18,599	-	101,937
Buildings and improvements	4,426,694	264,613	858	4,690,449
Equipment	166,434	26,206	5,065	187,575
Outdoor equipment	6,727	2,847	-	9,574
Vehicles	183,421	8,797	-	192,218
Heavy equipment and machinery	127,323	24,921	-	152,244
Furniture and fixtures	370,042	38,747	9,017	399,772
Office equipment and computers	860,358	83,655	55,338	888,675
	<u>6,224,337</u>	<u>468,385</u>	<u>70,278</u>	<u>6,622,444</u>
Capital assets, net	<u>\$ 6,270,349</u>	<u>\$ (180,354)</u>	<u>\$ 10,883</u>	<u>\$ 6,079,112</u>

Depreciation expense in the governmental activities was \$468,385.

4. Long-Term Liabilities:

General Obligation Bonds: The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general government activities. Bonds are reported in governmental activities if the debt is expected to be repaid from general governmental revenues and in business-type activities if the debt is expected to be repaid from proprietary fund revenues.

BRATTLEBORO TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2015

4. Long-Term Liabilities (continued):

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds generally are issued as 15 to 20 year bonds. Bonds issued for general government activities are typically issued with equal annual debt service amounts payable each year.

Long-term liabilities consisted of the following at June 30, 2015:

Governmental activities

Capital improvement note, dated June 26, 2014,
annual principal payment of \$62,630 and
interest payments at 1.72% due November 15,
2016. \$ 125,260

General obligation school bond, dated August 2,
1995, annual principal payment of \$215,000
and semi-annual interest payments at an
interest rate of 5.437%, due through 2017. 215,000

\$ 340,260

Changes in long-term liabilities for the year ended June 30, 2015 were as follows:

	<u>Balance 6/30/2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2015</u>	<u>Due Within One Year</u>
Governmental activities:					
Notes payable					
Water systems improvement	\$ 4,956	\$ -	\$ 4,956	\$ -	\$ -
Capital improvement note	187,890	-	62,630	125,260	62,630
	<u>192,846</u>	<u>-</u>	<u>67,586</u>	<u>125,260</u>	<u>62,630</u>
General obligation bonds					
Dated August 2, 1995	430,000	-	215,000	215,000	215,000
	<u>430,000</u>	<u>-</u>	<u>215,000</u>	<u>215,000</u>	<u>215,000</u>
Capital leases					
Energy project	206,686	-	65,946	140,740	69,096
	<u>206,686</u>	<u>-</u>	<u>65,946</u>	<u>140,740</u>	<u>69,096</u>
	<u>\$ 829,532</u>	<u>\$ -</u>	<u>\$ 348,532</u>	<u>\$ 481,000</u>	<u>\$ 346,726</u>

BRATTLEBORO TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2015

4. Long-Term Liabilities (continued):

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

	<u>Notes</u>	<u>Bond</u>	<u>Leases</u>
Annual maturities			
2016	\$ 62,630	\$ 215,000	\$ 69,096
2017	62,630	-	71,644
2018	-	-	-
2019	-	-	-
2020	-	-	-
Thereafter	-	-	-
	<u>\$ 125,260</u>	<u>\$ 215,000</u>	<u>\$ 140,740</u>

5. Capital Leases:

The District has entered into a lease agreement to finance the acquisition of energy efficient improvements in several buildings. The lease agreement qualifies as a capital lease for accounting purposes. The original cost of the equipment was \$759,051 and the amount financed was \$602,241. The term of the lease was for ten (10) years and payments began on March 1, 2008 and are made once a year. Yearly payments total \$75,859 including interest at 4.43%. The final payment is due March 1, 2017. Future minimum lease payments and the net present value as of June 30, 2015 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
During the year ended June 30:			
2016	\$ 69,096	\$ 6,763	\$ 75,859
2017	71,644	4,215	75,859
Total minimum lease payments			<u>151,718</u>
Less amount representing interest			<u>10,978</u>
Present value of minimum lease payments			<u>\$ 140,740</u>

6. Interfund Balances:

Interfund receivables and payables balances at June 30, 2015 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ 326,081
Special revenues	323,303	-
Capital projects	<u>2,778</u>	<u>-</u>
	<u>\$ 326,081</u>	<u>\$ 326,081</u>

BRATTLEBORO TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2015

6. **Interfund Balances (continued):**

Interfund balances result from the payment of expenditures and deposit of receipts into a common cash account recorded in the General Fund.

7. **Early Separation Incentive:**

Certain eligible teachers and administrators were offered a “Voluntary Exit Incentive Program”. The agreement offered a two year payout of 25% of the eligible teacher’s salary. During the year ended June 30, 2015, the District paid \$74,087 to teachers that took advantage of the program. At June 30, 2015, remaining payments under the program are \$117,375 for the year ended June 30, 2015 and \$82,789 for the year ending June 30, 2016.

8. **Risk Management:**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains insurance covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District.

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

To provide health insurance coverage, VEHI has established a self-funded, fully insured program in conjunction with Blue Cross and Blue Shield. A portion of member contributions is used to purchase reinsurance and to fund a reserve required by the reinsurance. 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.

The District is self-insured for unemployment benefits. No liabilities have been accrued as the District is not able to make an estimate as to any future costs. The District paid \$45,708 in unemployment claims during the fiscal year ended June 30, 2014.

9. **Retirement Plans:**

Teachers

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

BRATTLEBORO TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2015

9. Retirement Plans (continued):

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

Plan Membership – Plan membership is immediate upon employment. At June 30, 2014, pension plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	8,086
Inactive members	2,416
Active members	9,952
Terminated vested members	740

The TPP is divided into the following membership groups:

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

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

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

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

BRATTLEBORO TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2015

9. Retirement Plans (continued):

Contributions – Member contributions are established by State law. For the year ended June 30, 2015, teachers were required to contribute 5% of their salary to the plan. Beginning in fiscal year 2016, any teacher with less than five years of service as of July 1, 2014 will begin contributing at a rate of 6%. Employee contributions for the year ended June 30, 2015 were \$236,420 on \$4,470,462 of covered salaries. The State on-behalf contribution was \$570,128 at 12.75%.

Net Pension Liability – At June 30, 2014 the District’s proportionate share of the net pension liability was \$7,704,081 for the VSTRS. This net pension liability will be offset by the State’s proportionate share of the net pension liability associated with the District.

Significant Actuarial Assumptions and Methods:

Actuarial Assumptions – The total pension liability as of June 30, 2014 was determined by rolling forward the total pension liability as of June 30, 2013 to June 30, 2014 using the actuarial assumptions outlined below. These assumptions were selected on the basis of the experience study that was performed for the five-year period ending June 30, 2010.

Interest Rate – A select-and-ultimate interest rate set, specified below. The interest rate set is restarted every year.

Year	1	6.25%	Year	10	8.50%
Year	2	6.75%	Year	11	8.50%
Year	3	7.00%	Year	12	8.50%
Year	4	7.50%	Year	13	8.50%
Year	5	7.75%	Year	14	8.50%
Year	6	8.25%	Year	15	8.50%
Year	7	8.25%	Year	16	8.75%
Year	8	8.25%	Year	17 and after	9.00%
Year	9	8.50%			

Salary Increases – Representative values of the assumed annual rates of future salary increase are as follows:

<u>Age</u>	<u>Annual Rate of Salary Increase</u>
25	8.40%
30	7.05%
35	6.15%
40	5.45%
45	4.95%
50	4.60%
55	4.35%
60	4.25%
64	4.25%

BRATTLEBORO TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2015

9. Retirement Plans (continued):

Deaths After Retirement – The 1996 Buck Mortality Tables set back three years for males and one year for females, for retirees, terminated vested members and beneficiaries; the RP-2000 Disabled Life Table with projection to 2016 using Scale AA for disabled retirees. The tables used contain a margin to reflect anticipated mortality improvement after the valuation date.

Asset Valuation Method – Invested assets are reported at fair value.

Long-Term Expected Rate of Return – The long-term expected rate of return on System investments was determined using best-estimate ranges of expected future nominal 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 forecasts 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 3.8.4 of Actuarial Standard of Practice No. 27 as an alternative to a single assumed rate of return, is employed.

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return June 30, 2014</u>	<u>Long-term Expected Real Rate of Return June 30, 2015</u>
Equity	6.70%	8.61%
Fixed income	2.94%	1.91%
Alternatives	6.26%	6.93%
Multi-strategy	5.98%	4.88%

Nominal long-term expected rates of return for these asset classes are equal to the sum of the above expected long-term real rates and the expected long-term rate of inflation, which was 3% at both June 30, 2013 and June 30, 2014.

Discount Rate – The discount rate used to measure the total pension liability was 8.15%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

Cost of Living Adjustments (COLA) – Assumed to occur on January 1 following one year of retirement at the rate of 3% per annum for Group A members and 1.5% per annum for Group C members (beginning at age 62 for Group C members who elect reduced early retirement).

Inflation – The separately stated assumptions for investment return, salary increases and cost of living adjustments are consistent with an expected annual inflation rate of 3.00% to 3.25% per year.

BRATTLEBORO TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2015

9. Retirement Plans (continued):

Future Expenses – No provision made.

Spouse's Age – Husbands are assumed to be three years older than their wives.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net liability, calculated using the discount rate of 8.15%, as well as what the pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.15%) of 1 percentage point higher (9.15%) than the current rate:

	1% Decrease (7.15%)	Current Discount Rate (8.15%)	1% Increase (9.15%)
Net pension liability	\$ 10,117,857	\$ 7,704,081	\$ 5,677,874

Member Data – 351 members terminated on June 30, 2013 and retired on July 1, 2013 were included with a valuation status as members receiving benefits. 409 members who were active on June 30, 2013 and terminated on July 1, 2013, were included with a valuation status as inactive. For those terminated members with at least five years of service, the system will automatically vest them six years after their termination if they do not withdraw.

Health and Medical Benefits are not included in this valuation.

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

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

Support Staff Retirement Benefits:

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

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

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

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

BRATTLEBORO TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2015

9. Retirement Plans (continued):

In preparing the actuarial valuation as of July 1, 2014, the actuary relied on data and assets provided by the staff of the State Treasurer's office. While not verifying the data at their source, the actuary has performed tests for consistency and reasonableness.

Plan Membership – Plan membership is immediate upon employment. At June 30, 2014, pension plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	2,146
Inactive members	1,765
Active members	6,577
Terminated vested members	652

Summary of System Provisions –

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

BRATTLEBORO TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2015

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

Summary of System Provisions (continued) –

Amount	Group A - 1.4% of AFC times service.
	Group B - 2.5% of AFC times service as Group B member plus percentage earned as Group A member times AFC.
	Group C - 2.5% of AFC times service as a Group C member plus percentage earned as a Group A or B member times AFC.
	Group D - 2.5% of AFC times service as a Group D member plus percentage earned as a Group A, B or C member times AFC.
	Maximum benefit is 60% of AFC for Groups A and B and 50% of AFC for Groups C and D. The above amounts include the portion of the allowance provided by member contributions.
Early Retirement Allowance	
Eligibility	Age 55 with 5 years of service for Groups A and B; age 50 with 20 years of service for Group D.
Amount	Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes Normal Retirement Age for Group A and B members, and payable without reduction to Group D members.
Vested Retirement Allowance	
Eligibility	5 years of service.
Amount	Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on "Post-Retirement Adjustments" described below.

BRATTLEBORO TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2015

9. Retirement Plans (continued):

Summary of System Provisions (continued) –

Disability Retirement Allowance

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

Death Benefits

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

Optional Benefit and Death after Retirement

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

Refund of Contributions

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

Post-retirement Adjustments

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

Member Contributions

Group A - 2.5% effective July 1, 2000 (reduced from 3%)
Group B - 4.875% effective July 1, 2015 (increased from 4.75%)
Group C - 9.875% effective July 1, 2015 (increased from 9.625%)
Group D - 11.35% effective July 1, 2015 (increased from 11.25%).

BRATTLEBORO TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2015

9. Retirement Plans (continued):

Summary of System Provisions (continued) –

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

Contributions – Member contributions are established by State law. Employee contributions for the year ended June 30, 2015 were \$25,684 on \$1,027,343 of covered salaries. The District's share of the pension contribution amounted to \$41,094 at a contribution rate of 4%.

Net Pension Liability – At June 30, 2014 and 2013, the proportionate share of the net pension liability for employees of the District was \$24,670 and \$99,472 respectively. The District's proportion of the net pension liability was based on contributions to VMRS during the fiscal year ended June 30, 2014. At June 30, 2014, the District's proportion was .2703% which was a slight decrease from its proportionate share of .2732% for the year ended June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$36,982 on its District-Wide statement of net position. At June 30, 2015, the 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>
Balance of deferred outflows and inflows due to:		
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	76,071
Changes in proportion and differences between employer contributions and proportionate share of contributions	846	-
Employer contributions subsequent to the measurement date	<u>41,094</u>	<u>-</u>
Total	<u>\$ 41,940</u>	<u>\$ 76,071</u>

BRATTLEBORO TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2015

9. Retirement Plans (continued):

District contributions subsequent to the measurement date of \$41,094 are reported as deferred outflows of resources and 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 pensions will be recognized in pension expense as follows:

Year ending June 30:		
2016	\$	(19,434)
2017		(19,434)
2018		(19,434)
2019		-
Thereafter		-
	\$	<u>(58,302)</u>

Significant Actuarial Assumptions and Methods:

Actuarial Assumptions – The total pension liability as of June 30, 2014 was determined by rolling forward the total pension liability as of June 30, 2013 to June 30, 2014 using the actuarial assumptions outlined below. These assumptions were selected on the basis of the experience study that was performed for the five-year period ending June 30, 2010.

Interest Rate – A select-and-ultimate interest rate set, specified below. The interest rate set is restarted every year.

Year	1	6.25%	Year	10	8.50%
Year	2	6.75%	Year	11	8.50%
Year	3	7.00%	Year	12	8.50%
Year	4	7.50%	Year	13	8.50%
Year	5	7.75%	Year	14	8.50%
Year	6	8.25%	Year	15	8.50%
Year	7	8.25%	Year	16	8.75%
Year	8	8.25%	Year	17 and after	9.00%
Year	9	8.50%			

BRATTLEBORO TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2015

9. Retirement Plans (continued):

Salary Increases – Representative values of the assumed annual rates of future salary increase are as follows:

<u>Age</u>	<u>Annual Rate of Salary Increase</u>
25	8.40%
30	7.05%
35	6.15%
40	5.45%
45	4.95%
50	4.60%
55	4.35%
60	4.25%
64	4.25%

Deaths After Retirement – The 1996 Buck Mortality Tables set back three years for males and one year for females, for retirees, terminated vested members and beneficiaries; the RP-2000 Disabled Life Table with projection to 2016 using Scale AA for disabled retirees. The tables used contain a margin to reflect anticipated mortality improvement after the valuation date.

Asset Valuation Method – Invested assets are reported at fair value.

Long-Term Expected Rate of Return – The long-term expected rate of return on System investments was determined using best-estimate ranges of expected future nominal 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 forecasts 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 3.8.4 of Actuarial Standard of Practice No. 27 as an alternative to a single assumed rate of return, is employed.

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return June 30, 2014</u>	<u>Long-term Expected Real Rate of Return June 30, 2015</u>
Equity	6.70%	8.61%
Fixed Income	2.94%	1.91%
Alternatives	6.26%	6.93%
Multi-strategy	5.98%	4.88%

BRATTLEBORO TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2015

9. Retirement Plans (continued):

Nominal long-term expected rates of return for these asset classes are equal to the sum of the above expected long-term real rates and the expected long-term rate of inflation, which was 3% at both June 30, 2013 and June 30, 2014.

Discount Rate – The discount rate used to measure the total pension liability was 8.23%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net liability, calculated using the discount rate of 8.15%, as well as what the pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.15%) of 1 percentage point higher (9.15%) than the current rate:

	1% Decrease (7.15%)	Current Discount Rate (8.15%)	1% Increase (9.15%)
Net pension liability	\$ 207,827	\$ 24,670	\$ (128,994)

Cost of Living Adjustments (COLA) – Assumed to occur on January 1 following one year of retirement at the rate of 3% per annum for Group A members and 1.5% per annum for Group C members (beginning at age 62 for Group C members who elect reduced early retirement).

Inflation – The separately stated assumptions for investment return, salary increases and cost of living adjustments are consistent with an expected annual inflation rate of 3.00% to 3.25% per year.

Future Expenses – No provision made.

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

403(b) – The District maintains a 403(b) defined contribution plan for eligible administrators and support staff. Based upon the number of years of service, the District contributes 2% to 5% of covered salary for School employees. The District contributed \$76,681 to the 403(b) plan for the year ended June 30, 2015. Employee withholdings contributed to the plan totaled \$262,258.

The Teachers' negotiated agreement and the Support Staffs' negotiated agreement offer a retirement benefit in addition to those described above. The Teachers' agreement calls for a \$7,500 separation payment available to teachers reaching age fifty-five (55) and having fifteen (15) years of service within the District. The Support Staff agreement also has a separation benefit of \$6,500 at age fifty-five (55) with fifteen (15) years of service within the District or \$4,500 at age fifty-five (55) with ten (10) years of service in the District. The estimated accrual for this liability as of June 30, 2015 is \$540,025.

BRATTLEBORO TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2015

10. Contingent Liability:

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

11. Budgetary Basis of Accounting:

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

	<u>Revenues</u>	<u>Expenditures</u>
Governmental basis	\$ 15,455,901	\$ 15,716,254
On-behalf payment	<u>(570,128)</u>	<u>(570,128)</u>
Budget basis	\$ <u>14,885,773</u>	\$ <u>15,146,126</u>

12. Commitments and Subsequent Events:

At its March 2015 meeting, the Brattleboro Town School District voters approved a budget for the 2015-2016 fiscal year calling for expenditures of \$15,410,005.

13. Governmental Fund Equity:

Governmental fund equity consisted of the following at June 30, 2015:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Government Funds</u>
Fund balances:				
Nonspendable:				
Prepaid expenditures	\$ 45,271	\$ 11,254	\$ -	\$ 56,525
Restricted for:				
Special revenue	-	341,517	-	341,517
Capital projects	-	-	-	-
Total restricted	<u>-</u>	<u>341,517</u>	<u>-</u>	<u>341,517</u>
Unrestricted				
Committed for:				
Educational Reserve Fund	122,945	-	-	122,945
Assigned for:				
Tax revenue offset 2015	500,000	-	-	500,000
Unassigned	<u>(4,113)</u>	<u>-</u>	<u>-</u>	<u>(4,113)</u>
Total unrestricted	<u>618,832</u>	<u>-</u>	<u>-</u>	<u>618,832</u>
Total fund balance	<u>\$ 664,103</u>	<u>\$ 352,771</u>	<u>\$ -</u>	<u>\$ 1,016,874</u>

BRATTLEBORO TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2015

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

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

	Balance Sheet	Long-Term Revenues/ Expenses	Capital Related Items	Long-Term Debt Transactions	Eliminations Due To/ From	Statement of Net Assets
Assets						
Cash and cash equivalents	\$ 2,168,305	\$ -	\$ -	\$ -	\$ -	\$ 2,168,305
Receivables (net of allowance for uncollectible accounts)	102,174	-	-	-	-	102,174
Inventory	-	-	-	-	-	-
Prepaid expenses	56,525	-	-	-	-	56,525
Internal balances	-	-	-	-	-	-
Due from other funds	326,081	-	-	-	(326,081)	-
Due from other governments	274,692	-	-	-	-	274,692
Capital assets	-	-	6,079,112	-	-	6,079,112
Deferred outflow of resources	-	41,940	-	-	-	41,940
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 2,927,777</u>	<u>\$ 41,940</u>	<u>\$ 6,079,112</u>	<u>\$ -</u>	<u>\$ (326,081)</u>	<u>\$ 8,722,748</u>
Liabilities						
Accounts payable	\$ 193,990	\$ -	\$ -	\$ -	\$ -	\$ 193,990
Accrued payroll and benefits payable	885,549	-	-	-	-	885,549
Accrued early separation incentive	-	61,066	-	-	-	61,066
Unexpended grant revenues	386,203	-	-	-	-	386,203
Due to student activity funds	81,705	-	-	-	-	81,705
Due to other funds	326,081	-	-	-	(326,081)	-
Due to other governments	37,375	-	-	-	-	37,375
Current portion of lease	-	-	-	69,096	-	69,096
Current portion of debt	-	-	-	277,630	-	277,630
Capital lease, less current portion	-	-	-	71,644	-	71,644
Long-term debt, less current portion	-	-	-	62,630	-	62,630
Accrued pension separation benefit	-	540,025	-	-	-	540,025
Net pension liability	-	24,670	-	-	-	24,670
Deferred inflow of resources	-	76,071	-	-	-	76,071
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,910,903</u>	<u>701,832</u>	<u>-</u>	<u>481,000</u>	<u>(326,081)</u>	<u>2,767,654</u>
Net position						
Invested in capital assets, net of related debt	-	-	6,079,112	(481,000)	-	5,598,112
Other	1,016,874	(659,892)	-	-	-	356,982
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total net position	<u>1,016,874</u>	<u>(659,892)</u>	<u>6,079,112</u>	<u>(481,000)</u>	<u>-</u>	<u>5,955,094</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and net position	<u>\$ 2,927,777</u>	<u>\$ 41,940</u>	<u>\$ 6,079,112</u>	<u>\$ -</u>	<u>\$ (326,081)</u>	<u>\$ 8,722,748</u>

BRATTLEBORO TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2015

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

	Statements of Revenues, Expenditures and Changes in Fund Balance	Long-term Revenues/ Expense	Capital Related Items	Long-Term Debt Transactions	Eliminations Due To/ From	Statement of Activities Total
Revenues						
Local sources						
Tuition	\$ 113,170	\$ -	\$ -	\$ -	\$ -	\$ 113,170
Local grants	220,551	-	-	-	-	220,551
Investment income	3,304	-	-	-	-	3,304
Miscellaneous	37,332	-	-	4,956	-	42,288
Food service	-	-	-	-	-	-
State sources						
Education spending grant	12,090,328	-	-	-	-	12,090,328
Restricted grants in aid	3,166,861	-	-	-	-	3,166,861
On-behalf payments	570,128	-	-	-	-	570,128
Federal sources						
Restricted grants in aid	3,254,449	-	-	-	-	3,254,449
Total revenues	<u>19,456,123</u>	<u>-</u>	<u>-</u>	<u>4,956</u>	<u>-</u>	<u>19,461,079</u>
Expenditures						
Instruction services						
Regular education programs	7,082,664	(149,223)	(185,650)	-	-	6,747,791
Special education	4,926,695	-	-	-	-	4,926,695
Vocational education	-	-	-	-	-	-
Other instruction	312,701	-	-	-	-	312,701
Supporting services						
Pupils	877,960	-	(775)	-	-	877,185
Instructional staff	402,657	-	(11,275)	-	-	391,382
General administration	751,318	-	-	-	-	751,318
School administration	974,134	-	-	-	-	974,134
Business administration	110,992	-	-	-	-	110,992
Operation and maintenance plant	1,730,001	(19,178)	(21,935)	-	-	1,688,888
Transportation	289,368	-	-	-	-	289,368
Other supporting	883,802	-	(1,518)	-	-	882,284
On-behalf payments	570,128	-	-	-	-	570,128
Capital outlay	66,878	-	(66,878)	-	-	-
Food services						
Food service subsidy	270,158	-	10,882	-	-	281,040
Depreciation	-	-	468,385	-	-	468,385
Debt service:						
Interest charges	33,038	-	-	(3,009)	-	30,029
Principal retirement	340,566	-	-	(340,566)	-	-
Total expenditures	<u>19,623,060</u>	<u>(168,401)</u>	<u>191,236</u>	<u>(343,575)</u>	<u>-</u>	<u>19,302,320</u>
Other financing sources						
Issuance of debt	-	-	-	-	-	-
Net change in position	\$ <u>(166,937)</u>	\$ <u>168,401</u>	\$ <u>(191,236)</u>	\$ <u>348,531</u>	\$ <u>-</u>	\$ <u>158,759</u>

BRATTLEBORO TOWN SCHOOL DISTRICT

Notes to Financial Statements

As of and for the Year Ended June 30, 2015

15. Prior Period Adjustment:

For the fiscal year ended June 30, 2015, the District implemented GASB No. 68, *Accounting and Financial Reporting for Pensions – Amendment to GASB No. 27*. The implementation of Statement No. 68 resulted in the reporting of an asset, deferred outflow of resources, a liability, net pension liability and deferred inflows of resources related to the District's participation in the VMERS.

The District also booked its estimated accrued liability for supplemental pension payments due retiring teachers and support staff in accordance with their respective contracts. The teachers' negotiated agreement calls for a payment of \$7,500 upon separation, once a teacher has attained age fifty-five (55) and has worked for the District for fifteen (15) years. The support staff agreement calls for a \$6,500 separation payment once the employee has attained age fifty-five (55) with fifteen (15) years of service, or \$4,500 once the employee has attained age fifty-five (55) with ten (10) years of service.

The District's net position has been restated as follows:

Net position, beginning of year	\$ 6,424,464
GASB 68 implementation:	
Beginning net pension liability	(99,472)
Beginning deferred outflows of resources for contributions subsequent to the measurement date of June 30, 2013	34,868
Recognition of accrued liability for teacher and support staff supplemental retirement benefits.	<u>(563,525)</u>
Net position, beginning of year as restated	<u><u>\$ 5,796,335</u></u>

BRATTLEBORO TOWN SCHOOL DISTRICT
Schedule 1 – Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2015

	Original Budget	Actual Budgetary Basis	Variance With Budget
Revenues			
Tuition	\$ 103,646	\$ 113,170	\$ 9,524
Investment income	6,000	3,304	(2,696)
Miscellaneous	27,500	37,332	9,832
State education spending grant	12,090,328	12,090,328	-
State restricted grants-in-aid	1,924,502	1,931,073	6,571
Federal restricted grants-in-aid	861,650	710,566	(151,084)
Total revenues	<u>15,013,626</u>	<u>14,885,773</u>	<u>(127,853)</u>
Expenditures			
Instruction services			
Regular education services	6,918,278	7,082,664	(164,386)
Special education programs	3,542,547	3,221,671	320,876
Other instruction	329,224	312,701	16,523
Supporting services			
Pupils	738,506	725,291	13,215
Instruction staff	422,285	338,122	84,163
General administration	745,922	746,463	(541)
School administration	712,060	692,714	19,346
Business administration	5,000	-	5,000
Operation and maintenance plant	1,375,836	1,293,425	82,411
Transportation	201,262	228,278	(27,016)
Food services			
Food service expense	74,551	66,749	7,802
Debt service			
Bonds payable principal	338,750	340,566	(1,816)
Bonds payable - interest	49,655	33,038	16,617
Transfer to capital fund	59,750	64,444	(4,694)
Total expenditures	<u>15,513,626</u>	<u>15,146,126</u>	<u>367,500</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (500,000)</u>	<u>\$ (260,353)</u>	<u>\$ 239,647</u>

BRATTLEBORO TOWN SCHOOL DISTRICT
Schedule 2 – State Contributions to Teachers’ Pension
As of June 30, 2015

<u>Year Ending</u>	<u>Statutorily Required Contributions</u>	<u>Actual State Contributions</u>	<u>Contribution Excess (Deficiency)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
6/30/2014	\$ 520,807	\$ 413,480	\$ (107,327)	\$ 4,556,492	9.07%
6/30/2015	Information not available				

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

BRATTLEBORO TOWN SCHOOL DISTRICT

Schedule 3 – District Contributions to Vermont State Employees’ Retirement System

As of June 30, 2015

<u>Year Ending</u>	<u>Statutorily Required Contributions</u>	<u>Actual District Contributions</u>	<u>Contribution Excess (Deficiency)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
6/30/2014	\$ 34,868	\$ 34,868	\$ -	\$ 871,672	4.00%
6/30/2015					

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

BRATTLEBORO TOWN SCHOOL DISTRICT
Schedule 4 – Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2015

<u>VSTRS</u>	<u>2014</u>
Schedule of Proportionate Share of the Net Pension Liability	
District's proportion of the net pension liability	0.8038%
District's proportionate share of the net pension liability	\$ 7,704,081
District's covered-employee payroll	\$ 4,556,492
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	169.0792%
Plan fiduciary net position as a percentage of the total pension liability	64.02%

<u>VMERS</u>	
Schedule of Proportionate Share of the Net Pension Liability	
District's proportion of the net pension liability	0.2703%
District's proportionate share of the net pension liability	\$ 24,670
District's covered-employee payroll	\$ 871,672
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	2.8302%
Plan fiduciary net position as a percentage of the total pension liability	98.32%

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



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

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
of Brattleboro Town School District

We have audited in accordance with the auditing standards generally accepted in the United States of America, and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Brattleboro Town School District (the District) as of and for the year ended June 30, 2015, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 25, 2016.

Internal Control Over Financial Reporting

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

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

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

**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* (continued)**

Compliance and Other Matters

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

Purpose of This Report

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

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

Lebanon, New Hampshire
January 25, 2016

VT License #92-545



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

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by *OMB Circular A-133*

To the School Board
of Brattleboro Town School District

Report on Compliance for Each Major Federal Program

We have audited the Brattleboro Town School District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America: the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

**Report on Compliance for Each Major Federal
Program: Report on Internal Control Over Compliance
Required by *OMB Circular A-133* (continued)**

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.



Lebanon, New Hampshire
January 25, 2016

VT License #92-545

BRATTLEBORO TOWN SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
As of and for the Year Ended June 30, 2015

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Grantor's Award Number	Expenditures
U.S. Department of Agriculture			
Passed through State of Vermont			
Department of Education:			
Fresh Fruit and Vegetables	10.582	4449S0481501	\$ <u>48,601</u>
Total Department of Agriculture			<u>48,601</u>
U.S. Department of Education			
Passed through State of Vermont			
Department of Education:			
Title I Compensatory Education	84.010	4250S0481401	539,889
Title IIA - Improving Teacher Quality	84.367	4651S0481401	<u>5,194</u>
Total Department of Education			<u>545,083</u>
U.S. Department of Health and Human Services			
Passed through Federal Government			
Early Head Start	93.600	01CH2504-000	1,646,200
Head Start	93.600	01CH2504-000	850,491
Head Start Oral Health Initiative	93.600	None assigned	<u>7,867</u>
Total Head Start Cluster			<u>2,504,558</u>
Passed through State Department of Health or Other Intermediate Agency:			
Reach-Up	93.558	03440-10018-14/15	128,136
Strengthening Families Grant	93.778	03440-32362-15/16	52,262
Respite FAF	93.590	004-2015-CBCAP	13,650
Rocking Horse Circle	93.959	03420-A15034S	<u>7,536</u>
Total Other Health and Human Services			<u>201,584</u>
Total Department of Health and Human Services			<u>2,706,142</u>
Total Federal Assistance			<u>\$ <u>3,299,826</u></u>

The accompanying notes the schedule of expenditures of federal awards are an integral part of these financial statements.

BRATTLEBORO TOWN SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
As of and for the Year Ended June 30, 2015

1. Summary of Significant Accounting Policies:

- A. Single Audit Reporting Entity – For purposes of complying with the Single Audit Act of 1984, as amended, the District includes all funds and programs that are considered part of the primary governmental unit, as described in the notes to financial statements for the year ended June 30, 2015.
- B. Basis of Presentation – The information in the accompanying schedule is presented in accordance with *OMB Circular A-133*.
1. Federal Award – Pursuant to the Single Audit Act and *OMB Circular A-133*, federal award means federal financial assistance and federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities. The District receives awards which are passed through the State of Vermont and the State of New Hampshire.
 2. Federal Financial Assistance – In the Single Audit Act and *OMB Circular A-133*, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loan guarantees, property, interest subsidies, insurance or direct appropriations. Federal financial assistance does not include direct federal cash payments to individuals.
 3. Major and Non-Major Programs – *OMB Circular A-133* establishes risk-based criteria for determining major programs and selecting those federal programs to be tested for compliance with program requirements. The major programs for 2015 were the Head Start Program Cluster (CFDA 93.600) and Title I Compensatory Education (CFDA 84.010).
- C. Basis of Accounting – The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the District and is presented on the basis of accounting used for reports submitted to grantor agencies. The information in this Schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in or used in the preparation of the basic financial statements.
- D. Subrecipients – Of the federal expenditures presented in the Schedule, the District provided federal awards to subrecipients as follows:

None

BRATTLEBORO TOWN SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 2015

Part A:

Summary of Auditor's Results:

OMB Circular A-133 requires the following summary of auditor's results to be included in the schedule of findings and questioned costs:

1. The auditor's report expressed an unmodified opinion on the governmental activities opinion unit and on the remaining opinion units of the financial statements of the Brattleboro Town School District.
2. There were no material weaknesses in internal control over financial reporting.
3. There were no significant deficiencies in internal control over financial reporting.
4. The auditor's report expressed an unmodified opinion on compliance for the major federal award programs for the Brattleboro Town School District.
5. There were no material weaknesses in internal control over compliance applicable to major programs.
6. There are no significant deficiencies in internal control over compliance applicable to major programs. The major programs for 2015 were the Head Start Cluster (CFDA 93.600) and Title I Compensatory Education (CFDA 84.010).
7. For the determination of major federal programs in accordance with guidance provided in *OMB Circular A-133*, the dollar threshold used to distinguish between Type A (larger) and Type B (smaller) programs was \$300,000.
8. For auditing purposes under guidance in *OMB Circular A-133*, the District was not classified as a low-risk auditee.

Part B:

Audit Findings – Financial Statements

None

Audit Findings – Federal Awards

None

BRATTLEBORO TOWN SCHOOL DISTRICT
Schedule of Findings and Questioned Costs (continued)
As of and for the Year Ended June 30, 2015

Prior Audit Findings – Financial Statements

None