



*Proven Expertise and Integrity*

November 29, 2017

Board of Directors  
Washington Central Supervisory Union  
Montpelier, Vermont

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington Central Supervisory Union for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 6, 2017. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Washington Central Supervisory Union are described in Note 1 of Notes to Financial Statements. We noted no transactions entered into by Washington Central Supervisory Union during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the governmental activities and general fund, information of the Washington Central Supervisory Union's financial statements was (were):

- Allowance for uncollectible accounts
- Depreciation expense which is based on the estimated useful lives of capital assets

Management's process for determining the above estimates is based on firm concepts and reasonable assumptions of both historical and future events. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are of particular importance because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are reflected in the deposits and investments, capital assets, long-term liabilities and fund balance footnotes.

*Qualitative Aspects of Accounting Practices (Continued)*

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

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

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We did not identify or propose any adjustments of misstatements as a result of audit procedures that were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

*Disagreements with Management*

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

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 11, 2017.

*Management Consultations with Other Independent Accountants*

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

*Other Audit Findings or Issues*

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

Other Matters

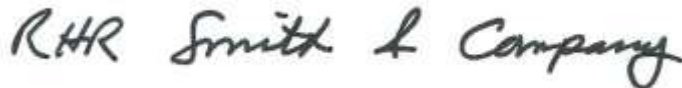
We applied certain limited procedures to the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining financial statements and schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the School Board and management of Washington Central Supervisory Union and is not intended to be, and should not be, used by anyone other than these specified parties.

Very Best,

A handwritten signature in cursive script that reads "RHR Smith & Company".

RHR Smith & Company, CPAs

Audited Financial Statements  
and Other Financial Information

Washington Central Supervisory Union

June 30, 2017



*Proven Expertise and Integrity*

WASHINGTON CENTRAL SUPERVISORY UNION

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JUNE 30, 2017

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*Proven Expertise and Integrity*

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Washington Central Supervisory Union  
Montpelier, Vermont

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Washington Central Supervisory Union as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Washington Central Supervisory Union'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.

### Auditors' 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 of 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.

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Washington Central Supervisory Union as of June 30, 2017, 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, budgetary comparison information and pension information on pages 4 through 10 and 53 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Washington Central Supervisory Union's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2017, on our consideration of the Washington Central Supervisory Union's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Washington Central Supervisory Union's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
Vermont Registration No. 092.0000697  
November 29, 2017

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**(UNAUDITED)**

The following management's discussion and analysis of the Washington Central Supervisory Union's financial performance provides an overview of the Supervisory Union's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the Supervisory Union's financial statements.

**Financial Statement Overview**

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

**Basic Financial Statements**

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

**Government-Wide Financial Statements**

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

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

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

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

- *Governmental activities* – The activities in this section are mostly supported by intergovernmental revenues (federal and state grants), support from the towns and charges for services. Most of the Supervisory Union's basic services are reported in governmental activities, which include direct services, support services, fiscal services, operations and maintenance and transportation.
- *Business-type activities* – These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. The activity for the Supervisory Union includes the dental plan, section 125 plan and the food service fund.

### **Fund Financial Statements**

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

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

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

expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Supervisory Union presents three columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Supervisory Union's major funds are the general fund and the community connections fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

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

*Proprietary Funds:* The Supervisory Union maintains three proprietary funds, the dental plan, the section 125 plan and the food service fund. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

### **Notes to the Financial Statements**

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

### **Required Supplementary Information**

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

### **Other Supplementary Information**

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

## Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Supervisory Union's governmental and business-type activities. The Supervisory Union's total net position for governmental activities increased by \$31,485 from \$348,629 to \$380,114. For business-type activities, the Supervisory Union's total net position increased by \$2,875 from \$177,468 to \$180,343.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased for governmental activities to a balance of \$318,966 at the end of the fiscal year. For business-type activities, the balance increased to \$180,343.

**Table 1**  
**Washington Central Supervisory Union**  
**Net Position**  
**June 30,**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2017</u>	<u>2016 (Restated)</u>	<u>2017</u>	<u>2016</u>
<b>Assets:</b>				
Current Assets	\$ 1,016,487	\$ 963,450	\$ 180,343	\$ 177,643
Capital Assets	67,561	87,607	-	-
Total Assets	<u>\$ 1,084,048</u>	<u>\$ 1,051,057</u>	<u>\$ 180,343</u>	<u>\$ 177,643</u>
<b>Deferred Outflows of Resources:</b>				
Deferred Outflows Related to Pensions	\$ 255,567	\$ 138,251	\$ -	\$ -
Total Deferred Outflows of Resources	<u>\$ 255,567</u>	<u>\$ 138,251</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Liabilities:</b>				
Current Liabilities	\$ 167,370	\$ 98,327	\$ -	\$ 175
Long-term Debt Outstanding	387,686	229,129	-	-
Total Liabilities	<u>\$ 555,056</u>	<u>\$ 327,456</u>	<u>\$ -</u>	<u>\$ 175</u>
<b>Deferred Inflows of Resources:</b>				
Deferred Revenues	\$ 403,081	\$ 511,178	\$ -	\$ -
Deferred Inflows Related to Pensions	1,364	2,045	-	-
Total Deferred Inflows of Resources	<u>\$ 404,445</u>	<u>\$ 513,223</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Position:</b>				
Net Investment in Capital Assets	\$ 61,148	\$ 87,607	\$ -	\$ -
Unrestricted	318,966	261,022	180,343	177,468
Total Net Position	<u>\$ 380,114</u>	<u>\$ 348,629</u>	<u>\$ 180,343</u>	<u>\$ 177,468</u>

## Revenues and Expenses

Revenues for the Supervisory Union's governmental activities increased by 24.71%, while total expenses increased by 24.62%. The increase in revenues was due to increases in operating grants and contributions and charges for services. The increase in expenses was mainly due to increases in direct services, on-behalf payments and program expenses.

Revenues for the Supervisory Union's business-type activities increased by 5.22%, while total expenses increased by 7.45%.

**Table 2**  
**Washington Central Supervisory Union**  
**Changes in Net Position**  
**For the Years Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Revenues</b>				
<i>Program Revenues:</i>				
Charges for services	\$ 5,054,917	\$ 2,041,769	\$ 568,557	\$ 509,846
Operating grants and contributions	2,734,762	1,501,736	255,036	272,852
<i>General Revenues:</i>				
Grants and contributions not restricted to specific programs	3,606,780	5,117,345	-	-
Miscellaneous	32,070	503,169	475	475
<b>Total Revenues</b>	<u>11,428,529</u>	<u>9,164,019</u>	<u>824,068</u>	<u>783,173</u>
<b>Expenses</b>				
Direct services	3,988,276	3,935,279	-	-
Support services:			-	-
Student services	442,546	886,868	-	-
Instructional staff services	548,798	596,569	-	-
General administrative services	404,765	406,565	-	-
Area administrative services	339,149	337,379	-	-
Fiscal services	325,494	319,277	-	-
Operations and maintenance	14,662	20,877	-	-
Transportation	1,161,778	1,140,740	-	-
On-behalf payments	1,456,321	273,770	-	-
Program expenses	2,696,899	1,227,966	821,193	764,261
Interest on long-term debt	18,356	-	-	-
<b>Total Expenses</b>	<u>11,397,044</u>	<u>9,145,290</u>	<u>821,193</u>	<u>764,261</u>
Change in Net Position	31,485	18,729	2,875	18,912
Net Position - July 1, Restated	<u>348,629</u>	<u>329,900</u>	<u>177,468</u>	<u>158,556</u>
Net Position - June 30	<u>\$ 380,114</u>	<u>\$ 348,629</u>	<u>\$ 180,343</u>	<u>\$ 177,468</u>

## Financial Analysis of the Supervisory Union's Fund Statements

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

**Table 3**  
**Washington Central Supervisory Union**  
**Fund Balances - Governmental Funds**  
**June 30,**

	2017	2016
Major Funds:		
General Fund:		
Assigned	\$ 213,019	\$ 162,382
Total General Fund	\$ 213,019	\$ 162,382
Nonmajor Funds:		
Capital Projects Funds:		
Committed	\$ 227,468	\$ 177,842
Total Nonmajor Funds	\$ 227,468	\$ 177,842

The general fund total fund balance increased by \$50,637 from the prior fiscal year. The total fund balance for the nonmajor funds increased by \$49,626 from the prior year.

### Budgetary Highlights

There was no difference between the original and final budget for the general fund.

The general fund actual revenues exceeded budgeted revenues by \$180,040 primarily due to special education reimbursements.

The general fund actual expenditures were over budget by \$114,403. This is due to additional special education program costs.



## Capital Asset and Long-Term Debt Activity

### Capital Assets

As of June 30, 2017, the net book value of capital assets recorded by the Supervisory Union decreased by \$20,046. This decrease was due to current year capital additions of \$12,491, less net disposals of \$1,746 and current year depreciation expense of \$30,791.

**Table 4**  
**Washington Central Supervisory Union**  
**Capital Assets (Net of Depreciation)**  
**June 30,**

	<u>2017</u>	<u>2016</u> <u>(Restated)</u>
Furniture and equipment	\$ 67,561	\$ 87,607
Total	<u>\$ 67,561</u>	<u>\$ 87,607</u>

### Debt

At June 30, 2017, the Supervisory Union had \$6,413 in capital leases payable versus \$0 last year. Other obligations include accrued vacation time and net pension liability. Refer to Note 5 of Notes to Financial Statements for more detailed information.

### Currently Known Facts, Decisions, or Conditions

#### Economic Factors and Next Year's Budgets and Rates

The 2017-2018 budget could be severely impacted by the reduction of funding from the State.

#### Contacting the Supervisory Union's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Supervisory Union's finances and to show the Supervisory Union's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Supervisory Union at 1130 Gallison Hill Road, Montpelier, Vermont 05602.

WASHINGTON CENTRAL SUPERVISORY UNION

STATEMENT A

STATEMENT OF NET POSITION  
JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,090,345	\$ -	\$ 1,090,345
Accounts receivable (net of allowance for uncollectibles)	89,814	-	89,814
Due from other governments	-	16,671	16,671
Internal balances	(163,672)	163,672	-
<b>Total current assets</b>	<b>1,016,487</b>	<b>180,343</b>	<b>1,196,830</b>
Noncurrent assets:			
Capital assets:			
Buildings, building improvements and other assets, net of accumulated depreciation	67,561	-	67,561
<b>Total noncurrent assets</b>	<b>67,561</b>	<b>-</b>	<b>67,561</b>
<b>TOTAL ASSETS</b>	<b>1,084,048</b>	<b>180,343</b>	<b>1,264,391</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	255,567	-	255,567
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>255,567</b>	<b>-</b>	<b>255,567</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 1,339,615</b>	<b>\$ 180,343</b>	<b>\$ 1,519,958</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 163,335	\$ -	\$ 163,335
Current portion of long-term obligations	4,035	-	4,035
<b>Total current liabilities</b>	<b>167,370</b>	<b>-</b>	<b>167,370</b>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Capital leases payable	3,350	-	3,350
Accrued compensated absences	18,466	-	18,466
Net pension liability	365,870	-	365,870
<b>Total noncurrent liabilities</b>	<b>387,686</b>	<b>-</b>	<b>387,686</b>
<b>TOTAL LIABILITIES</b>	<b>555,056</b>	<b>-</b>	<b>555,056</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue	403,081	-	403,081
Deferred inflows related to pensions	1,364	-	1,364
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>404,445</b>	<b>-</b>	<b>404,445</b>
<b>NET POSITION</b>			
Net investment in capital assets	61,148	-	61,148
Unrestricted	318,966	180,343	499,309
<b>TOTAL NET POSITION</b>	<b>380,114</b>	<b>180,343</b>	<b>560,457</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 1,339,615</b>	<b>\$ 180,343</b>	<b>\$ 1,519,958</b>

See accompanying independent auditors' report and notes to financial statements.

## WASHINGTON CENTRAL SUPERVISORY UNION

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business - type Activities	Total
Governmental activities:							
Direct services	\$ 3,988,276	\$ 3,599,023	\$ -	\$ -	\$ (389,253)	\$ -	\$ (389,253)
Support services:							
Student services	442,546	-	-	-	(442,546)	-	(442,546)
Instructional staff services	548,798	-	-	-	(548,798)	-	(548,798)
General administrative services	404,765	-	-	-	(404,765)	-	(404,765)
Area administrative services	339,149	-	-	-	(339,149)	-	(339,149)
Fiscal services	325,494	-	-	-	(325,494)	-	(325,494)
Operations and maintenance	14,662	-	-	-	(14,662)	-	(14,662)
Transportation	1,161,778	-	-	-	(1,161,778)	-	(1,161,778)
Program expenses	2,696,899	1,455,894	1,278,441	-	37,436	-	37,436
On-behalf payments	1,456,321	-	1,456,321	-	-	-	-
Capital outlay	18,356	-	-	-	(18,356)	-	(18,356)
Total governmental activities	<u>11,397,044</u>	<u>5,054,917</u>	<u>2,734,762</u>	<u>-</u>	<u>(3,607,365)</u>	<u>-</u>	<u>(3,607,365)</u>
Business-type activities:							
Dental plan	256,063	265,177	-	-	-	9,114	9,114
Section 125 plan	106,204	99,490	-	-	-	(6,714)	(6,714)
Food service	458,926	203,890	255,036	-	-	-	-
Total business-type activities	<u>821,193</u>	<u>568,557</u>	<u>255,036</u>	<u>-</u>	<u>-</u>	<u>2,400</u>	<u>2,400</u>
Total government	<u>\$ 12,218,237</u>	<u>\$ 5,623,474</u>	<u>\$ 2,989,798</u>	<u>\$ -</u>	<u>(3,607,365)</u>	<u>2,400</u>	<u>(3,604,965)</u>

STATEMENT B (CONTINUED)  
WASHINGTON CENTRAL SUPERVISORY UNION

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	(3,607,365)	2,400	(3,604,965)
General revenues:			
Grants and contributions not restricted to specific programs	3,606,780	-	3,606,780
Miscellaneous	32,070	475	32,545
Total general revenues	3,638,850	475	3,639,325
Change in net position	31,485	2,875	34,360
NET POSITION - JULY 1, RESTATED	348,629	177,468	526,097
NET POSITION - JUNE 30	\$ 380,114	\$ 180,343	\$ 560,457

See accompanying independent auditors' report and notes to financial statements.

## WASHINGTON CENTRAL SUPERVISORY UNION

## BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2017

	General Fund	Community Connections Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,089,745	\$ 600	\$ -	\$ 1,090,345
Accounts receivable (net of allowance for uncollectibles)	81,904	-	7,910	89,814
Due from other funds	24,581	188,968	441,331	654,880
<b>TOTAL ASSETS</b>	<u><u>\$ 1,196,230</u></u>	<u><u>\$ 189,568</u></u>	<u><u>\$ 449,241</u></u>	<u><u>\$ 1,835,039</u></u>
<b>LIABILITIES</b>				
Accounts payable	\$ 162,985	\$ -	\$ 350	\$ 163,335
Due to other funds	820,226	-	7,910	828,136
<b>TOTAL LIABILITIES</b>	<u><u>983,211</u></u>	<u><u>-</u></u>	<u><u>8,260</u></u>	<u><u>991,471</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue	-	189,568	213,513	403,081
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><u>-</u></u>	<u><u>189,568</u></u>	<u><u>213,513</u></u>	<u><u>403,081</u></u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	227,468	227,468
Assigned	213,019	-	-	213,019
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u><u>213,019</u></u>	<u><u>-</u></u>	<u><u>227,468</u></u>	<u><u>440,487</u></u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u><u>\$ 1,196,230</u></u>	<u><u>\$ 189,568</u></u>	<u><u>\$ 449,241</u></u>	<u><u>\$ 1,835,039</u></u>

See accompanying independent auditors' report and notes to financial statements.

## WASHINGTON CENTRAL SUPERVISORY UNION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2017

	Total Governmental Funds
	Funds
Total Fund Balances	\$ 440,487
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	67,561
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	255,567
Long-term liabilities shown below are not due and payable in the current period and therefore are not reported in the funds shown above:	
Capital leases payable	(6,413)
Accrued compensated absences	(19,438)
Net pension liability	(365,870)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(1,364)
Internal service fund net position is added to governmental activities	9,584
Net position of governmental activities	\$ 380,114

See accompanying independent auditors' report and notes to financial statements.

## WASHINGTON CENTRAL SUPERVISORY UNION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Community Connections Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Intergovernmental revenues	\$ 3,886,070	\$ -	\$ 1,278,441	\$ 5,164,511
Charges for services	3,599,023	775,460	-	4,374,483
Interest income	10,928	-	350	11,278
Miscellaneous revenues	17,242	-	3,550	20,792
TOTAL REVENUES	<u>7,513,263</u>	<u>775,460</u>	<u>1,282,341</u>	<u>9,571,064</u>
EXPENDITURES				
Current:				
Direct services	3,941,935	-	-	3,941,935
Support services:				
Student services	440,764	-	-	440,764
Instructional staff services	548,798	-	-	548,798
General administrative services	375,756	-	-	375,756
Area administrative services	339,149	-	-	339,149
Fiscal services	325,494	-	-	325,494
Operations and maintenance	14,662	-	-	14,662
Transportation	1,161,778	-	-	1,161,778
On-behalf payments	279,290	-	-	279,290
Program expenses	-	775,460	1,236,868	2,012,328
Capital outlay	-	-	30,847	30,847
TOTAL EXPENDITURES	<u>7,427,626</u>	<u>775,460</u>	<u>1,267,715</u>	<u>9,470,801</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>85,637</u>	<u>-</u>	<u>14,626</u>	<u>100,263</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	417,729	417,729
Transfers (out)	(35,000)	-	(382,729)	(417,729)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(35,000)</u>	<u>-</u>	<u>35,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	50,637	-	49,626	100,263
FUND BALANCES - JULY 1	<u>162,382</u>	<u>-</u>	<u>177,842</u>	<u>340,224</u>
FUND BALANCES - JUNE 30	<u>\$ 213,019</u>	<u>\$ -</u>	<u>\$ 227,468</u>	<u>\$ 440,487</u>

See accompanying independent auditors' report and notes to financial statements.

## WASHINGTON CENTRAL SUPERVISORY UNION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds (Statement D)	<u>\$ 100,263</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	12,491
Capital asset disposals	(1,746)
Depreciation expense	(30,791)
	<u>(20,046)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>117,316</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	<u>(10,000)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	<u>3,587</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>681</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	19,839
Net pension liability	(176,018)
	<u>(156,179)</u>
Internal service fund activity is classified as a governmental activity in the Statement of Activities	<u>(4,137)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 31,485</u></u>

See accompanying independent auditors' report and notes to financial statements.



## WASHINGTON CENTRAL SUPERVISORY UNION

## STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2017

	Enterprise Funds			Total	Internal Service Fund
	Dental Plan	Section 125 Plan	Food Service		
<b>ASSETS</b>					
Current assets:					
Due from other governments	\$ -	\$ -	\$ 16,671	\$ 16,671	\$ -
Due from other funds	157,819	22,524	-	180,343	9,584
Total current assets	<u>157,819</u>	<u>22,524</u>	<u>16,671</u>	<u>197,014</u>	<u>9,584</u>
<b>TOTAL ASSETS</b>	<u>\$ 157,819</u>	<u>\$ 22,524</u>	<u>\$ 16,671</u>	<u>\$ 197,014</u>	<u>\$ 9,584</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	16,671	16,671	-
Total current liabilities	<u>-</u>	<u>-</u>	<u>16,671</u>	<u>16,671</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>16,671</u>	<u>16,671</u>	<u>-</u>
<b>NET POSITION</b>					
Unrestricted	<u>157,819</u>	<u>22,524</u>	<u>-</u>	<u>180,343</u>	<u>9,584</u>
<b>TOTAL NET POSITION</b>	<u>157,819</u>	<u>22,524</u>	<u>-</u>	<u>180,343</u>	<u>9,584</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 157,819</u>	<u>\$ 22,524</u>	<u>\$ 16,671</u>	<u>\$ 197,014</u>	<u>\$ 9,584</u>

See accompanying independent auditors' report and notes to financial statements.

## WASHINGTON CENTRAL SUPERVISORY UNION

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Enterprise Funds			Total	Internal Service Fund
	Dental Plan	Section 125 Plan	Food Service		
OPERATING REVENUES					
Intergovernmental	\$ -	\$ -	\$ 255,036	\$ 255,036	\$ -
Charges for services	265,177	99,490	203,890	568,557	680,434
TOTAL OPERATING REVENUES	<u>265,177</u>	<u>99,490</u>	<u>458,926</u>	<u>823,593</u>	<u>680,434</u>
OPERATING EXPENSES					
Salaries	24,521	14,860	-	39,381	140,706
Benefits	215,929	88,106	-	304,035	31,067
Professional services	12,660	2,738	-	15,398	78,536
Supplies and food	1,000	500	-	1,500	10,874
Insurance	-	-	-	-	212,710
Communications	-	-	-	-	14,031
Equipment	-	-	-	-	176,764
Other	1,953	-	458,926	460,879	19,883
TOTAL OPERATING EXPENSES	<u>256,063</u>	<u>106,204</u>	<u>458,926</u>	<u>821,193</u>	<u>684,571</u>
OPERATING INCOME (LOSS)	<u>9,114</u>	<u>(6,714)</u>	<u>-</u>	<u>2,400</u>	<u>(4,137)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest Income	381	94	-	475	-
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>381</u>	<u>94</u>	<u>-</u>	<u>475</u>	<u>-</u>
CHANGES IN NET POSITION	9,495	(6,620)	-	2,875	(4,137)
NET POSITION - JULY 1	<u>148,324</u>	<u>29,144</u>	<u>-</u>	<u>177,468</u>	<u>13,721</u>
NET POSITION - JUNE 30	<u>\$ 157,819</u>	<u>\$ 22,524</u>	<u>\$ -</u>	<u>\$ 180,343</u>	<u>\$ 9,584</u>

See accompanying independent auditors' report and notes to financial statements.

## WASHINGTON CENTRAL SUPERVISORY UNION

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Enterprise Funds			Total	Internal Service Fund
	Dental Plan	Section 125 Plan	Food Service		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 265,177	\$ 99,490	\$ 203,890	\$ 568,557	\$ 680,434
Intergovernmental receipts	-	-	238,365	238,365	-
Internal activity - receipts (payments) from/to other funds	(9,495)	6,620	16,846	13,971	4,137
Payments to suppliers	(256,063)	(106,204)	(459,101)	(821,368)	(684,571)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(381)</u>	<u>(94)</u>	<u>-</u>	<u>(475)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest income	381	94	-	475	-
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>381</u>	<u>94</u>	<u>-</u>	<u>475</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	-	-	-	-	-
<b>CASH AND CASH EQUIVALENTS - JULY 1</b>	-	-	-	-	-
<b>CASH AND CASH EQUIVALENTS - JUNE 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ 9,114	\$ (6,714)	\$ -	\$ 2,400	\$ (4,137)
Changes in operating assets, liabilities and deferred inflows of resources:					
(Increase) decrease in due from other governments	-	-	(16,671)	(16,671)	-
(Increase) decrease in due from other funds	(9,495)	6,620	-	(2,875)	4,137
(Decrease) increase in accounts payable	-	-	(20)	(20)	-
(Decrease) increase in deferred revenue	-	-	(155)	(155)	-
(Decrease) increase in due to other funds	-	-	16,846	16,846	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (381)</u>	<u>\$ (94)</u>	<u>\$ -</u>	<u>\$ (475)</u>	<u>\$ -</u>

See accompanying independent auditors' report and notes to financial statements.

WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

Washington Central Supervisory Union was incorporated under the laws in the State of Vermont. The Supervisory Union operates under the Board of Directors-superintendent form of government and provides the following services: direct services, support services, fiscal services, operations and maintenance and transportation.

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

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

**Implementation of New Accounting Standards**

During the year ended June 30, 2017, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". The objective of the Statement is to improve financial reporting by instituting a single framework for the presentation of information about pensions, thereby expanding the comparability of pension-related information reported by state and local governments. Management has determined that this Statement is not applicable.

Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*". The objective of the Statement is to improve the disclosure of information about benefits other than pensions (other postemployment benefits or OPEB) included in financial statements of state and local governments. This Statement will improve financial reporting through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet specified criteria. Management has determined the impact of this Statement is not material to the financial statements.

WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 77, "*Tax Abatement Disclosures*". The objective of the Statement is to improve disclosure of information about the nature and magnitude of tax abatements, making these transactions more transparent to financial statement users. As such, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. Management has determined that this Statement is not applicable.

Statement No. 80, "*Blending Requirements for Certain Component Units*". The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 81, "*Irrevocable Split-Interest Agreements*". The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements-in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 82, "*Pension Issues*". The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of

WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Management has determined the impact of this Statement is not material to the financial statements.

**Government-Wide and Fund Financial Statements**

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Supervisory Union's dental plan, section 125 plan and food service fund are categorized as business-type activities. All other activities of the Supervisory Union are categorized as governmental.

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

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

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

The Supervisory Union does not allocate indirect costs. All costs are charged directly to the corresponding departments.

WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Measurement Focus - Basic Financial Statements & Fund Financial Statements**

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

1. Governmental Funds:

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

Major Funds:

- a. The General Fund is the general operating fund of the Supervisory Union. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Community Connections Fund is used to account for the proceeds of that fund's revenue sources that are legally restricted to expenditures for the same purpose.

Nonmajor Funds:

- c. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- d. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Non-operating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Supervisory Union:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

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

**Basis of Accounting**

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

1. Accrual

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



WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

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

**Budget**

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

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

Revenues per budgetary basis	\$ 7,233,973
Add: On-behalf payments	279,290
Total GAAP basis	<u>\$ 7,513,263</u>
Expenditures per budgetary basis	\$ 7,183,336
Add: On-behalf basis	279,290
Total GAAP basis	<u>\$ 7,462,626</u>

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

1. Early in the first half of the year the Supervisory Union prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Supervisory Union was called for the purpose of adopting the proposed budget after public notice of the meeting was given.

WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. The budget was adopted subsequent to passage by the inhabitants of the Supervisory Union.
4. The Supervisory Union does not adopt budgets for Special Revenue Funds.

**Deposits and Investments**

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

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

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

The Washington Central Supervisory Union has no formal investment policy but instead follows the State of Vermont Statutes.

**Receivables**

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$106,485 for the year ended June 30, 2017. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2017.

WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Interfund Receivables and Payables**

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

**Transactions Between Funds**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

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

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Supervisory Union. The Supervisory Union has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years

WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Long-term Obligations**

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists of capital leases payable, accrued compensated absences and net pension liability.

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

**Compensated Absences**

The Supervisory Union's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2017, the Supervisory Union's liability for compensated absences is \$19,438.

**Pensions**

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

WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Supervisory Union or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

**Fund Balance**

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

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

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

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

Assigned – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Board of Directors.

WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

**Deferred Outflows and Inflows of Resources**

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

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

**Program Revenues**

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

WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Operating/Non-Operating Proprietary Fund Revenues**

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

**Encumbrance Accounting**

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

**Use of Estimates**

During the preparation of the Supervisory Union's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

**Deposits:**

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

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

WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2017, the Supervisory Union's cash balance of \$1,090,345 was comprised of bank deposits of \$1,394,360. Of these bank deposits, \$35,500 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk. The remaining balance of \$1,358,860 was collateralized with securities held by the financial institution in the Supervisory Union's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 35,500
Repurchase agreement	1,358,860
	<u>\$ 1,394,360</u>

**Investments:**

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

At June 30, 2017, the Supervisory Union had no investments.

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

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Supervisory Union does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.



WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2017 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 24,581	\$ 820,226
Community Connections Fund	188,968	-
Enterprise Funds	180,343	16,671
Internal Service Fund	9,584	-
Nonmajor Special Revenue Funds	213,863	7,910
Nonmajor Capital Projects Funds	227,468	-
	<u>\$ 844,807</u>	<u>\$ 844,807</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2017:

	Balance, 7/1/16 (Restated)	Additions	Disposals	Balance 6/30/17
<u>Governmental activities:</u>				
Depreciated assets:				
Furniture and equipment	\$ 227,050	\$ 12,491	\$ (8,743)	\$ 230,798
	227,050	12,491	(8,743)	230,798
Less: accumulated depreciation	(139,443)	(30,791)	6,997	(163,237)
Net governmental capital assets	<u>\$ 87,607</u>	<u>\$ (18,300)</u>	<u>\$ (1,746)</u>	<u>\$ 67,561</u>
<u>Current year depreciation:</u>				
S.S. - staff				\$ 1,782
S.S. - general admin				29,009
Total depreciation expense				<u>\$ 30,791</u>

WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2017:

	Balance, 7/1/16	Additions	Deletions	Balance, 6/30/17	Current Year Portion
Capital lease payable	\$ -	\$ 10,000	\$ (3,587)	\$ 6,413	\$ 3,063
Accrued compensated absences	39,277	-	(19,839)	19,438	972
Net pension liability	189,852	176,018	-	365,870	-
Total	<u>\$ 229,129</u>	<u>\$ 186,018</u>	<u>\$ (23,426)</u>	<u>\$ 391,721</u>	<u>\$ 4,035</u>

The following is a summary of the capital lease payable as of June 30, 2017:

The Supervisory Union entered into a capital lease with Conway Office Products, LLC for a copier under a non-cancelable lease agreement dated July 18, 2016. Interest is charged at 9.44% per annum, with three annual payments of principal and interest of \$3,667 and a maturity date of August of 2018.

Future minimum lease payments by year and in the aggregate under this lease are as follows:

Year Ending June 30:	
2018	\$ 3,667
2019	3,667
Total minimum lease payments	<u>7,334</u>
Less amount representing interest	(921)
Present value of future minimum lease payments	<u>\$ 6,413</u>

NOTE 6 - OPERATING LEASES

A summary of the outstanding operating leases payable is as follows:

The Supervisory Union leases a postage meter from MailFinance, a Neopost USA Company, under a lease agreement dated December 22, 2015. The lease term is for 60 months ending in December of 2020. Monthly payments are \$127.

Washington Central Supervisory Union leases a 2015 Toyota Sienna passenger van from Berlin Automotive T1, LLC, which was subsequently assigned to Toyota Lease

WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 6 - OPERATING LEASES (CONTINUED)

Trust, under a lease agreement dated February 24, 2016. The lease term is for 36 months ending in January of 2019. Monthly payments are \$353 with \$1,352 due at lease signing.

Future minimum lease payments at June 30, 2017, are as follows:

Year Ending June 30:	
2018	\$ 5,743
2019	4,335
2020	1,523
2021	761
Total lease payments	<u>\$ 12,362</u>

NOTE 7 - COMMITTED FUND BALANCE

At June 30, 2017, the Supervisory Union had the following committed fund balance:

Nonmajor capital projects funds	<u>\$ 227,468</u>
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NOTE 8 - ASSIGNED FUND BALANCE

At June 30, 2017, the Supervisory Union had the following assigned fund balance:

General fund:	
Reserved for future operations	<u>\$ 213,019</u>

NOTE 9 - FINANCIAL INFORMATION

The detailed budget to actual report can be found on Schedules 1, A and B.

WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 10 - DEFINED BENEFIT PENSION PLANS

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

**Plan Description**

All of the teachers employed by the Supervisory Union participate in the Vermont State Teachers' Retirement System ("VSTRS"), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, covering nearly all public day school and nonsectarian private Supervisory Union teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State of Vermont that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2016 (the most recent period available), the retirement system consisted of 288 participating employers.

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

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

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service. The Vermont State Agency of Administration issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for the VSTRS. That report may be viewed on the State's Department of Finance & Management website at: [http://finance.vermont.gov/reports\\_and\\_publications/cafr](http://finance.vermont.gov/reports_and_publications/cafr).

WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

**Benefits Provided**

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

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

<b>VSTRS</b>	<b>Group A</b>	<b>Group C – Group # 1</b>	<b>Group C – Group # 2</b>
Normal service retirement eligibility (no reduction)	Age 60 or 30 years of service	Age 62 or with 30 years of service	Age 65 or when the sum of age and service equals 90
Average Final Compensation (AFC)	Highest 3 consecutive years, including unused annual leave, sick leave, and bonus/incentives	Highest 3 consecutive years, excluding all payments for anything other than service actually performed	Highest 3 consecutive years, excluding all payments for anything other than service actually performed

WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Benefit formula – normal service retirement	1.67% x creditable service x AFC	1.25% x service prior to 6/30/90 x AFC + 1.67% x service after 7/1/90 x AFC	1.25% x service prior to 6/30/90 x AFC + 1.67% x service after 7/1/90 x AFC, 2.0% after attaining 20 years
Maximum Benefit Payable	100% of AFC	53.34% of AFC	60% of AFC
Post-Retirement COLA	Full CPI, up to a maximum of 5% after 12 months of retirement; minimum of 1%	50% CPI, up to a maximum of 5% after 12 months of retirement or with 30 years; minimum of 1%	50% CPI, up to a maximum of 5%, minimum of 1% after 12 months of normal retirement or age 65
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Early Retirement Reduction	Actuarial reduction	6% per year from age 62	Actuarial reduction

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

VSTRS	Group A	Group C – Group # 1	Group C – Group # 2
Medical Benefits	Health subsidy based on member's service credit	Health subsidy based on member's service credit	Health subsidy based on member's service credit
Dental	Members pays full premium	Members pays full premium	Members pays full premium

**Contributions**

VSTRS is a cost-sharing public employee retirement system with one exception: all risks and costs are not shared by the Supervisory Union but are the liability of the State of Vermont. VSTRS is funded through State and employee contributions and trust fund investment earnings; and the Supervisory Union has no legal obligation for paying benefits. Required contributions to the System are made by the State of Vermont based upon a valuation report prepared by the System's actuary, which varies by plan group. The Vermont State Teachers Retirement System estimates the contributions on

WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

behalf of the Supervisory Union's employees included in the teacher's retirement plan which approximates \$279,290 or 11.59% of total payroll for employees covered under the plan.

Employee contribution rates by plan group follow:

VSTRS	Group A	Group C – Group # 1	Group C – Group # 2
Employee Contributions	5.5% of gross salary	5.0% of gross salary with 5 or more years of service as of 7/1/14; 6.0% of gross salary if less than 5 years of service as of 7/1/14	5.0% of gross salary with 5 or more years of service as of 7/1/14; 6.0% of gross salary if less than 5 years of service as of 7/1/14

Employee contributions totaled \$124,536 during the year and were paid by the Supervisory Union to the State of Vermont. The Supervisory Union has no other liability under the plan. The Supervisory Union's total payroll for all employees covered under this plan was \$2,409,752 for the year ended June 30, 2017.

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

**Plan Description**

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. The plan was established effective July 1, 1975, and is governed by *Title 24, V.S.A. Chapter 125*. It is designed for Supervisory Unions and other municipal employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. Employees of the Supervisory Union other than Teachers are eligible to participate in the VMERS providing they work on a regular basis for not less than 30 hours a week and for not less than 1,040 hours for the school year.

WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

[http://finance.vermont.gov/reports\\_and\\_publications/cafr](http://finance.vermont.gov/reports_and_publications/cafr).

**Benefits Provided**

The pension plan is divided into four membership groups:

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

The Supervisory Union participates in Group B. Benefits available to each group are based on average final compensation (AFC) and years of creditable service, and are summarized below:

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



WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Benefit formula – normal service Retirement (no reduction)	1.4% x creditable service x AFC	1.7% x creditable service x AFC + previous service; 1.4% x Group A service x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC; 2.5% x Group C service x AFC
Maximum Benefit Payable	60% of AFC	60% of AFC	50% of AFC	50% of AFC
Post-Retirement COLA	50% of CPI, up to 2% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	N/A	Age 50 with 20 years of service
Early Retirement Reduction	6% per year from age 65 **	6% per year from age 62 **	N/A	No reduction

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

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

**Contributions**

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

WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

<b>VMERS</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>	<b>Group D</b>
Employee Contributions	2.5% of gross salary	4.875% of gross salary	10.0% of gross salary	11.35% of gross salary
Employer Contributions	4.0% of gross salary	5.5% of gross salary	7.25% of gross salary	9.85% of gross salary

Employee contributions are withheld pre-income tax by the Supervisory Union and are remitted to the State of Vermont. Such withholdings for the years ended June 30, 2017, and 2016 totaled \$41,679 and \$39,672, respectively. The Supervisory Union contributed \$47,076 and \$43,208 for the years ended June 30, 2017 and 2016, respectively. The Supervisory Union's total payroll for the year ended June 30, 2017 for all employees covered under this plan was \$854,947.

**Pension Liabilities**

*VSTRS Plan*

The State is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of member employers. Therefore these employers are considered to be in a special funding situation as defined in GASB No. 68 and the State is treated as a nonemployer to VSTRS. Since the Supervisory Union does not contribute directly to VSTRS, no net pension liability was recorded at June 30, 2017. The State's portion of the collective net pension liability that was associated with the Supervisory Union was as follows:

Union's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Union	<u>4,467,734</u>
Total	<u>\$ 4,467,734</u>

The State of Vermont's proportionate share of the net pension liability associated with the Supervisory Union is equal to the collective net pension liability, actuarially measured as of June 30, 2016, multiplied by the Supervisory Union's proportionate share percentage. The Supervisory Union's proportionate share percentage was based on its reported salaries to the total reported salaries for all participating employers. At June 30, 2016, the Supervisory Union's proportion was 0.34117%.

WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

*VMERS Plan*

At June 30, 2017, the Supervisory Union reported a liability of \$365,870 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Supervisory Union's proportion of the net pension liabilities were based on a projection of the Supervisory Union's long-term share of contributions to each pension plan relative to the projected contributions of all participating towns, actuarially determined.

At June 30, 2016, the Supervisory Union's proportion was .28429% for VMERS, which was an increase of .03804% from its proportion measured as of June 30, 2015 for VMERS.

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

For the year ended June 30, 2017, the Supervisory Union recognized pension expense of \$1,177,031 and revenue of \$1,177,031 for support provided by the State of Vermont for the VSTRS plan. In the same period, the Supervisory Union recognized net pension expense of \$58,021 for the VMERS plan. At June 30, 2017, the Supervisory Union reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	VSTRS		VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ 7,516	\$ -
Changes of assumptions	-	-	58,758	-
Net difference between projected and actual earnings on pension plan investments	-	-	118,632	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	23,585	1,364
Contributions subsequent to the measurement date	-	-	47,076	-
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 255,567</b>	<b>\$ 1,364</b>

WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

\$47,076 reported as deferred outflows of resources related to pensions resulting from Supervisory Union contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	VSTRS		VMERS
Plan year ended June 30:			
2017	\$ -		\$ 55,325
2018	-		55,325
2019	-		76,009
2020	-		20,468
2021	-		-
Thereafter	-		-

**Significant Actuarial Assumptions and Methods**

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 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, 2014:

*Investment Rate of Return:* For both plans, 7.95% per annum.

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

WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

*Salary Increases:* Representative values of the assumed annual rates of future salary increases for the VSTRS plan are as follows:

Age	Annual Rate of Salary Increase
25	8.15%
30	6.84%
35	5.97%
40	5.29%
45	4.80%
50	4.46%
55	4.22%
60	4.12%
64	4.12%

Salary increases for the VMERS plan are 5.00% per year, including inflation.

*Deaths After Retirement:* The VSTRS plan used the RP-2000 Mortality Tables projected to 2029 using Scale BB for terminated vested members and beneficiaries and retirees; the RP-2000 Disabled Life Table with projection to 2020 using Scale AA for disabled retirees. The tables used contain a margin to reflect anticipated mortality improvement after the valuation date.

Mortality rates for active participants in the VMERS plan for Groups A, B, C and D were based on the RP-2000 Tables for Employees and Healthy Annuitants projected 10 years from the valuation date with Scale BB. Groups A, B, and C with a 60% Blue Collar and 40% White Collar adjustment and Group D with a 100% Blue Collar adjustment. The post-retirement mortality assumption was chosen to recognize improved longevity experience after the valuation date.

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

*Cost-of-Living Adjustments:* For the VSTRS plan, adjustments are 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).

Cost-of-Living adjustments to benefits of terminated vested and retired participants were assumed to occur at the rate of 1.5% per annum for Group A members and 1.8% per annum for members of Groups B, C and D of the VMERS plan.

WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

*Actuarial Cost Method:* For both plans is the Entry Age Normal – Level Percentage of Pay.

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

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

The *long-term expected rate of return* on both plan investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variable 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.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Equity	8.54%
Fixed income	2.36%
Alternative	8.35%
Multi-strategy	4.90%

WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 10 - DEFINED BENEFIT PENSION 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 inflation rate of 3.0%.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.95% for the VSTRS plan and the VMERS plan. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. 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 Supervisory Union's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Supervisory Union's proportionate share of the net pension liability calculated using the discount rate of 7.95% for the VSTRS plan and the VMERS plan, as well as what the Supervisory Union's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.95%) or 1 percentage point higher (8.95%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	_____	_____	_____
<u>VSTRS:</u>			
Discount rate	6.95%	7.95%	8.95%
Union's proportionate share of the net pension liability	\$ -	\$ -	\$ -
<u>VMERS:</u>			
Discount rate	6.95%	7.95%	8.95%
Union's proportionate share of the net pension liability	\$ 607,380	\$ 365,870	\$ 163,654

WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

**Pension Plan Fiduciary Net Position**

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

NOTE 11 - DEFINED CONTRIBUTION PLAN

**Plan Description**

The Supervisory Union offers its employees a defined contribution plan created in accordance with Internal Revenue Code Section 403(b). At June 30, 2017, there were four plan members. The plan is administered by TD Wealth Management.

**Funding Policy**

Plan provisions and contribution requirements are established and may be amended by the Board of Directors. Under the 403 plan, the Supervisory Union is required to contribute 6.0% of a participant's earnings for the plan year, with no required match from the participant, one time per year, after the end of the fiscal year and no later than September 30 of the next year. For the year ended June 30, 2017, the Supervisory Union contribution to this plan was \$50,731.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in Supervisory Union contributions and earnings on Supervisory Union contributions after completion of 12 months of creditable service with the Supervisory Union. Non-vested Supervisory Union contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. There were no forfeitures of non-vested contributions for the year ended June 30, 2017.

NOTE 12 - RISK MANAGEMENT

The Supervisory Union is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees, students and guests; as well as natural disasters for which the Supervisory Union either



WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 12 - RISK MANAGEMENT (CONTINUED)

carries commercial insurance, participates in a public entity risk pool, or is effectively self-insured. There have been no significant reductions in coverage from the prior year. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Supervisory Union.

The Supervisory Union is a member of the Vermont School Boards Association. The Association has set up two insurance Trusts; Vermont School Boards Insurance Trust, Inc. (VSBIT) for worker compensation, multi-line intermunicipal school program, and unemployment compensation program, and the Vermont Education Health Initiative (VEHI) for medical benefits. VSBIT and VEHI are nonprofit corporations formed to provide insurance and risk management programs for Vermont Supervisory Unions and is owned by the participating Supervisory Unions. The Trusts are not licensed insurance carriers and members are not protected by the Vermont Insurance Guaranty Association.

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

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

NOTE 13 - CONTINGENCIES

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

WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 13 - CONTINGENCIES (CONTINUED)

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

NOTE 14 - RELATED ORGANIZATION

Washington Central Supervisory Union provides services to the following school districts: Berlin School District, Calais School District, East Montpelier School District, Middlesex School District, Worcester School District, and Union 32 School District. Each District has an ongoing financial responsibility to the Supervisory Union as defined in GASB 14, paragraph 71.

NOTE 15 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Supervisory Union's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

NOTE 16 - RESTATEMENT

The beginning net position of the governmental activities was restated as of July 1, 2016 to correct the beginning balance of the capital assets. Net capital assets were restated by \$45, increasing the beginning net position by \$45.

## Required Supplementary Information

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

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

WASHINGTON CENTRAL SUPERVISORY UNION

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 162,382	\$ 162,382	\$ 162,382	\$ -
Resources (Inflows):				
Intergovernmental:				
Assessments	2,890,598	2,890,598	2,886,241	(4,357)
Other	700,000	700,000	720,539	20,539
Charges for services	3,455,265	3,455,265	3,599,023	143,758
Interest income	7,600	7,600	10,928	3,328
Miscellaneous	470	470	17,242	16,772
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>7,216,315</u>	<u>7,216,315</u>	<u>7,396,355</u>	<u>180,040</u>
Charges to Appropriations (Outflows):				
Direct services	3,802,433	3,802,433	3,941,935	(139,502)
Support services:				
Student services	458,368	458,368	440,764	17,604
Instructional staff services	587,645	587,645	548,798	38,847
General administrative services	366,597	366,597	375,756	(9,159)
Area administrative services	299,527	299,527	339,149	(39,622)
Fiscal services	332,863	332,863	325,494	7,369
Operations and maintenance	20,085	20,085	14,662	5,423
Transportation	1,166,415	1,166,415	1,161,778	4,637
Transfers to other funds	35,000	35,000	35,000	-
Total Charges to Appropriations	<u>7,068,933</u>	<u>7,068,933</u>	<u>7,183,336</u>	<u>(114,403)</u>
Budgetary Fund Balance, June 30	<u>\$ 147,382</u>	<u>\$ 147,382</u>	<u>\$ 213,019</u>	<u>\$ 65,637</u>
Utilization of assigned fund balance	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ (15,000)</u>

See accompanying independent auditors' report and notes to financial statements.

## WASHINGTON CENTRAL SUPERVISORY UNION

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

	2017	2016	2015	2014
<u>VSTRS:</u>				
Proportion of the net pension liability	0.34%	0.10%	0.10%	0.08%
Union's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Union	4,467,734	1,243,814	950,908	\$ 771,107
Total	<u>\$ 4,467,734</u>	<u>\$ 1,243,814</u>	<u>\$ 950,908</u>	<u>\$ 771,107</u>
Covered-employee payroll	\$ 2,210,108	\$ 584,646	\$ 562,404	\$ 429,882
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	55.31%	58.22%	64.02%	60.59%
<u>VMERS:</u>				
Proportion of the net pension liability	0.28%	0.25%	0.20%	0.21%
Proportionate share of the net pension liability	\$ 365,870	\$ 189,852	\$ 18,020	\$ 75,294
Covered-employee payroll	\$ 786,000	\$ 640,000	\$ -	\$ -
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	46.55%	29.66%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	80.95%	87.42%	98.32%	92.71%

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

See accompanying independent auditors' report and notes to financial statements.

## WASHINGTON CENTRAL SUPERVISORY UNION

SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS\*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>VSTRS:</u>				
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,409,752	\$ 2,210,108	\$ 584,646	\$ 562,404
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%
<u>VMERS:</u>				
Contractually required contribution	\$ 47,076	\$ 43,208	\$ 34,423	\$ 24,825
Contributions in relation to the contractually required contribution	<u>(47,076)</u>	<u>(43,208)</u>	<u>(34,423)</u>	<u>(24,825)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 854,947	\$ 786,000	\$ 640,000	\$ -
Contributions as a percentage of covered-employee payroll	5.51%	5.50%	5.38%	0.00%

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

See accompanying independent auditors' report and notes to financial statements.

WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017

**Changes of Assumptions**

The actuarial assumptions regarding the incidence of mortality, terminations, retirements, and disabilities were changed in accordance with the findings of an experience study covering the five-year period ending June 30, 2014 for VSTRS and VMERS plans.

## Other Supplementary Information

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

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



## WASHINGTON CENTRAL SUPERVISORY UNION

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND REVENUES  
 FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Intergovernmental revenues:				
State revenue:				
Care and custody	\$ 700,000	\$ 700,000	\$ 601,239	\$ (98,761)
Case management	-	-	56,605	56,605
Other	-	-	62,695	62,695
Assessments:				
Supervisory Union	409,021	409,021	409,022	1
Curriculum	147,307	147,307	147,307	-
Technology	349,972	349,972	349,972	-
Fiscal services	323,063	323,063	323,064	1
Preschool	38,576	38,576	38,577	1
Special education	493,674	493,674	493,674	-
Transportation services	1,128,985	1,128,985	1,124,625	(4,360)
Charges for services - special ed.	3,455,265	3,455,265	3,599,023	143,758
Interest income	7,600	7,600	10,928	3,328
Miscellaneous:				
Other receipts	470	470	17,242	16,772
Utilization of fund balance	15,000	15,000	-	(15,000)
Amounts Available for Appropriation	<u>\$ 7,068,933</u>	<u>\$ 7,068,933</u>	<u>\$ 7,233,973</u>	<u>\$ 165,040</u>

See accompanying independent auditors' report and notes to financial statements.

SCHEDULE B

WASHINGTON CENTRAL SUPERVISORY UNION

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Direct services -</b>				
Instructional services				
Salaries	\$ 109,942	\$ 109,942	\$ 106,405	\$ 3,537
Benefits	34,109	34,109	34,518	(409)
Professional services	200	200	-	200
Travel	2,160	2,160	2,024	136
General supplies	2,000	2,000	2,194	(194)
Books and periodicals	3,620	3,620	591	3,029
Dues and fees	1,000	1,000	768	232
Summer program				
Salaries	70,968	70,968	79,339	(8,371)
Benefits	7,531	7,531	7,739	(208)
Professional services	700	700	2,440	(1,740)
Travel	200	200	51	149
General supplies	3,982	3,982	843	3,139
State placed students				
Salaries	-	-	10,159	(10,159)
Benefits	-	-	777	(777)
Other professional services	700,000	700,000	497,698	202,302
Tuition	-	-	132,038	(132,038)
Travel	-	-	5	(5)
General supplies	-	-	4,520	(4,520)
Computer software	-	-	79	(79)
Equipment	-	-	6,991	(6,991)
Support services - 504				
Salaries	-	-	659	(659)
Benefits	-	-	50	(50)
Other professional services	-	-	48,545	(48,545)
Tuition	-	-	13,440	(13,440)
Support services - case management	-	-	56,605	(56,605)
Extraordinary programs				
Salaries	74,254	74,254	33,348	40,906
Benefits	8,451	8,451	3,457	4,994
Other professional services	729,316	729,316	788,072	(58,756)
Tuition	285,130	285,130	327,465	(42,335)
General supplies	-	-	985	(985)
Software	-	-	159	(159)
Equipment	1,500	1,500	-	1,500

SCHEDULE B (CONTINUED)  
WASHINGTON CENTRAL SUPERVISORY UNION

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Direct services (continued) -</b>				
Shared special education services				
Salaries	1,256,173	1,256,173	1,323,421	(67,248)
Benefits	334,007	334,007	331,608	2,399
Other professional services	141,510	141,510	107,785	33,725
Repairs and maintenance	4,000	4,000	4,943	(943)
Communications	2,750	2,750	-	2,750
Travel	3,100	3,100	1,046	2,054
General supplies	15,580	15,580	7,423	8,157
Books and periodicals	1,600	1,600	725	875
Computer software	-	-	31	(31)
Equipment	8,650	8,650	2,282	6,368
Dues and fees	-	-	707	(707)
	<u>3,802,433</u>	<u>3,802,433</u>	<u>3,941,935</u>	<u>(139,502)</u>
<b>Support services -</b>				
Student services -				
Speech and audiology services				
Salaries	321,013	321,013	311,519	9,494
Benefits	88,355	88,355	89,872	(1,517)
Other professional services	9,000	9,000	10,020	(1,020)
Equipment	-	-	1,329	(1,329)
Occupational therapy services				
Salaries	23,235	23,235	21,238	1,997
Benefits	3,639	3,639	3,442	197
Other professional services	3,126	3,126	-	3,126
Physical therapy				
Other professional services	10,000	10,000	3,344	6,656
	<u>458,368</u>	<u>458,368</u>	<u>440,764</u>	<u>17,604</u>
Instructional staff services -				
Technology services				
Salaries	242,336	242,336	240,106	2,230
Benefits	88,813	88,813	73,226	15,587
Other professional services	4,266	4,266	12,865	(8,599)
Repairs and maintenance	3,579	3,579	4,191	(612)
Communications	4,500	4,500	959	3,541
Travel	2,000	2,000	1,957	43
General supplies	3,700	3,700	2,068	1,632
Computer software	778	778	22,060	(21,282)
Equipment	-	-	1,500	(1,500)
Support services				
Salaries	122,586	122,586	98,716	23,870
Benefits	46,449	46,449	40,924	5,525
Other professional services	57,391	57,391	35,175	22,216
Travel	1,775	1,775	4,396	(2,621)
General supplies	7,000	7,000	10,555	(3,555)
Equipment	2,472	2,472	-	2,472
Dues and fees	-	-	100	(100)
	<u>587,645</u>	<u>587,645</u>	<u>548,798</u>	<u>38,847</u>

SCHEDULE B (CONTINUED)  
WASHINGTON CENTRAL SUPERVISORY UNION

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
General administrative services -				
Board of Education				
Salaries	2,341	2,341	4,787	(2,446)
Benefits	249	249	456	(207)
Other professional services	100	100	3,206	(3,106)
General supplies	745	745	826	(81)
Office of the superintendent				
Salaries	247,678	247,678	248,662	(984)
Benefits	77,269	77,269	75,770	1,499
Other professional services	7,000	7,000	12,148	(5,148)
Legal services	3,500	3,500	2,305	1,195
Rentals and leases - postage	1,450	1,450	1,657	(207)
Insurance	1,665	1,665	1,381	284
Communications/postage	3,000	3,000	2,558	442
Advertising	1,000	1,000	641	359
Printing and binding	1,000	1,000	1,332	(332)
Travel	4,000	4,000	1,289	2,711
General supplies	7,900	7,900	11,100	(3,200)
Books and periodicals	1,800	1,800	1,354	446
Dues and fees	5,900	5,900	6,284	(384)
	<u>366,597</u>	<u>366,597</u>	<u>375,756</u>	<u>(9,159)</u>
Area administrative services -				
Preschool administration				
Salaries	8,000	8,000	-	8,000
Benefits	706	706	-	706
Rentals and leases - office	1,000	1,000	1,000	-
Communications/postage	500	500	500	-
Travel	-	-	1,309	(1,309)
General supplies	-	-	2,815	(2,815)
Electricity	1,000	1,000	1,000	-
Special area admin services				
Salaries	125,978	125,978	125,038	940
Benefits	43,868	43,868	46,167	(2,299)
General supplies	-	-	2,857	(2,857)
Legal services	1,000	1,000	146	854
Insurance	2,744	2,744	2,744	-
Communications/postage	4,775	4,775	3,756	1,019
Advertising	500	500	64	436
Travel	2,000	2,000	666	1,334
General supplies	5,300	5,300	3,897	1,403
Books and periodicals	-	-	118	(118)
Computer software	-	-	4,532	(4,532)
Dues and fees	600	600	892	(292)
Special education admin U32				
Salaries	71,548	71,548	106,268	(34,720)
Benefits	30,008	30,008	35,380	(5,372)
	<u>299,527</u>	<u>299,527</u>	<u>339,149</u>	<u>(39,622)</u>

SCHEDULE B (CONTINUED)  
WASHINGTON CENTRAL SUPERVISORY UNION

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Fiscal services -</b>				
Salaries	232,556	232,556	225,995	6,561
Benefits	83,857	83,857	82,364	1,493
Other professional services	-	-	135	(135)
Food service fees	1,500	1,500	4,253	(2,753)
Travel	2,200	2,200	1,005	1,195
General supplies	2,200	2,200	1,263	937
Dues and fees	750	750	679	71
Audit services	9,800	9,800	9,800	-
	<u>332,863</u>	<u>332,863</u>	<u>325,494</u>	<u>7,369</u>
<b>Operations and maintenance -</b>				
Other professional services	250	250	735	(485)
Shared SU services - U32	-	-	2,611	(2,611)
Water and sewer	1,050	1,050	660	390
Cleaning services	5,500	5,500	1,600	3,900
Disposal services	275	275	141	134
Repairs and maintenance	3,000	3,000	1,140	1,860
Rental of building	1,440	1,440	1,416	24
Property insurance	450	450	450	-
General supplies	500	500	780	(280)
Electricity	4,620	4,620	4,162	458
Bottled gas	3,000	3,000	967	2,033
	<u>20,085</u>	<u>20,085</u>	<u>14,662</u>	<u>5,423</u>
<b>Transportation -</b>				
Student transportation - tech center	6,129	6,129	8,187	(2,058)
Student transportation services	1,080,526	1,080,526	1,074,102	6,424
Student transportation - orange bus	41,940	41,940	41,940	-
Student transportation	37,820	37,820	37,549	271
	<u>1,166,415</u>	<u>1,166,415</u>	<u>1,161,778</u>	<u>4,637</u>
<b>Transfers to other funds -</b>				
Capital projects funds	15,000	15,000	15,000	-
Building fund	20,000	20,000	20,000	-
	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>
<b>TOTAL DEPARTMENTAL OPERATIONS</b>	<u><u>\$ 7,068,933</u></u>	<u><u>\$ 7,068,933</u></u>	<u><u>\$ 7,183,336</u></u>	<u><u>\$ (114,403)</u></u>

See accompanying independent auditors' report and notes to financial statements.

## WASHINGTON CENTRAL SUPERVISORY UNION

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Accounts receivable (net of allowance for uncollectibles)	\$ 7,910	\$ -	\$ 7,910
Due from other funds	213,863	227,468	441,331
<b>TOTAL ASSETS</b>	<u>\$ 221,773</u>	<u>\$ 227,468</u>	<u>\$ 449,241</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 350	\$ -	\$ 350
Due to other funds	7,910	-	7,910
<b>TOTAL LIABILITIES</b>	<u>8,260</u>	<u>-</u>	<u>8,260</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue	213,513	-	213,513
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>213,513</u>	<u>-</u>	<u>213,513</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	227,468	227,468
Assigned	-	-	-
Unassigned	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>-</u>	<u>227,468</u>	<u>227,468</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 221,773</u>	<u>\$ 227,468</u>	<u>\$ 449,241</u>

See accompanying independent auditors' report and notes to financial statements.

SCHEDULE D

WASHINGTON CENTRAL SUPERVISORY UNION

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
REVENUES			
Intergovernmental	\$ 1,233,318	\$ 45,123	\$ 1,278,441
Interest income	-	350	350
Other	3,550	-	3,550
TOTAL REVENUES	<u>1,236,868</u>	<u>45,473</u>	<u>1,282,341</u>
EXPENDITURES			
Capital outlay	-	30,847	30,847
Other	1,236,868	-	1,236,868
TOTAL EXPENDITURES	<u>1,236,868</u>	<u>30,847</u>	<u>1,267,715</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>14,626</u>	<u>14,626</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	382,729	35,000	417,729
Transfers (out)	<u>(382,729)</u>	<u>-</u>	<u>(382,729)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>35,000</u>	<u>35,000</u>
NET CHANGE IN FUND BALANCES	-	49,626	49,626
FUND BALANCES - JULY 1	<u>-</u>	<u>177,842</u>	<u>177,842</u>
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ 227,468</u>	<u>\$ 227,468</u>

See accompanying independent auditors' report and notes to financial statements.

## Special Revenue Funds

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



WASHINGTON CENTRAL SUPERVISORY UNION

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	Teacher of the Year	BEST Grant	Act 230 Grant	IDEA-B Formula Grant	Title VIB Preschool
<b>ASSETS</b>					
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	350	-	-	13,430	-
<b>TOTAL ASSETS</b>	<b>\$ 350</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,430</b>	<b>\$ -</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 350	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>350</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue	-	-	-	13,430	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,430</b>	<b>-</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 350</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,430</b>	<b>\$ -</b>

WASHINGTON CENTRAL SUPERVISORY UNION

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	Title I	Schoolwide Program & Admin	Education Quality Review	Snack Grants	Medicaid Reimb IEP
<b>ASSETS</b>					
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ 7,910	\$ -
Due from other funds	3,948	-	-	-	140,659
<b>TOTAL ASSETS</b>	<b><u>\$ 3,948</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,910</u></b>	<b><u>\$ 140,659</u></b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	7,910	-
<b>TOTAL LIABILITIES</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>7,910</u></b>	<b><u>-</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue	3,948	-	-	-	140,659
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>3,948</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>140,659</u></b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 3,948</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,910</u></b>	<b><u>\$ 140,659</u></b>

WASHINGTON CENTRAL SUPERVISORY UNION

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	EPSDT Revenues	Local Standard Board Grant	Title IIA	Act 156 Union Schools	VSBIT Minigrant	Total
<b>ASSETS</b>						
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,910
Due from other funds	27,091	-	24,311	-	4,074	213,863
<b>TOTAL ASSETS</b>	<u>\$ 27,091</u>	<u>\$ -</u>	<u>\$ 24,311</u>	<u>\$ -</u>	<u>\$ 4,074</u>	<u>\$ 221,773</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 350
Due to other funds	-	-	-	-	-	7,910
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,260</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenue	27,091	-	24,311	-	4,074	213,513
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>27,091</u>	<u>-</u>	<u>24,311</u>	<u>-</u>	<u>4,074</u>	<u>213,513</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 27,091</u>	<u>\$ -</u>	<u>\$ 24,311</u>	<u>\$ -</u>	<u>\$ 4,074</u>	<u>\$ 221,773</u>

See accompanying independent auditors' report and notes to financial statements.

WASHINGTON CENTRAL SUPERVISORY UNION

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	Teacher of the Year	BEST Grant	Act 230 Grant	IDEA-B Formula Grant	Title VIB Preschool
REVENUES					
Intergovernmental	\$ -	\$ -	\$ 8,000	\$ 446,182	\$ 5,385
Other	2,500	467	-	-	-
TOTAL REVENUES	<u>2,500</u>	<u>467</u>	<u>8,000</u>	<u>446,182</u>	<u>5,385</u>
EXPENDITURES					
Other	2,500	467	8,000	446,182	5,385
TOTAL EXPENDITURES	<u>2,500</u>	<u>467</u>	<u>8,000</u>	<u>446,182</u>	<u>5,385</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	-
FUND BALANCES - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - JUNE 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

WASHINGTON CENTRAL SUPERVISORY UNION

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	Title I	Schoolwide Program & Admin	Education Quality Review	Snack Grants	Medicaid Reimb IEP
REVENUES					
Intergovernmental	\$ 374,450	\$ -	\$ 12,226	\$ 20,940	\$ 188,573
Other	-	-	-	-	-
TOTAL REVENUES	<u>374,450</u>	<u>-</u>	<u>12,226</u>	<u>20,940</u>	<u>188,573</u>
EXPENDITURES					
Other	8,400	382,729	12,226	20,940	188,573
TOTAL EXPENDITURES	<u>8,400</u>	<u>382,729</u>	<u>12,226</u>	<u>20,940</u>	<u>188,573</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>366,050</u>	<u>(382,729)</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	382,729	-	-	-
Transfers (out)	(366,050)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(366,050)</u>	<u>382,729</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	-
FUND BALANCES - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WASHINGTON CENTRAL SUPERVISORY UNION

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	EPSDT Revenues	Local Standard Board Grant	Title IIA	Act 156 Union Schools	VSBIT Minigrant	Total
REVENUES						
Intergovernmental	\$ 21,293	\$ -	\$ 140,671	\$ 9,904	\$ 5,694	\$ 1,233,318
Other	-	583	-	-	-	3,550
TOTAL REVENUES	<u>21,293</u>	<u>583</u>	<u>140,671</u>	<u>9,904</u>	<u>5,694</u>	<u>1,236,868</u>
EXPENDITURES						
Other	21,293	583	123,992	9,904	5,694	1,236,868
TOTAL EXPENDITURES	<u>21,293</u>	<u>583</u>	<u>123,992</u>	<u>9,904</u>	<u>5,694</u>	<u>1,236,868</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>16,679</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	382,729
Transfers (out)	-	-	(16,679)	-	-	(382,729)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(16,679)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	-	-
FUND BALANCES - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditors' report and notes to financial statements.

## Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

## WASHINGTON CENTRAL SUPERVISORY UNION

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2017

	Office Equipment & Technology	Building Capital	Total
<b>ASSETS</b>			
Due from other funds	\$ 143,097	\$ 84,371	\$ 227,468
<b>TOTAL ASSETS</b>	<u>\$ 143,097</u>	<u>\$ 84,371</u>	<u>\$ 227,468</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	143,097	84,371	227,468
Assigned	-	-	-
Unassigned	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>143,097</u>	<u>84,371</u>	<u>227,468</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 143,097</u>	<u>\$ 84,371</u>	<u>\$ 227,468</u>

See accompanying independent auditors' report and notes to financial statements.



## WASHINGTON CENTRAL SUPERVISORY UNION

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	Office Equipment & Technology	Building Capital	Total
REVENUES			
Intergovernmental	\$ 45,123	\$ -	\$ 45,123
Interest income	150	200	350
TOTAL REVENUES	<u>45,273</u>	<u>200</u>	<u>45,473</u>
EXPENDITURES			
Capital outlay	30,847	-	30,847
TOTAL EXPENDITURES	<u>30,847</u>	<u>-</u>	<u>30,847</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>14,426</u>	<u>200</u>	<u>14,626</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	15,000	20,000	35,000
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>15,000</u>	<u>20,000</u>	<u>35,000</u>
NET CHANGE IN FUND BALANCES	29,426	20,200	49,626
FUND BALANCES - JULY 1	<u>113,671</u>	<u>64,171</u>	<u>177,842</u>
FUND BALANCES - JUNE 30	<u>\$ 143,097</u>	<u>\$ 84,371</u>	<u>\$ 227,468</u>

See accompanying independent auditors' report and notes to financial statements.

## General Capital Assets

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

WASHINGTON CENTRAL SUPERVISORY UNION

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
JUNE 30, 2017

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
Direct Services	\$ -	\$ -	\$ 17,697	\$ -	\$ 17,697
S.S. - Staff	-	-	17,684	-	17,684
S.S. - General Admin	-	-	195,417	-	195,417
Total General Capital Assets	-	-	230,798	-	230,798
Less: Accumulated Depreciation	-	-	(163,237)	-	(163,237)
Net General Capital Assets	\$ -	\$ -	\$ 67,561	\$ -	\$ 67,561

See accompanying independent auditors' report and notes to financial statements.

## WASHINGTON CENTRAL SUPERVISORY UNION

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED JUNE 30, 2017

	General Capital Assets 7/1/16 (Restated)	Additions	Deletions	General Capital Assets 6/30/17
Direct Services	\$ 17,697	\$ -	\$ -	\$ 17,697
S.S. - Staff	26,427	-	(8,743)	17,684
S.S. - General Admin	182,926	12,491	-	195,417
Total General Capital Assets	227,050	12,491	(8,743)	230,798
Less: Accumulated Depreciation	(139,443)	(30,791)	6,997	(163,237)
Net General Capital Assets	<u>\$ 87,607</u>	<u>\$ (18,300)</u>	<u>\$ (1,746)</u>	<u>\$ 67,561</u>

See accompanying independent auditors' report and notes to financial statements.

WASHINGTON CENTRAL SUPERVISORY UNION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal CFDA Number	Pass-through Grantor Number	Expenditures to Subrecipients	Federal Expenditures
U.S. Department of Agriculture Passed through State of Vermont - Department of Education and Cultural Services:				
Child Nutrition Cluster:				
School Breakfast Program	10.555	4452S0321700	\$ -	\$ 53,749
School Lunch Program	10.555	4450S0321700	-	185,508
After School Snack Program	10.555	4448S0321700	-	1,624
Subtotal Child Nutrition Cluster			<u>-</u>	<u>240,881</u>
Summer Food Service	10.559	4455S0321600	-	4,194
Food Distribution Cluster:				
CLOC	10.568	4790S0081700	43,656	43,656
Subtotal Food Distribution Cluster			<u>43,656</u>	<u>43,656</u>
Fresh Fruits and Vegetables	10.582	4449S0321700	-	20,940
Total U.S. Department of Agriculture			<u>43,656</u>	<u>309,671</u>
U.S. Department of Education Passed through State of Vermont - Department of Education and Cultural Services:				
Title IA - Educationally Deprived	84.010	4250S0321701	-	374,450
Special Education Cluster (IDEA):				
IDEA-B Flow Through	84.027	4226S0321701	-	446,182
IDEA-B Part B Section 619	84.173	4228S0321701	-	5,385
Subtotal Special Education Cluster (IDEA)			<u>-</u>	<u>451,567</u>
Title IIA - Teaching Quality	84.367	4651S0321701	-	140,671
Total U.S. Department of Education			<u>-</u>	<u>966,688</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 43,656</u>	<u>\$ 1,276,359</u>

WASHINGTON CENTRAL SUPERVISORY UNION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Washington Central Supervisory Union under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Washington Central Supervisory Union, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Washington Central Supervisory Union.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The U.S. Department of Education (USED) has delegated to the State of Vermont Agency of Education the authority to issue indirect cost rates to all Local Education Agencies (LEAs) based on a plan approved by the USED. Therefore, the Washington Central Supervisory Union does not use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

3. Noncash Awards

The Washington Central Supervisory Union reports U.S. Department of Agriculture (USDA) Foods consumed on the Schedule at the fair value [or entitlement value]. The State of Vermont allocated USDA Foods to the respective program(s) that benefitted from the use of those USDA Foods.

4. Expenditures to Subrecipients

CFDA Number	Berlin School District	Calais School District	East Montpelier School District	Union 32 School District	Total
10.555	\$ -	\$ -	\$ -	\$ -	\$ -
10.558	-	-	-	-	-
10.568	6,441	4,203	4,917	28,095	43,656
10.582	-	-	-	-	-
84.010	-	-	-	-	-
	<u>\$ 6,441</u>	<u>\$ 4,203</u>	<u>\$ 4,917</u>	<u>\$ 28,095</u>	<u>\$ 43,656</u>



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

School Board  
Washington Central Supervisory Union  
Montpelier, Vermont

We have audited, in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities each major fund, and the aggregate remaining fund information of Washington Central Supervisory Union as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Washington Central Supervisory Union's basic financial statements, and have issued our report thereon dated November 29, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Washington Central Supervisory Union'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 Washington Central Supervisory Union's internal control. Accordingly, we do not express an opinion on the effectiveness of Washington Central Supervisory Union's internal control.

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

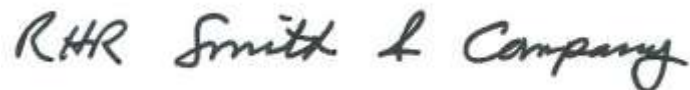
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington Central Supervisory Union'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.

A handwritten signature in cursive script that reads "RHR Smith & Company".

Buxton, Maine  
Vermont Registration No. 092.0000697  
November 29, 2017





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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

School Board  
Washington Central Supervisory Union  
Montpelier, Vermont

Report on Compliance for Each Major Federal Program

We have audited Washington Central Supervisory Union's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Washington Central Supervisory Union's major federal programs for the year ended June 30, 2017. Washington Central Supervisory Union'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Washington Central Supervisory Union'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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Washington Central Supervisory Union's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### Opinion on Each Major Federal Program

In our opinion, Washington Central Supervisory Union 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 for the year ended June 30, 2017.

### Report on Internal Control Over Compliance

Management of Washington Central Supervisory Union 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 Washington Central Supervisory Union's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Washington Central Supervisory Union'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 a 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. 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 the Uniform Guidance. Accordingly, this communication is not suitable for any other purpose.

*RHR Smith & Company*

Buxton, Maine  
Vermont Registration No. 092.0000697  
November 29, 2017

WASHINGTON CENTRAL SUPERVISORY UNION  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 JUNE 30, 2017

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued : Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no
- Noncompliance material to financial statements noted? yes no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between type A and B: \$750,000

Auditee qualified as low-risk auditee? yes no

**Section II – Financial Statement Findings**

None

**Section III – Federal Awards Findings and Questioned Costs**

None