

Federal Compliance Audit

# **Windsor Southeast Supervisory Union**

June 30, 2022



*Proven Expertise & Integrity*

WINDSOR SOUTHEAST SUPERVISORY UNION

CONTENTS

JUNE 30, 2022

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 - 11

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT A - STATEMENT OF NET POSITION	12
STATEMENT B - STATEMENT OF ACTIVITIES	13 - 14

FUND FINANCIAL STATEMENTS

STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	15
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	16
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	17
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	18
STATEMENT G - STATEMENT OF NET POSITION - PROPRIETARY FUNDS	19
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	20
STATEMENT I - STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	21

NOTES TO FINANCIAL STATEMENTS	22 - 60
-------------------------------	---------

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	61
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	62
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	63
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSIONS	64
SCHEDULE 4 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY	65
SCHEDULE 5 - SCHEDULE OF CONTRIBUTIONS - OPEB	66
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	67

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	68
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	69
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	70
SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	71
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	72
SPECIAL REVENUE FUNDS DESCRIPTION	73
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	74 - 77

SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	78 - 81
GENERAL CAPITAL ASSETS DESCRIPTION	82
SCHEDULE G - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	83
SCHEDULE H - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	84
<u>FEDERAL COMPLIANCE</u>	
FEDERAL COMPLIANCE DESCRIPTION	85
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	86
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	87
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	88 - 89
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	90 - 92
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	93



*Proven Expertise & Integrity*

## INDEPENDENT AUDITOR'S REPORT

School Board  
Windsor Southeast Supervisory Union  
Windsor, Vermont

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Windsor Southeast Supervisory Union as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Supervisory Union's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Windsor Southeast Supervisory Union as of June 30, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Windsor Southeast Supervisory Union and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Windsor Southeast Supervisory Union's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Windsor Southeast Supervisory Union's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Windsor Southeast Supervisory Union's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB information on pages 5 through 11 and 62 through 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Windsor Southeast 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, 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 March 30, 2023 on our consideration of Windsor Southeast Supervisory Union's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Windsor Southeast Supervisory Union's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Windsor Southeast Supervisory Union's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
Vermont Registration No. 092.0000697  
March 30, 2023



**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**(UNAUDITED)**

The following management's discussion and analysis of the Windsor Southeast Supervisory Union's financial performance provides an overview of the Supervisory Union's financial activities for the fiscal year ended June 30, 2022. 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 and OPEB 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 two columns for the type of Supervisory Union activity. The type of activity presented for the Supervisory Union is:

- *Governmental activities* - The activities in this section are mostly supported by intergovernmental revenues (federal and state grants). Most of the Supervisory Union's basic services are reported in governmental activities, which include school instruction, support services, Board of Education, fiscal services, Superintendent's office, operations and maintenance, transportation and transfers to districts and program expenses.
- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. The activities for the Supervisory Union includes the school lunch program and the summer food service program.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The 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 two 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 governmental fund is the general 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 School District maintains two proprietary funds, the school lunch program and the summer food service program. 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 Reconciliation of 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, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pensions, Schedule of Proportionate Share of the Net OPEB Liability, Schedule of Contributions - OPEB and Notes to Required Supplementary Information.

## Other Supplementary Information

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

## Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the School District's governmental and business-type activities. The School District's total net position for governmental activities increased by \$310,078 from a deficit balance of \$80,816 to a balance of \$229,262. For business-type activities, the School District's net position increased by \$97,876 from \$0 to \$97,876.

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 - ended the year for governmental activities with a deficit balance of \$98,227 at the end of the fiscal year. For business-type activities, the balance was \$62,708.

**Table 1**  
**Windsor Southeast Supervisory Union**  
**Net Position**  
**June 30,**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Assets</b>				
Current Assets	\$ 1,713,039	\$ 1,899,161	\$ 159,242	\$ 191,844
Noncurrent Assets - Capital Assets	48,901	95,617	35,168	40,036
Total Assets	<u>1,761,940</u>	<u>1,994,778</u>	<u>194,410</u>	<u>231,880</u>
<b>Deferred Outflows of Resources</b>				
Deferred Outflows Related to Pensions	640,559	505,747	-	-
Total Deferred Outflows of Resources	<u>640,559</u>	<u>505,747</u>	<u>-</u>	<u>-</u>
<b>Liabilities</b>				
Current Liabilities	946,149	1,572,649	96,534	231,880
Noncurrent Liabilities	781,583	1,005,870	-	-
Total Liabilities	<u>1,727,732</u>	<u>2,578,519</u>	<u>96,534</u>	<u>231,880</u>
<b>Deferred Inflows of Resources</b>				
Deferred Inflows Related to Pensions	445,505	2,822	-	-
Total Deferred Inflows of Resources	<u>445,505</u>	<u>2,822</u>	<u>-</u>	<u>-</u>
<b>Net Position (Deficit)</b>				
Net Investment in Capital Assets	48,901	95,617	35,168	40,036
Restricted	278,589	107,811	-	-
Unrestricted (deficit)	(98,228)	(284,244)	62,708	(40,036)
Total Net Position (Deficit)	<u>\$ 229,262</u>	<u>\$ (80,816)</u>	<u>\$ 97,876</u>	<u>\$ -</u>

## Revenues and Expenses

Revenues for the Supervisory Union increased by 11.72% from the prior year and expenses increased by 6.68% from the prior year. The largest increase in revenues was in grants and contributions not restricted to specific programs. The largest increase in expenses was in support services.

Revenues for the Supervisory Union's business-type activities increased by 25.14% and expenses increased by 14.55%.

**Table 2**  
**Windsor Southeast Supervisory Union**  
**Change in Net Position**  
**For the Years Ended June 30,**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Revenues</b>				
<i>Program Revenues:</i>				
Charges for services	\$ -	\$ -	\$ 23,686	\$ 16,667
Operating grants and contributions	1,693,892	1,801,185	-	-
<i>General Revenues:</i>				
Grants and contributions not restricted to specific programs	13,410,665	11,637,649	1,179,551	888,876
Miscellaneous	100,550	171,258	10,238	2,834
<b>Total Revenues</b>	<b>15,205,107</b>	<b>13,610,092</b>	<b>1,213,475</b>	<b>908,377</b>
<b>Expenses</b>				
School instruction	4,849,093	5,213,945	-	-
Support services	3,150,360	2,465,305	-	-
Board of Education	31,786	29,018	-	-
Fiscal services	636,153	556,392	-	-
Superintendent's office	311,827	263,095	-	-
Operations and maintenance	173,397	77,771	-	-
Transportation and transfers to districts	1,124,730	1,052,480	-	-
On-behalf payments	1,693,892	1,801,185	-	-
Program expenses	2,923,791	2,503,397	1,115,599	953,281
<b>Total Expenses</b>	<b>14,895,029</b>	<b>13,962,588</b>	<b>1,115,599</b>	<b>953,281</b>
Equity transfer of capital assets	-	-	-	44,904
<b>Change in Net Position (Deficit)</b>	<b>310,078</b>	<b>(352,496)</b>	<b>97,876</b>	<b>-</b>
<b>Net Position (Deficit) - July 1, Restated</b>	<b>(80,816)</b>	<b>271,680</b>	<b>-</b>	<b>-</b>
<b>Net Position (Deficit) - June 30</b>	<b>\$ 229,262</b>	<b>\$ (80,816)</b>	<b>\$ 97,876</b>	<b>\$ -</b>

## 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**  
**Windsor Southeast Supervisory Union**  
**Fund Balances - Governmental Funds**  
**June 30,**

	<u>2022</u>	<u>2021</u>	<u>Increase/ (Decrease)</u>
Major Fund:			
General Fund:			
Nonspendable	\$ 5,245	\$ 8,180	\$ (2,935)
Unassigned	490,513	286,845	203,668
Total Major Fund	<u>\$ 495,758</u>	<u>\$ 295,025</u>	<u>\$ 200,733</u>
Nonmajor Funds:			
Nonmajor Special Revenue Funds:			
Nonspendable	\$ 1,216	\$ 3,872	\$ (2,656)
Restricted	278,589	107,811	170,778
Unassigned	-	(62,279)	62,279
Total Nonmajor Special Revenue Funds	<u>\$ 279,805</u>	<u>\$ 49,404</u>	<u>\$ 230,401</u>

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

### Budgetary Highlights

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

The general fund revenues exceeded budgeted amounts by \$81,470. This was due to all revenues being receipted in excess of budgeted amounts with the exception of intergovernmental - special education.

The general fund expenditures were below budgeted amounts by \$119,263. All expenditure categories were expended in excess of budgeted amounts with the exception of school instruction and transportation and transfers to districts.

## **Capital Asset and Long-Term Debt Activity**

### **Capital Assets**

As of June 30, 2022 the Supervisory Union's capital assets decreased by \$98,300. This decrease was due to additions of \$5,710 less current year depreciation expense of \$57,294.

**Table 4**  
**Windsor Southeast Supervisory Union**  
**Capital Assets (Net of Depreciation)**  
**June 30,**

	<u>2022</u>	<u>2021</u>
Furniture and equipment	<u>\$ 84,069</u>	<u>\$ 135,653</u>
Total	<u><u>\$ 84,069</u></u>	<u><u>\$ 135,653</u></u>

### **Debt**

At June 30, 2022, the Supervisory Union had no long-term debt.

### **Currently Known Facts, Decisions or Conditions**

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

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

### **Contacting the 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 Windsor Southeast Supervisory Union located at 105 Main Street, Suite 200, Windsor, Vermont 05089.

## WINDSOR SOUTHEAST SUPERVISORY UNION

## STATEMENT OF NET POSITION

JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 327,124	\$ -	\$ 327,124
Accounts receivable (net of allowance for uncollectibles)	3,253	227	3,480
Due from other governments	1,383,208	81,622	1,464,830
Inventory	-	14,119	14,119
Prepaid items	6,460	-	6,460
Internal balances	(7,006)	7,006	-
Total current assets	<u>1,713,039</u>	<u>102,974</u>	<u>1,816,013</u>
Noncurrent assets:			
Furniture and equipment, net of accumulated depreciation	<u>48,901</u>	<u>35,168</u>	<u>84,069</u>
Total noncurrent assets	<u>48,901</u>	<u>35,168</u>	<u>84,069</u>
<b>TOTAL ASSETS</b>	<u>1,761,940</u>	<u>138,142</u>	<u>1,900,082</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	<u>640,559</u>	<u>-</u>	<u>640,559</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>640,559</u>	<u>-</u>	<u>640,559</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 2,402,499</u>	<u>\$ 138,142</u>	<u>\$ 2,540,641</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 521,609	\$ 34,841	\$ 556,450
Accrued expenses	174,680	5,425	180,105
Due to other governments	241,188	-	241,188
Current portion of long-term obligations	<u>8,672</u>	<u>-</u>	<u>8,672</u>
Total current liabilities	<u>946,149</u>	<u>40,266</u>	<u>986,415</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Accrued compensated absences	26,014	-	26,014
Net pension liability	<u>755,569</u>	<u>-</u>	<u>755,569</u>
Total noncurrent liabilities	<u>781,583</u>	<u>-</u>	<u>781,583</u>
<b>TOTAL LIABILITIES</b>	<u>1,727,732</u>	<u>40,266</u>	<u>1,767,998</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	<u>445,505</u>	<u>-</u>	<u>445,505</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>445,505</u>	<u>-</u>	<u>445,505</u>
<b>NET POSITION</b>			
Net investment in capital assets	48,901	35,168	84,069
Restricted - nonmajor special revenue funds	278,589	-	278,589
Unrestricted (deficit)	<u>(98,228)</u>	<u>62,708</u>	<u>(35,520)</u>
<b>TOTAL NET POSITION</b>	<u>229,262</u>	<u>97,876</u>	<u>327,138</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 2,402,499</u>	<u>\$ 138,142</u>	<u>\$ 2,540,641</u>

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



## WINDSOR SOUTHEAST SUPERVISORY UNION

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - type Activities	Total
Governmental activities:							
School instruction	\$ 4,849,093	\$ -	\$ -	\$ -	\$(4,849,093)	\$ -	\$(4,849,093)
Support services	3,150,360	-	-	-	(3,150,360)	-	(3,150,360)
Board of Education	31,786	-	-	-	(31,786)	-	(31,786)
Fiscal services	636,153	-	-	-	(636,153)	-	(636,153)
Superintendent's office	311,827	-	-	-	(311,827)	-	(311,827)
Operations and maintenance	173,397	-	-	-	(173,397)	-	(173,397)
Transportation and transfers to districts	1,124,730	-	-	-	(1,124,730)	-	(1,124,730)
On-behalf payments	1,693,892	-	1,693,892	-	-	-	-
Program expenses	2,923,791	-	-	-	(2,923,791)	-	(2,923,791)
Total governmental activities	14,895,029	-	1,693,892	-	(13,201,137)	-	(13,201,137)
Business-type activities:							
School lunch program	1,104,590	23,686	-	-	-	(1,080,904)	(1,080,904)
Summer food service program	11,009	-	-	-	-	(11,009)	(11,009)
Total business-type activities	1,115,599	23,686	-	-	-	(1,091,913)	(1,091,913)
Total government	\$ 16,010,628	\$ 23,686	\$ 1,693,892	\$ -	(13,201,137)	(1,091,913)	(14,293,050)

STATEMENT B (CONTINUED)  
WINDSOR SOUTHEAST SUPERVISORY UNION

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	(13,201,137)	(1,091,913)	(14,293,050)
General revenues:			
Grants and contributions not restricted to specific programs	13,410,665	1,179,551	14,590,216
Miscellaneous	100,550	10,238	110,788
Total general revenues	13,511,215	1,189,789	14,701,004
Change in net position	310,078	97,876	407,954
NET POSITION - JULY 1	(80,816)	-	(80,816)
NET POSITION - JUNE 30	\$ 229,262	\$ 97,876	\$ 327,138

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

## WINDSOR SOUTHEAST SUPERVISORY UNION

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 327,093	\$ 32	\$ 327,125
Accounts receivable (net of allowance for uncollectibles)	-	3,253	3,253
Due from other governments	697,365	685,843	1,383,208
Prepaid items	5,245	1,216	6,461
Due from other funds	458,350	323,148	781,498
<b>TOTAL ASSETS</b>	<b><u>\$ 1,488,053</u></b>	<b><u>\$ 1,013,492</u></b>	<b><u>\$ 2,501,545</u></b>
<b>LIABILITIES</b>			
Accounts payable	\$ 453,179	\$ 68,431	\$ 521,610
Accrued payroll	90,829	83,851	174,680
Due to other governments	62,488	178,700	241,188
Due to other funds	385,799	402,705	788,504
<b>TOTAL LIABILITIES</b>	<b><u>992,295</u></b>	<b><u>733,687</u></b>	<b><u>1,725,982</u></b>
<b>FUND BALANCES</b>			
Nonspendable	5,245	1,216	6,461
Restricted	-	278,589	278,589
Committed	-	-	-
Assigned	-	-	-
Unassigned	490,513	-	490,513
<b>TOTAL FUND BALANCES</b>	<b><u>495,758</u></b>	<b><u>279,805</u></b>	<b><u>775,563</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 1,488,053</u></b>	<b><u>\$ 1,013,492</u></b>	<b><u>\$ 2,501,545</u></b>

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

## WINDSOR SOUTHEAST SUPERVISORY UNION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022

	Total Governmental Funds
	<hr/>
Total Fund Balances	\$ 775,563
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	48,901
Deferred outflows of resources related to pension are not financial resources and therefore are not reported in the funds	640,559
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	(34,686)
Net pension liability	(755,569)
Deferred inflows of resources related to pension are not financial resources and therefore are not reported in the funds	<hr/> (445,505)
Net position of governmental activities	<hr/> <u>\$ 229,263</u>

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

## WINDSOR SOUTHEAST SUPERVISORY UNION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Intergovernmental revenues	\$10,761,138	\$ 3,061,925	\$13,823,063
Interest income	688	-	688
Miscellaneous revenues	7,596	92,266	99,862
TOTAL REVENUES	<u>10,769,422</u>	<u>3,154,191</u>	<u>13,923,613</u>
EXPENDITURES			
Current:			
School instruction	4,728,038	-	4,728,038
Support services	3,150,360	-	3,150,360
Board of Education	31,786	-	31,786
Fiscal services	636,153	-	636,153
Superintendent's office	311,827	-	311,827
Operations and maintenance	173,397	-	173,397
Transportation and transfers to districts	1,124,730	-	1,124,730
On-behalf payments	412,398	-	412,398
Program expenses	-	2,923,791	2,923,791
TOTAL EXPENDITURES	<u>10,568,689</u>	<u>2,923,791</u>	<u>13,492,480</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>200,733</u>	<u>230,400</u>	<u>431,133</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	307,115	307,115
Transfers (out)	-	(307,115)	(307,115)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	200,733	230,400	431,133
FUND BALANCES - JULY 1	<u>295,025</u>	<u>49,404</u>	<u>344,429</u>
FUND BALANCES - JUNE 30	<u><u>\$ 495,758</u></u>	<u><u>\$ 279,805</u></u>	<u><u>\$ 775,562</u></u>

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

## WINDSOR SOUTHEAST SUPERVISORY UNION

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

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 431,133</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 purchases	5,710
Depreciation expense	<u>(52,426)</u>
	<u>(46,716)</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>134,812</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>(442,683)</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	36,980
Net pension liability	<u>196,552</u>
	<u>233,532</u>

Change in net position of governmental activities (Statement B)	<u><u>\$ 310,078</u></u>
---	--------------------------

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

## WINDSOR SOUTHEAST SUPERVISORY UNION

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2022

	Enterprise Funds		
	School Lunch Program	Summer Food Service Program	Total
<b>ASSETS</b>			
Current assets:			
Accounts receivable (net of allowance for uncollectibles)	\$ 227	\$ -	\$ 227
Due from other governments	25,354	56,268	81,622
Inventory	14,119	-	14,119
Due from other funds	63,274	-	63,274
Total current assets	<u>102,974</u>	<u>56,268</u>	<u>159,242</u>
Noncurrent assets:			
Capital assets:			
Equipment	<u>91,611</u>	<u>-</u>	<u>91,611</u>
Less: accumulated depreciation	<u>(56,443)</u>	<u>-</u>	<u>(56,443)</u>
Total noncurrent assets	<u>35,168</u>	<u>-</u>	<u>35,168</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 138,142</u></u>	<u><u>\$ 56,268</u></u>	<u><u>\$ 194,410</u></u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 34,841	\$ -	\$ 34,841
Accrued expenses	5,425	-	5,425
Due to other funds	-	56,268	56,268
Total current liabilities	<u>40,266</u>	<u>56,268</u>	<u>96,534</u>
<b>TOTAL LIABILITIES</b>	<u>40,266</u>	<u>56,268</u>	<u>96,534</u>
<b>NET POSITION</b>			
Net investment in capital assets	35,168	-	35,168
Unrestricted	<u>62,708</u>	<u>-</u>	<u>62,708</u>
<b>TOTAL NET POSITION</b>	<u>97,876</u>	<u>-</u>	<u>97,876</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 138,142</u></u>	<u><u>\$ 56,268</u></u>	<u><u>\$ 194,410</u></u>

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

## WINDSOR SOUTHEAST SUPERVISORY UNION

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

	Enterprise Funds		
	School Lunch Program	Summer Food Service Program	Total
OPERATING REVENUES			
Intergovernmental	\$ 409,260	\$ 770,291	\$ 1,179,551
Charges for services	23,686	-	23,686
Miscellaneous	10,238	-	10,238
TOTAL OPERATING REVENUES	<u>443,184</u>	<u>770,291</u>	<u>1,213,475</u>
OPERATING EXPENSES			
Salaries	418,320	-	418,320
Benefits	192,813	-	192,813
Outside services	24,898	316	25,214
Food and supplies	435,337	10,693	446,030
Equipment and software	28,188	-	28,188
Depreciation	4,868	-	4,868
Other	166	-	166
TOTAL OPERATING EXPENSES	<u>1,104,590</u>	<u>11,009</u>	<u>1,115,599</u>
OPERATING INCOME (LOSS)	<u>(661,406)</u>	<u>759,282</u>	<u>97,876</u>
NONOPERATING REVENUES (EXPENSES)			
Transfers in	759,282	-	759,282
Transfers (out)	-	(759,282)	(759,282)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>759,282</u>	<u>(759,282)</u>	<u>-</u>
CHANGES IN NET POSITION	97,876	-	97,876
NET POSITION - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION - JUNE 30	<u>\$ 97,876</u>	<u>\$ -</u>	<u>\$ 97,876</u>

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



## WINDSOR SOUTHEAST SUPERVISORY UNION

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Enterprise Funds		
	School Lunch Program	Summer Food Service Program	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 34,611	\$ -	\$ 34,611
Intergovernmental receipts	529,489	751,370	1,280,859
Internal activity - receipts (payments) from/to other funds	(227,076)	18,921	(208,155)
Payments to employees	(611,133)	-	(611,133)
Payments to suppliers	(485,173)	(11,009)	(496,182)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(759,282)	759,282	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	759,282	(759,282)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	759,282	(759,282)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	-
CASH AND CASH EQUIVALENTS - JULY 1	-	-	-
CASH AND CASH EQUIVALENTS - JUNE 30	\$ -	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (661,406)	\$ 759,282	\$ 97,876
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	4,868	-	4,868
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	687	-	687
(Increase) decrease in due from other governments	120,229	(18,921)	101,308
(Increase) decrease in inventory	(6,119)	-	(6,119)
(Increase) decrease in due from other funds	(62,651)	-	(62,651)
(Decrease) increase in accounts payable	5,538	-	5,538
(Decrease) increase in accrued expenses	3,997	-	3,997
(Decrease) increase in due to other funds	(164,425)	18,921	(145,504)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (759,282)	\$ 759,282	\$ -

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

# WINDSOR SOUTHEAST SUPERVISORY UNION

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Reporting Entity**

The Supervisory Union was incorporated under the laws of the State of Vermont. The Supervisory Union operates under a Board of Directors-superintendent form of government and provides the following services: school instruction, support services, Board of Education, fiscal services, Superintendent's office, operations and maintenance, transportation and transfers to district and program expenses.

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, 2022, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

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

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

WINDSOR SOUTHEAST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

# WINDSOR SOUTHEAST SUPERVISORY UNION

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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

benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements and (3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management has determined the impact of this Statement is not material to the financial statements.

#### **Government-Wide and Fund Financial Statements**

The 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 school lunch program and summer food service program are categorized as business-type activities. All other activities of the School District are categorized as governmental.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The 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 School District's functions and business-type activities (instruction, administration, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or 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 (assessments, certain intergovernmental revenues and interest income, etc.).

WINDSOR SOUTHEAST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide focus is more on the sustainability of the 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 and 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 Fund

- 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.

Nonmajor Funds:

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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

WINDSOR SOUTHEAST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

proprietary activity. Nonoperating 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 School District:

- 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.

**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.

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.

WINDSOR SOUTHEAST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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	\$ 10,357,024
Add: On-behalf payments	<u>412,398</u>
Total GAAP basis	<u>\$ 10,769,422</u>
Expenditures per budgetary basis	\$ 10,156,291
Add: On-behalf basis	<u>412,398</u>
Total GAAP basis	<u>\$ 10,568,689</u>

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

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

WINDSOR SOUTHEAST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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 deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

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

**Receivables**

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible amounts is estimated to be \$0 as of June 30, 2022. Accounts receivable netted with allowances for uncollectible accounts were \$1,468,310 for the year ended June 30, 2022.

**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 government-wide financial statements as "internal balances".



WINDSOR SOUTHEAST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Inventories and Prepaid Items**

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

Inventories consist of expendable supplies held for consumption and are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). Inventory of the business-type funds consists of supplies and food.

**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. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

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

Estimated useful lives are as follows:

Furniture and equipment	3 - 20 years
-------------------------	--------------

**Long-term Obligations**

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

WINDSOR SOUTHEAST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of 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 the proprietary fund is the same in the fund statements as it is in the government-wide statements.

**Pensions**

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

**OPEB**

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

**Net Position**

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

# WINDSOR SOUTHEAST SUPERVISORY UNION

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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

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 School Board 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 given through Vermont Statutes Annotated Title 16 §567 and is expressed by the School Board.

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the 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

# WINDSOR SOUTHEAST SUPERVISORY UNION

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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

finally unassigned funds, as needed, unless the School Board 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 this item, deferred outflows related to pensions. This item is reported in the statement of net position.

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

#### **Program Revenues**

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

#### **Operating/Nonoperating Proprietary Fund Revenues**

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

#### **Encumbrance Accounting**

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

WINDSOR SOUTHEAST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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.

At June 30, 2022, the Supervisory Union's cash balance of \$327,125 was comprised of bank deposits of \$369,617. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Supervisory Union's cash balance. Of these deposits, \$250,000 were fully covered by federal depository insurance and consequently were not exposed to custodial credit risk. The remaining balance of \$119,617 was insured by a letter of credit.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	<u>\$ 369,617</u>

WINDSOR SOUTHEAST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

**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.

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.

At June 30, 2022, the Supervisory Union did not have any 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.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

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

	Receivables (Due from)	Payables (Due to)
General fund	\$ 458,350	\$ 385,799
Nonmajor special revenue funds	323,148	402,705
Enterprise funds	62,651	55,645
	<u>\$ 844,149</u>	<u>\$ 844,149</u>

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

# WINDSOR SOUTHEAST SUPERVISORY UNION

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

### NOTE 4 - INTERFUND TRANSFERS

Interfund balances at June 30, 2022 consisted of the following

	Transfers From	Transfers To
Nonmajor special revenue funds	\$ 307,115	\$ 307,115
Enterprise funds	759,282	759,282
	<u>\$ 1,066,397</u>	<u>\$ 1,066,397</u>

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

### NOTE 5 - CAPITAL ASSETS

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

	Balance 7/1/21	Additions	Disposals	Balance 6/30/22
<u>Governmental activities:</u>				
Depreciated assets:				
Machinery and equipment	\$ 226,866	\$ 5,710	\$ -	\$ 232,576
	<u>226,866</u>	<u>5,710</u>	<u>-</u>	<u>232,576</u>
Less: accumulated depreciation				
Machinery and equipment	(131,249)	(52,426)	-	(183,675)
	<u>(131,249)</u>	<u>(52,426)</u>	<u>-</u>	<u>(183,675)</u>
Net capital assets governmental activities	<u>\$ 95,617</u>	<u>\$ (46,716)</u>	<u>\$ -</u>	<u>\$ 48,901</u>
<u>Business-type activities:</u>				
Depreciated assets:				
Machinery and equipment	91,611	-	-	91,611
	<u>91,611</u>	<u>-</u>	<u>-</u>	<u>91,611</u>
Less: accumulated depreciation	(51,575)	(4,868)	-	(56,443)
	<u>(51,575)</u>	<u>(4,868)</u>	<u>-</u>	<u>(56,443)</u>
Net capital assets business-type activities	<u>40,036</u>	<u>(4,868)</u>	<u>-</u>	<u>35,168</u>
Total	<u>\$ 135,653</u>	<u>\$ (51,584)</u>	<u>\$ -</u>	<u>\$ 84,069</u>
<u>Current year depreciation:</u>				
Governmental activities - school instruction				\$ 52,426
Business-type activities - school lunch program				4,868
Total depreciation expenses				<u>\$ 57,294</u>

# WINDSOR SOUTHEAST SUPERVISORY UNION

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

### NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of changes in the long-term obligations for the year ended June 30, 2022:

	Balance, 7/1/21	Additions	Deletions	Balance, 6/30/22	Current Portion
Accrued compensated absences	\$ 71,666	\$ -	\$ (36,980)	\$ 34,686	\$ 8,672
Net pension liability	952,121	379,337	(575,889)	755,569	-
	<u>\$ 1,023,787</u>	<u>\$ 379,337</u>	<u>\$ (612,869)</u>	<u>\$ 790,255</u>	<u>\$ 8,672</u>

Please see Notes 7 and 11 for detailed information on each of the long-term obligations.

### NOTE 7 - ACCRUED 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 a long-term obligation in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2022, the Supervisory Union's liability for compensated absences is \$34,686.

### NOTE 8 - NET INVESTMENT IN CAPITAL ASSETS

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

	Governmental activities	Business-type activities
Invested in capital assets	\$ 232,576	\$ 91,611
Accumulated depreciation	(183,675)	(56,443)
	<u>\$ 48,901</u>	<u>\$ 35,168</u>



# WINDSOR SOUTHEAST SUPERVISORY UNION

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

### NOTE 9 - RESTRICTED NET POSITION AND FUND BALANCES

At June 30, 2022, the Supervisory Union had the following restricted net position and fund balances:

Nonmajor special revenue funds	
Best	\$ 6,342
Act 230	7,046
Early childhood education	97,224
Supply chain assistance	3,554
ARPA child and family	16,571
IEP medicaid	8,091
EPSDT medicaid	41,396
Licensing fees	5,519
E-rate	56,564
Farm to school	12,291
VEHI health initiative	22,634
VT rise	1,357
	<u>\$ 278,589</u>

### NOTE 10 - NONSPENDABLE FUND BALANCES

At June 30, 2022, the Supervisory Union had the following nonspendable fund balances:

General fund:	
Prepaid items	\$ 5,245
Nonmajor special revenue funds (Schedule E)	<u>1,216</u>
	<u>\$ 6,461</u>

### NOTE 11 - 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 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

## WINDSOR SOUTHEAST SUPERVISORY UNION

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

#### NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

for those covered classes is a condition of employment. During the year ended June 30, 2020 (the most recent period available), the retirement system consisted of 23,436 participating members.

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

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

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

#### **Benefits Provided**

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

WINDSOR SOUTHEAST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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
Benefit formula - normal service retirement	1.67% x creditable service x AFC	1.25% x service prior to 7/1/90 x AFC + 1.67% x service after 7/1/90 x AFC	1.25% x service prior to 7/1/90 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

WINDSOR SOUTHEAST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

<b>VSTRS</b>	<b>Group A</b>	<b>Group C - Group # 1</b>	<b>Group C - Group # 2</b>
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 pay full premium	Members pay full premium	Members pay 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 behalf of the Supervisory Union's employees included in the teacher's retirement plan which approximates \$412,398 or 19.28% of total payroll for employees covered under the plan.

Employee contribution rates by plan group follow:

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

Employee contributions totaled \$133,226 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 \$2,360,242 for the year ended June 30, 2022. Beginning in 2016, school districts that pay for teachers with federal dollars are required to include costs of

## WINDSOR SOUTHEAST SUPERVISORY UNION

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

#### NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

pensions in the federal grant, lowering the liability for the State. Federally funded pension costs reimbursed to the State by the Supervisory Union for the fiscal year ending June 30, 2022 were \$136,162. The Supervisory Union's total payroll for all federally funded employees covered under this plan was \$706,234 for the year ended June 30, 2022.

#### VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

##### **Plan Description**

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

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

# WINDSOR SOUTHEAST SUPERVISORY UNION

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

### NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

#### Benefits Provided

The pension plan is divided into four membership groups:

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

The Supervisory Union participates in Groups A and 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

WINDSOR SOUTHEAST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

<b>VMERS</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>	<b>Group D</b>
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.

# WINDSOR SOUTHEAST SUPERVISORY UNION

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

### NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

#### Contributions

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

<b>VMERS</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>	<b>Group D</b>
Employee Contributions	3.250% of gross salary	5.625% of gross salary	10.750% of gross salary	12.100% of gross salary
Employer Contributions	4.750% of gross salary	6.250% of gross salary	8.000% of gross salary	10.600% 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 year ended June 30, 2022 totaled \$93,317. The Supervisory Union contributed \$133,206 for the year ended June 30, 2022. The Supervisory Union's total payroll for the year ended June 30, 2022 for all employees covered under this plan was \$2,735,359.

#### 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, 2022. The State's portion of the collective net pension liability that was associated with the Supervisory Union was as follows:

Supervisory Union's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Supervisory Union	<u>5,000,196</u>
Total	<u><u>\$ 5,000,196</u></u>



# WINDSOR SOUTHEAST SUPERVISORY UNION

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

### NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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, 2021, 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, 2021, the Supervisory Union's proportion was 0.29491% which was an increase of 0.02711% from its proportion measured as of June 30, 2020.

#### *VMERS Plan*

At June 30, 2022, the Supervisory Union reported a liability of \$755,569 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2021 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2020. 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, 2021, the Supervisory Union's proportion was 0.51335% for VMERS, which was an increase of 0.13698% from its proportion measured as of June 30, 2020 for VMERS.

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

For the year ended June 30, 2022, the Supervisory Union recognized total pension expense of \$851,140 and revenue of \$851,140 for support provided by the State of Vermont for the VSTRS plan. In the same period, the Supervisory Union recognized pension expense of \$111,319 for the VMERS plan. At June 30, 2022, the Supervisory Union reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

# WINDSOR SOUTHEAST SUPERVISORY UNION

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

### NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	VSTRS		VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ 140,825	\$ -
Changes of assumptions	-	-	119,429	-
Net difference between projected and actual earnings on pension plan investments	-	-	-	445,505
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-	247,099	-
Contributions subsequent to the measurement date	-	-	133,206	-
Total	\$ -	\$ -	\$ 640,559	\$ 445,505

\$133,206 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, 2023. 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:		
2022	\$ -	\$ 76,432
2023	-	50,025
2024	-	8,385
2025	-	(72,994)
2026	-	-
Thereafter	-	-

### Significant Actuarial Assumptions and Methods

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

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

*Inflation:* For both plans, 2.30%.

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

WINDSOR SOUTHEAST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Deaths After Retirement:

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

- *Pre-Retirement:* PubT-2010 Teacher Employee Amount-Weighted Table with generational projection using scale MP-2019
- *Retiree Healthy Post-Retirement:* PubT-2010 Teacher Healthy Retiree Amount-Weighted Table with generational projection using scale MP- 2019
- *Disabled Post-Retirement:* PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2019

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

*Pre-Retirement:*

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

*Healthy Post-Retirement - Retirees:*

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

WINDSOR SOUTHEAST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

*Disabled Post-Retirement:*

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

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

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

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

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

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

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

*Actuarial Cost Method:* For both plans is the Entry Age Actuarial Cost Method. Entry age is the age at date of employment or, if date is unknown, current age minus years of service. Normal Cost and Accrued Actuarial Liability are calculated on an

# WINDSOR SOUTHEAST SUPERVISORY UNION

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

### NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

individual basis and are allocated by salary, with Normal Cost determined using the plan of benefits applicable to each participant.

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

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

The *long-term expected rate of return* on both plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class. These best estimate ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

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

# WINDSOR SOUTHEAST SUPERVISORY UNION

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

### NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

#### Discount Rate

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

#### 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 7.00% for both the VSTRS and VMERS plans, 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 (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
<u>VSTRS:</u>			
Discount rate	6.00%	7.00%	8.00%
Supervisory Union's proportionate share of the net pension liability	\$ -	\$ -	\$ -
<u>VMERS:</u>			
Discount rate	6.00%	7.00%	8.00%
Supervisory Union's proportionate share of the net pension liability	\$ 1,493,426	\$ 755,569	\$ 148,835

#### 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 Annual Comprehensive Financial Report. That report can be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](https://www.vermont.gov/finance/annual-comprehensive-financial-report).

WINDSOR SOUTHEAST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

**Plan Description**

The Vermont State Teachers' Retirement System provides postemployment benefits to eligible VSTRS employees who retire from the System through a cost-sharing, multiple-employer postemployment benefit (OPEB) plan (the Plan).

The plan covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2020, the Plan consisted of 7,094 retired members or beneficiaries currently receiving benefits and 9,996 active members.

Vermont Statute Title 16 Chapter 55 assigns the authority to VSTRS to establish and amend the benefits provisions of the Plan and to establish maximum obligations of the Plan members to contribute to the Plan. Management of the Plan is vested in the Vermont State Teachers' Retirement System Board of Trustees, which consists of the Secretary of Education (ex-officio); the State Treasurer (ex-officio); the Commissioner of Financial Regulation (ex-officio); two trustees and one alternate who are members of the system (each elected by the system under rules adopted by the Board) and one trustee and one alternate who are retired members of the system receiving retirement benefits (who are elected by the Association of Retired Teachers of Vermont).

All assets of the Plan are held in a single trust and are available to pay OPEB benefits to all members. The Vermont State Agency of Administration issues a publicly available Annual Comprehensive Financial Report that includes financial statements and required supplementary information for the VSTRS. That report may be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](#).

**Benefits Provided**

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

WINDSOR SOUTHEAST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

**Contributions**

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

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

\* Spouses of retirees who do not meet the requirements for an 80% subsidy can receive unsubsidized coverage

Premium Reduction Option: Participants retiring on or after January 1, 2007 with a VSTRS premium subsidy have a one-time option to reduce the VSTRS subsidy percentage during the retiree's life so that a surviving spouse may continue to receive the same VSTRS subsidy for the spouse's lifetime. If the retiree elects the joint and survivor pension option but not the Premium Reduction Option, spouses are covered for the spouse's lifetime but pay 100% of the plan premium after the retiree's death.

Retirees pay full cost of dental benefits.



WINDSOR SOUTHEAST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

**OPEB Liabilities**

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

Supervisory Union's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Supervisory Union	<u>2,868,754</u>
Total	<u>\$ 2,868,754</u>

The State of Vermont's proportionate share of the net OPEB liability associated with the Supervisory Union is equal to the collective net OPEB liability, actuarially measured as of June 30, 2021, 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, 2021, the Supervisory Union's proportion was 0.32677% which was an increase of 0.05211% from its proportion measured as of June 30, 2020.

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

For the year ended June 30, 2022, the Supervisory Union recognized total OPEB expense of \$430,354 and revenue of \$430,354 for support provided by the State of Vermont for the Plan. At June 30, 2022, the Supervisory Union reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

WINDSOR SOUTHEAST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	<u>VSTRS OPEB Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ -</u>	<u>\$ -</u>

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

	<u>VSTRS OPEB Plan</u>
Plan year ended June 30:	
2022	\$ -
2023	-
2024	-
2025	-
2026	-
Thereafter	-

**Discount Rate**

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

# WINDSOR SOUTHEAST SUPERVISORY UNION

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

### NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
VSTRS OPEB Plan:			
Discount rate	1.20%	2.20%	3.20%
Supervisory Union's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -

#### Healthcare Trend Rate

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The trend rate assumptions were developed using Segal's internal guidelines, which are established each year using data sources such as the 2021 Segal Health Trend Survey, internal client results, trends from other published surveys prepared by the S&P Dow Jones Indices, consulting firms and brokers and CPI statistics published by the Bureau of Labor Statistics. The sensitivity of net OPEB liability to changes in healthcare trend rates are as follows:

	1% Decrease	Healthcare Trend Rates	1% Increase
Supervisory Union's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -

#### Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2020, using the following methods and assumptions applied to all periods included in the measurement:

##### *Actuarial Cost Method*

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

##### *Amortization*

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

# WINDSOR SOUTHEAST SUPERVISORY UNION

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

### NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

#### *Asset Valuation Method*

The Asset Valuation Method used is market value as of the measurement date.

The long-term expected rate of return on OPEB plan investments are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Passive Global Equities	24.00%	5.05%
Active Global Equities	5.00%	5.05%
US Equity - Large Cap	4.00%	4.00%
US Equity - Small/Mid Cap	3.00%	4.50%
Non-US Developed Market Equities	7.00%	5.50%
Emerging Markets Debt	4.00%	3.00%
Core Bonds	19.00%	0.00%
Private and Alternative Credit	10.00%	4.75%
US TIPS	3.00%	-0.50%
Core Real Estate	4.00%	3.75%
Non-Core Real Estate	4.00%	5.75%
Private Equity	10.00%	6.75%
Infrastructure/Farmland	3.00%	4.25%
	<u>100.00%</u>	

#### *Assumptions*

The actuarial assumptions used to calculate the actuarially determined contribution rates can be found in the Report on the Actuarial Valuation of Post-Retirement Benefits of the Vermont State Teachers' Retirement System Prepared as of June 30, 2016 completed by Buck Consulting. As of June 30, 2021, they are as follows:

Discount Rate	2.20%
Salary Increase Rate	Varies by age
Non-Medicare	6.700% graded to 4.50% over 10 years
Medicare	6.000% graded to 4.50% over 11 years
Retiree Contributions	Equal to health trend
Pre-retirement Mortality	PubT-2010 Teacher Employee Headcount- Weighted Table with generational projection using scale MP-2019

WINDSOR SOUTHEAST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Post-retirement Mortality	Retirees: PubT-2010 Teacher Healthy Retiree Headcount-Weighted Table Spouses: 109% of the Pub-2010 Contingent Survivor Headcount-Weighted Table, both Retirees and Spouses with generational projection using scale MP-2019
---------------------------	--

**Changes in Net OPEB Liability**

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

*Changes in Assumptions*

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

**OPEB Plan Fiduciary Net Position**

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

# WINDSOR SOUTHEAST SUPERVISORY UNION

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

### NOTE 13 - RISK MANAGEMENT

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

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

In addition, the 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 School Districts 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.

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

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

## WINDSOR SOUTHEAST SUPERVISORY UNION

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

#### NOTE 13 - RISK MANAGEMENT (CONTINUED)

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 14 - 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.

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.

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.

The School District participates in a medical insurance plan negotiated through VEHI. This plan is a high-deductible plan with an HRA (Health Reimbursement Arrangement) funded by the School District. The organization contracted to coordinate the processing of claims on behalf of the School District with HRA funds has not processed all claims through June 30, 2022 and as of the date of this report. Additionally, they were unable to provide management with the outstanding amount to be expensed by the School District through June 30, 2022. Therefore, the amount, if any, of any liabilities arising from the unprocessed claims cannot be determined at this time.

WINDSOR SOUTHEAST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 15 - RELATED ORGANIZATIONS

Windsor Southeast Supervisory Union provides services to the following School Districts: Hartland School District, Weathersfield School District and Mt. Ascutney School District. Each School District has an ongoing financial responsibility to the Supervisory Union as defined in GASB 14, paragraph 71.

NOTE 16 - 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.



### Required Supplementary Information

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

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

## WINDSOR SOUTHEAST SUPERVISORY UNION

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

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 295,025	\$ 295,025	\$ 295,025	\$ -
Resources (Inflows):				
Intergovernmental:				
Assessments	5,602,424	5,602,424	5,620,178	17,754
Special education	4,419,407	4,419,407	4,412,472	(6,935)
State transportation aid	253,723	253,723	286,654	32,931
Vocational education transportation	-	-	29,436	29,436
Interest income	-	-	688	688
Miscellaneous	-	-	7,596	7,596
Amounts Available for Appropriation	<u>10,570,579</u>	<u>10,570,579</u>	<u>10,652,049</u>	<u>81,470</u>
Charges to Appropriations (Outflows):				
School instruction	5,895,698	5,895,698	4,728,038	1,167,660
Support services	2,150,099	2,150,099	3,150,360	(1,000,261)
Board of Education	22,484	22,484	31,786	(9,302)
Fiscal services	575,697	575,697	636,153	(60,456)
Superintendent's office	251,840	251,840	311,827	(59,987)
Operations and maintenance	85,714	85,714	173,397	(87,683)
Transportation and transfers to districts	<u>1,294,022</u>	<u>1,294,022</u>	<u>1,124,730</u>	<u>169,292</u>
Total Charges to Appropriations	<u>10,275,554</u>	<u>10,275,554</u>	<u>10,156,291</u>	<u>119,263</u>
Budgetary Fund Balance, June 30	<u>\$ 295,025</u>	<u>\$ 295,025</u>	<u>\$ 495,758</u>	<u>\$ 200,733</u>

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

## WINDSOR SOUTHEAST SUPERVISORY UNION

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

	2022	2021	2020	2019	2018	2017	2016	2015
<u>VSTRS:</u>								
Proportion of the net pension liability	0.29%	0.27%	0.27%	0.21%	0.22%	0.21%	0.19%	0.17%
Supervisory Union's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Supervisory Union	5,000,196	5,224,002	4,196,925	3,230,394	3,226,453	2,811,913	2,293,956	1,658,652
Total	<u>\$ 5,000,196</u>	<u>\$ 5,224,002</u>	<u>\$ 4,196,925</u>	<u>\$ 3,230,394</u>	<u>\$ 3,226,453</u>	<u>\$ 2,811,913</u>	<u>\$ 2,293,956</u>	<u>\$ 1,658,652</u>
Covered payroll	\$ 2,138,993	\$ 1,897,717	\$ 1,846,340	\$ 1,445,588	\$ 1,436,348	\$ 1,391,003	\$ 1,078,258	\$ 980,991
Proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	58.83%	50.00%	54.96%	54.81%	53.98%	55.31%	58.22%	64.02%
	2022	2021	2020	2019	2018	2017	2016	2015
<u>VMERS:</u>								
Proportion of the net pension liability	0.51%	0.38%	0.35%	0.29%	0.23%	0.22%	0.20%	0.00%
Proportionate share of the net pension liability	\$ 755,569	\$ 952,121	\$ 599,866	\$ 401,393	\$ 274,419	\$ 289,480	\$ 154,641	\$ 11,711
Covered payroll	\$ 2,472,024	\$ 1,783,867	\$ 1,434,654	\$ 1,230,066	\$ 924,768	\$ 855,000	\$ 701,000	\$ 455,675
Proportionate share of the net pension liability as a percentage of its covered payroll	30.56%	53.37%	41.81%	32.63%	29.67%	33.86%	22.06%	2.57%
Plan fiduciary net position as a percentage of the total pension liability	89.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

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

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

## SCHEDULE 3

## WINDSOR SOUTHEAST SUPERVISORY UNION

SCHEDULE OF CONTRIBUTIONS - PENSIONS  
LAST 10 FISCAL YEARS\*

	2022	2021	2020	2019	2018	2017	2016	2015
<u>VSTRS:</u>								
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,360,242	\$ 2,138,993	\$ 1,897,717	\$ 1,846,340	\$ 1,445,588	\$ 1,436,348	\$ 1,391,003	\$ 1,078,258
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<u>VMERS:</u>								
Contractually required contribution	\$ 133,206	\$ 114,135	\$ 78,004	\$ 59,176	\$ 51,093	\$ 36,990	\$ 34,186	\$ 18,227
Contributions in relation to the contractually required contribution	(133,206)	(114,135)	(78,004)	(59,176)	(51,093)	(36,990)	(34,186)	(18,227)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,735,359	\$ 2,472,024	\$ 1,783,867	\$ 1,434,654	\$ 1,230,066	\$ 924,768	\$ 855,000	\$ 701,000
Contributions as a percentage of covered payroll	4.87%	4.62%	4.37%	4.12%	4.15%	4.00%	4.00%	2.60%

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

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

## WINDSOR SOUTHEAST SUPERVISORY UNION

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

	2022	2021	2020	2019	2018
<u>VSTRS OPEB Plan:</u>					
Proportion of the net OPEB liability	0.33%	0.27%	0.28%	0.21%	0.23%
Supervisory Union's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Supervisory Union	4,168,250	3,459,040	2,868,754	1,974,682	1,038,119
Total	<u>\$ 4,168,250</u>	<u>\$ 3,459,040</u>	<u>\$ 2,868,754</u>	<u>\$ 1,974,682</u>	<u>\$ 1,038,119</u>
Covered payroll	\$ 2,138,993	\$ 1,897,717	\$ 1,846,340	\$ 1,445,588	\$ 1,436,348
Proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.13%	0.69%	0.03%	-2.85%	-2.94%

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

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

## WINDSOR SOUTHEAST SUPERVISORY UNION

SCHEDULE OF CONTRIBUTIONS - OPEB  
LAST 10 FISCAL YEARS\*

	2022	2021	2020	2019	2018
<u>VSTRS OPEB Plan:</u>					
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,360,242	\$ 2,138,993	\$ 1,897,717	\$ 1,846,340	\$ 1,445,588
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

WINDSOR SOUTHEAST SUPERVISORY UNION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2022

**Changes of Assumptions**

VSTRS Pension Plan:

There have been no changes in actuarial assumptions since the last measurement date.

VMERS Pension Plan:

There have been no changes in actuarial assumptions since the last measurement date.

VSTRS OPEB Plan:

The discount rate was decreased from 2.21% to 2.20%.

The per capita valuation-year claims and retiree contribution rates were updated.

Future male retirees were assumed to be two years older than their spouses, decreased from three years.

### Other Supplementary Information

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

- Budgetary Comparison Schedule - 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
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function



## WINDSOR SOUTHEAST SUPERVISORY UNION

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND REVENUES  
 FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Intergovernmental:				
Assessments	\$ 5,602,424	\$ 5,602,424	\$ 5,620,178	\$ 17,754
Special Education intensive	3,244,938	3,244,938	3,256,942	12,004
Special education mainstream	559,456	559,456	559,456	-
Special education extraordinary	532,840	532,840	474,992	(57,848)
State transportation aid	253,723	253,723	286,654	32,931
State placed reimbursement	82,173	82,173	121,082	38,909
Vocational education transportation	-	-	29,436	29,436
Interest income	-	-	688	688
Miscellaneous	-	-	7,596	7,596
Amounts Available for Appropriation	<u>\$ 10,275,554</u>	<u>\$ 10,275,554</u>	<u>\$ 10,357,024</u>	<u>\$ 81,470</u>

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

## WINDSOR SOUTHEAST SUPERVISORY UNION

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

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
School instruction -				
Instruction - special education	\$ 5,885,698	\$ 5,885,698	\$ 4,665,337	\$ 1,220,361
Vocational tech tuition	10,000	10,000	62,701	(52,701)
	<u>5,895,698</u>	<u>5,895,698</u>	<u>4,728,038</u>	<u>1,167,660</u>
Support services -				
Psychological services	451,531	451,531	1,320,119	(868,588)
Speech and language	386,881	386,881	496,306	(109,425)
Audio services	3,400	3,400	-	3,400
Occupational therapist	95,291	95,291	147,869	(52,578)
Physical therapy	14,000	14,000	15,120	(1,120)
Vision	24,000	24,000	26,616	(2,616)
Instructional	4,500	4,500	37,968	(33,468)
Special education - admin	260,354	260,354	262,838	(2,484)
Curriculum development	131,831	131,831	151,378	(19,547)
Technology	778,311	778,311	692,146	86,165
	<u>2,150,099</u>	<u>2,150,099</u>	<u>3,150,360</u>	<u>(1,000,261)</u>
Board of Education -				
Salaries/benefits/admin expenses	16,484	16,484	1,006	15,478
Professional services	-	-	10,613	(10,613)
Legal services	6,000	6,000	12,024	(6,024)
Advertising	-	-	3,857	(3,857)
Dues and fees	-	-	4,286	(4,286)
	<u>22,484</u>	<u>22,484</u>	<u>31,786</u>	<u>(9,302)</u>
Fiscal services -				
Audit	38,000	38,000	39,000	(1,000)
Business office	537,697	537,697	597,153	(59,456)
	<u>575,697</u>	<u>575,697</u>	<u>636,153</u>	<u>(60,456)</u>
Superintendent's office	<u>251,840</u>	<u>251,840</u>	<u>311,827</u>	<u>(59,987)</u>
Operations and maintenance	<u>85,714</u>	<u>85,714</u>	<u>173,397</u>	<u>(87,683)</u>
Transportation and transfers to districts	<u>1,294,022</u>	<u>1,294,022</u>	<u>1,124,730</u>	<u>169,292</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 10,275,554</u>	<u>\$ 10,275,554</u>	<u>\$ 10,156,291</u>	<u>\$ 119,263</u>

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

## WINDSOR SOUTHEAST SUPERVISORY UNION

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022

	Special Revenue Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 32	\$ 32
Accounts receivable (net of allowance for uncollectibles)	3,253	3,253
Prepaid items	1,216	1,216
Due from other governments	685,843	685,843
Due from other funds	323,148	323,148
<b>TOTAL ASSETS</b>	<u>\$ 1,013,492</u>	<u>\$ 1,013,492</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 68,431	\$ 68,431
Accrued expenses	83,851	83,851
Due to other governments	178,700	178,700
Due to other funds	402,705	402,705
<b>TOTAL LIABILITIES</b>	<u>733,687</u>	<u>733,687</u>
<b>FUND BALANCES</b>		
Nonspendable	1,216	1,216
Restricted	278,589	278,589
Committed	-	-
Assigned	-	-
Unassigned	-	-
<b>TOTAL FUND BALANCES</b>	<u>279,805</u>	<u>279,805</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,013,492</u>	<u>\$ 1,013,492</u>

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

## WINDSOR SOUTHEAST SUPERVISORY UNION

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES		
Intergovernmental	\$ 3,061,925	\$ 3,061,925
Other income	92,266	92,266
TOTAL REVENUES	<u>3,154,191</u>	<u>3,154,191</u>
EXPENDITURES		
Other	<u>2,923,791</u>	<u>2,923,791</u>
TOTAL EXPENDITURES	<u>2,923,791</u>	<u>2,923,791</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>230,400</u>	<u>230,400</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	307,115	307,115
Transfers (out)	<u>(307,115)</u>	<u>(307,115)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	230,400	230,400
FUND BALANCES - JULY 1	<u>49,404</u>	<u>49,404</u>
FUND BALANCES - JUNE 30	<u><u>\$ 279,805</u></u>	<u><u>\$ 279,805</u></u>

See accompanying independent auditor's 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 fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

## WINDSOR SOUTHEAST SUPERVISORY UNION

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2022

	Best	Act 230	Early Childhood Education	IDEA - B	IDEA PreK	Title I	Title IV	Title IIA	Fresh Fruit and Vegetables
<b>ASSETS</b>									
Cash and cash equivalents	\$ -	\$ -	\$ 32	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	155,402	5,555	74,419	-	59,602	-
Due from other funds	6,342	7,046	107,051	-	-	-	10,000	-	-
<b>TOTAL ASSETS</b>	<u>\$ 6,342</u>	<u>\$ 7,046</u>	<u>\$ 107,083</u>	<u>\$ 155,402</u>	<u>\$ 5,555</u>	<u>\$ 74,419</u>	<u>\$ 10,000</u>	<u>\$ 59,602</u>	<u>\$ -</u>
<b>LIABILITIES</b>									
Accounts payable	\$ -	\$ -	\$ 204	\$ 4,988	\$ -	\$ -	\$ -	\$ 450	\$ -
Accrued expenses	-	-	9,655	15,573	-	2,039	-	16,793	-
Due to other governments	-	-	-	-	2,404	-	10,000	7,958	-
Due to other funds	-	-	-	134,841	3,151	72,380	-	34,401	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>9,859</u>	<u>155,402</u>	<u>5,555</u>	<u>74,419</u>	<u>10,000</u>	<u>59,602</u>	<u>-</u>
<b>FUND BALANCES</b>									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	6,342	7,046	97,224	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>6,342</u>	<u>7,046</u>	<u>97,224</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 6,342</u>	<u>\$ 7,046</u>	<u>\$ 107,083</u>	<u>\$ 155,402</u>	<u>\$ 5,555</u>	<u>\$ 74,419</u>	<u>\$ 10,000</u>	<u>\$ 59,602</u>	<u>\$ -</u>

## WINDSOR SOUTHEAST SUPERVISORY UNION

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2022

	ESSER	ESSER II	Supply Chain Assistance	ARPA Child and Family	Food Service Equipment	IEP Medicaid	EPSDT Medicaid	Tobacco Settlement	Licensing Fees
<b>ASSETS</b>									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	827	-	-
Due from other governments	-	367,815	-	-	-	12,964	10,086	-	-
Due from other funds	-	-	8,882	16,571	-	18,648	31,489	244	5,519
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 367,815</b>	<b>\$ 8,882</b>	<b>\$ 16,571</b>	<b>\$ -</b>	<b>\$ 31,612</b>	<b>\$ 42,402</b>	<b>\$ 244</b>	<b>\$ 5,519</b>
<b>LIABILITIES</b>									
Accounts payable	\$ -	\$ 33,940	\$ 5,328	\$ -	\$ -	\$ 23,521	\$ -	\$ -	\$ -
Accrued expenses	-	17,605	-	-	-	-	179	244	-
Due to other governments	-	158,338	-	-	-	-	-	-	-
Due to other funds	-	157,932	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>367,815</b>	<b>5,328</b>	<b>-</b>	<b>-</b>	<b>23,521</b>	<b>179</b>	<b>244</b>	<b>-</b>
<b>FUND BALANCES</b>									
Nonspendable	-	-	-	-	-	-	827	-	-
Restricted	-	-	3,554	16,571	-	8,091	41,396	-	5,519
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>3,554</b>	<b>16,571</b>	<b>-</b>	<b>8,091</b>	<b>42,223</b>	<b>-</b>	<b>5,519</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 367,815</b>	<b>\$ 8,882</b>	<b>\$ 16,571</b>	<b>\$ -</b>	<b>\$ 31,612</b>	<b>\$ 42,402</b>	<b>\$ 244</b>	<b>\$ 5,519</b>

## WINDSOR SOUTHEAST SUPERVISORY UNION

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2022

	Consolidated Administration	Title I SWP	E Rate	Collaborative Problem Solving	Farm to School	CRF Food Service	VEHI Health Initiative
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	3,253	-	-	-	-
Prepaid items	-	-	389	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Due from other funds	964	20,799	53,311	-	12,291	-	22,634
<b>TOTAL ASSETS</b>	<u>\$ 964</u>	<u>\$ 20,799</u>	<u>\$ 56,953</u>	<u>\$ -</u>	<u>\$ 12,291</u>	<u>\$ -</u>	<u>\$ 22,634</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	964	20,799	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>964</u>	<u>20,799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>							
Nonspendable	-	-	389	-	-	-	-
Restricted	-	-	56,564	-	12,291	-	22,634
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>-</u>	<u>-</u>	<u>56,953</u>	<u>-</u>	<u>12,291</u>	<u>-</u>	<u>22,634</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 964</u>	<u>\$ 20,799</u>	<u>\$ 56,953</u>	<u>\$ -</u>	<u>\$ 12,291</u>	<u>\$ -</u>	<u>\$ 22,634</u>



## WINDSOR SOUTHEAST SUPERVISORY UNION

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2022

	Whole School Health	VT Community Foundation	IEP ECSE Medicaid	VT Comm. Learning Network	NE Dairy Council	VT Rise	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	3,253
Prepaid items	-	-	-	-	-	-	1,216
Due from other governments	-	-	-	-	-	-	685,843
Due from other funds	-	-	-	-	-	1,357	323,148
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,357</u>	<u>\$ 1,013,492</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,431
Accrued expenses	-	-	-	-	-	-	83,851
Due to other governments	-	-	-	-	-	-	178,700
Due to other funds	-	-	-	-	-	-	402,705
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>733,687</u>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	1,216
Restricted	-	-	-	-	-	1,357	278,589
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,357</u>	<u>279,805</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,357</u>	<u>\$ 1,013,492</u>

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

## WINDSOR SOUTHEAST SUPERVISORY UNION

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

	Best	Act 230	Early Childhood Education	IDEA - B	IDEA PreK	Title I	Title IV	Title IIA	Fresh Fruit and Vegetables
REVENUES									
Intergovernmental	\$ 6,342	\$ 7,046	\$ 709,660	\$ 446,529	\$ 10,843	\$ 208,525	\$ 87,495	\$ 92,927	\$ 16,648
Other income	-	-	6,000	-	-	-	-	-	-
TOTAL REVENUES	<u>6,342</u>	<u>7,046</u>	<u>715,660</u>	<u>446,529</u>	<u>10,843</u>	<u>208,525</u>	<u>87,495</u>	<u>92,927</u>	<u>16,648</u>
EXPENDITURES									
Other	-	-	624,301	446,529	10,843	11,630	-	180,422	16,648
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>624,301</u>	<u>446,529</u>	<u>10,843</u>	<u>11,630</u>	<u>-</u>	<u>180,422</u>	<u>16,648</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>6,342</u>	<u>7,046</u>	<u>91,359</u>	<u>-</u>	<u>-</u>	<u>196,895</u>	<u>87,495</u>	<u>(87,495)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	87,495	-
Transfers (out)	-	-	-	-	-	(196,895)	(87,495)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(196,895)</u>	<u>(87,495)</u>	<u>87,495</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	6,342	7,046	91,359	-	-	-	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>-</u>	<u>5,865</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 6,342</u>	<u>\$ 7,046</u>	<u>\$ 97,224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## WINDSOR SOUTHEAST SUPERVISORY UNION

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

	ESSER	ESSER II	Supply Chain Assistance	ARPA Child and Family	Food Service Equipment	IEP Medicaid	EPSDT Medicaid	Tobacco Settlement	Licensing Fees
REVENUES									
Intergovernmental	\$ 123,051	\$ 1,057,637	\$ 25,092	\$ 16,571	\$ -	\$ 229,076	\$ 18,964	\$ -	\$ 5,519
Other income	-	-	-	-	624	-	-	-	-
TOTAL REVENUES	<u>123,051</u>	<u>1,057,637</u>	<u>25,092</u>	<u>16,571</u>	<u>624</u>	<u>229,076</u>	<u>18,964</u>	<u>-</u>	<u>5,519</u>
EXPENDITURES									
Other	<u>123,051</u>	<u>1,057,637</u>	<u>21,538</u>	<u>-</u>	<u>624</u>	<u>182,720</u>	<u>9,516</u>	<u>4,088</u>	<u>-</u>
TOTAL EXPENDITURES	<u>123,051</u>	<u>1,057,637</u>	<u>21,538</u>	<u>-</u>	<u>624</u>	<u>182,720</u>	<u>9,516</u>	<u>4,088</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>3,554</u>	<u>16,571</u>	<u>-</u>	<u>46,356</u>	<u>9,448</u>	<u>(4,088)</u>	<u>5,519</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	22,725	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,725</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	3,554	16,571	-	69,081	9,448	(4,088)	5,519
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(60,990)</u>	<u>32,774</u>	<u>4,088</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,554</u>	<u>\$ 16,571</u>	<u>\$ -</u>	<u>\$ 8,091</u>	<u>\$ 42,223</u>	<u>\$ -</u>	<u>\$ 5,519</u>

## WINDSOR SOUTHEAST SUPERVISORY UNION

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

	Consolidated Administration	Title I SWP	E Rate	Collaborative Problem Solving	Farm to School	CRF Food Service	VEHI Health Initiative
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	78,081	-	-	-	2,535
TOTAL REVENUES	-	-	78,081	-	-	-	2,535
EXPENDITURES							
Other	12,956	183,939	23,711	-	1,364	1,229	2,791
TOTAL EXPENDITURES	12,956	183,939	23,711	-	1,364	1,229	2,791
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(12,956)	(183,939)	54,370	-	(1,364)	(1,229)	(256)
OTHER FINANCING SOURCES (USES)							
Transfers in	12,956	183,939	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	12,956	183,939	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	54,370	-	(1,364)	(1,229)	(256)
FUND BALANCES (DEFICITS) - JULY 1	-	-	2,583	-	13,655	1,229	22,890
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ -	\$ 56,953	\$ -	\$ 12,291	\$ -	\$ 22,634

## WINDSOR SOUTHEAST SUPERVISORY UNION

COMBINING SCHEDULE OF REVEUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Whole School Health	VT Community Foundation	IEP ECSE Medicaid	VT Comm. Learning Network	NE Dairy Council	VT Rise	Total
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,061,925
Other income	-	-	-	-	-	5,026	92,266
TOTAL REVENUES	-	-	-	-	-	5,026	3,154,191
EXPENDITURES							
Other	531	4,000	-	2	52	3,669	2,923,791
TOTAL EXPENDITURES	531	4,000	-	2	52	3,669	2,923,791
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(531)	(4,000)	-	(2)	(52)	1,357	230,400
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	307,115
Transfers (out)	-	-	(22,725)	-	-	-	(307,115)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(22,725)	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(531)	(4,000)	(22,725)	(2)	(52)	1,357	230,400
FUND BALANCES (DEFICITS) - JULY 1	531	4,000	22,725	2	52	-	49,404
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,357	\$ 279,805

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

### General Capital Assets

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

## WINDSOR SOUTHEAST SUPERVISORY UNION

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
JUNE 30, 2022

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
School instruction	\$ -	\$ -	\$ 232,576	\$ -	\$ 232,576
School lunch program	-	-	91,611	-	91,611
Total General Capital Assets	-	-	324,187	-	324,187
Less: Accumulated Depreciation	-	-	(240,118)	-	(240,118)
Net General Capital Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,069</u>	<u>\$ -</u>	<u>\$ 84,069</u>

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

## WINDSOR SOUTHEAST SUPERVISORY UNION

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

	General Capital Assets 7/1/21	Additions	Deletions	General Capital Assets 6/30/22
School instruction	\$ 226,866	\$ 5,710	\$ -	\$ 232,576
School lunch program	91,611	-	-	91,611
Total General Capital Assets	125,891	5,710	-	324,187
Less: Accumulated Depreciation	(182,824)	(57,294)	-	(240,118)
Net General Capital Assets	<u>\$ (56,933)</u>	<u>\$ (51,584)</u>	<u>\$ -</u>	<u>\$ 84,069</u>

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



## Federal Compliance

Federal compliance includes financial information and reports that are required in accordance with Government Auditing Standards and/or the Uniform Guidance in accordance with 2 CFR § 515. Such financial information and reports include:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Independent Auditor's Report on Compliance or Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

WINDSOR SOUTHEAST SUPERVISORY UNION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor Pass-Through Grantor Program/Cluster Title	Federal AL Number	Pass-Through Grantor Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Agriculture Passed through State of Vermont - Agency of Education and Cultural Services:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	4450S0522001	\$ 759,282	\$ -
National School Lunch Program - Commodities	10.555	N/A	38,339	-
Fresh Fruits and Vegetable Program	10.582	4449S0522001	16,648	-
Subtotal Child Nutrition Cluster			<u>814,269</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>814,269</u>	<u>-</u>
U.S. Department of Education Passed through State of Vermont - Agency of Education and Cultural Services:				
Title I Grants to Local Educational Agencies	84.010A	4250S0522001	<u>208,525</u>	<u>-</u>
Supporting Effective Instruction State Grants	84.367A	4651S0522001	<u>180,422</u>	<u>-</u>
Student Support and Academic Enrichment Program	84.424	4570S0522001	<u>87,495</u>	<u>-</u>
Education Stabilization Fund Under The Coronavirus Aid, Relief and Economic Security Act	84.425D	4590S0522101	123,051	-
Education Stabilization Fund Under The Coronavirus Aid, Relief and Economic Security Act	84.425D	4597S0522101	<u>1,057,637</u>	<u>451,519</u>
			<u>1,180,688</u>	<u>451,519</u>
Special Education Cluster (IDEA):				
Special Education-Grants to States	84.027A	4226S0522001	446,529	-
Special Education-Preschool Grants	84.173A	4228S0522001	<u>13,618</u>	<u>-</u>
Subtotal Special Education Cluster (IDEA)			<u>460,147</u>	<u>-</u>
Total U.S. Department of Education			<u>2,117,277</u>	<u>451,519</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 2,931,546</u>	<u>\$ 451,519</u>

# WINDSOR SOUTHEAST SUPERVISORY UNION

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2022

### 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Windsor Southeast Supervisory Union under programs of the federal government for the year ended June 30, 2022. 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 Windsor Southeast Supervisory Union, it is not intended to and does not present the financial position, changes in net position or cash flows of the Windsor Southeast 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 Windsor Southeast Supervisory Union does not use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

### 3. Noncash Awards

The Windsor Southeast 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

AL Number	Hartland School District	Weathersfield School District	Mt. Ascutney School District	Total
84.425D	\$ 187,830	\$ 146,521	\$ 117,168	\$ 451,519



Proven Expertise & Integrity

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

School Board  
Windsor Southeast Supervisory Union  
Windsor, Vermont

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

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Windsor Southeast 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Windsor Southeast Supervisory Union's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 Windsor Southeast Supervisory Union's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

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

#### Purpose of this Report

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

A handwritten signature in black ink that reads "RHR Smith & Company". The signature is written in a cursive, flowing style.

Buxton, Maine  
Vermont Registration No. 092.0000697  
March 30, 2023



*Proven Expertise & Integrity*

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

School Board  
Windsor Southeast Supervisory Union  
Windsor, Vermont

### Report on Compliance for Each Major Federal Program

We have audited the Windsor Southeast 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 the Windsor Southeast Supervisory Union's major federal programs for the year ended June 30, 2022. The Windsor Southeast 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 requirements of laws, regulations, contracts and grants applicable to its federal programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Windsor Southeast 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 the audit 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). Those standards and 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. An audit includes examining, on a test basis, evidence about Windsor Southeast Supervisory Union's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### Opinion on Each Major Federal Program

In our opinion, Windsor Southeast 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, 2022.

### Report on Internal Control Over Compliance

Management of the Windsor Southeast 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 the Windsor Southeast 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Windsor Southeast Supervisory Union's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Windsor Southeast 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.

This 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*RHR Smith & Company*

Buxton, Maine

Vermont Registration No. 092.0000697

March 30, 2023



WINDSOR SOUTHEAST SUPERVISORY UNION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2022

**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 § 200.516 of Uniform Guidance? ☐yes ☒no

Identification of major programs:

<u>AL Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.555/10.582	Child Nutrition Cluster
84.425D	Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act

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