

Federal Compliance Audit

Franklin West Supervisory Union

June 30, 2019



Proven Expertise & Integrity

FRANKLIN WEST SUPERVISORY UNION

CONTENTS

JUNE 30, 2019

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 11
<u>BASIC FINANCIAL STATEMENTS</u>	
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 - FIDUCIARY FUNDS	19
NOTES TO FINANCIAL STATEMENTS	20 - 55
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	56
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	57

SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	58
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSIONS	59
SCHEDULE 4 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY	60
SCHEDULE 5 - SCHEDULE OF CONTRIBUTIONS - OPEB	61
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	62
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	63
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	64
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	65 - 68
SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	69
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	70
SPECIAL REVENUE FUNDS DESCRIPTION	71
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	72 - 74
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	75 - 77
FIDUCIARY FUNDS DESCRIPTION	78
SCHEDULE G - COMBINING SCHEDULE OF NET POSITION - FIDUCIARY FUNDS - AGENCY FUNDS	79
GENERAL CAPITAL ASSETS DESCRIPTION	80

SCHEDULE H - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	81
SCHEDULE I - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	82
<u>FEDERAL COMPLIANCE</u>	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	83
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	84
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	85 - 86
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	87 - 89
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	90



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Franklin West Supervisory Union
Fairfax, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Franklin West Supervisory Union, as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Franklin West Supervisory Union's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Franklin West Supervisory Union as of June 30, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB information on pages 4 through 11 and 57 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Principles and Audit Requirements for Federal Awards and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2020, on our consideration of the Franklin West Supervisory Union's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Franklin West Supervisory Union's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration No.092.0000697
February 27, 2020

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

(UNAUDITED)

The following management's discussion and analysis of Franklin West Supervisory Union's financial performance provides an overview of the Union's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the Union's financial statements.

Financial Statement Overview

The 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, 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 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 regard to the Union's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

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

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

Both of the above-mentioned financial statements have separate columns for the Union's activity. The type of activity presented for the Union is:

- *Governmental activities* - The activities in this section are mostly supported by assessments (support from Towns), charges for services and state and federal grants. All of the Union's basic services are reported in governmental activities, which include direct instructional services, special education and related services, support services - student based, support services - instructional staff, administrative support services, fiscal services, operations and maintenance, transportation, food service and program expenses.

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 Union, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Union can be classified into two categories: governmental funds and fiduciary funds.

Governmental funds: All of the basic services provided by the 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 Union's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the 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 Union presents four columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Union's major governmental funds are the general fund, the Medicaid Reimbursement Fund and the Hot Lunch 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 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.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the Franklin West Supervisory Union. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Union's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Union's governmental activities. The Union's total net position increased by \$33,459 from \$681,267 to \$714,726.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased to a balance of \$96,397 at the end of this fiscal year.

Table 1
Franklin West Supervisory Union
Net Position
June 30,

	<u>2019</u>	<u>2018 (Restated)</u>
Assets:		
Current Assets	\$ 1,388,838	\$1,243,622
Noncurrent Assets	12,027	29,553
Total Assets	<u>1,400,865</u>	<u>\$1,273,175</u>
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	<u>232,716</u>	<u>167,020</u>
Total Deferred Outflows of Resources	<u>232,716</u>	<u>167,020</u>
Liabilities:		
Current Liabilities	566,914	433,110
Noncurrent Liabilities	<u>331,070</u>	<u>309,755</u>
Total Liabilities	<u>897,984</u>	<u>742,865</u>
Deferred Inflows of Resources:		
Deferred Revenue	-	1,186
Deferred Inflows Related to Pensions	<u>20,871</u>	<u>14,877</u>
Total Deferred Inflows of Resources	<u>20,871</u>	<u>16,063</u>
Net Position:		
Net Investment in Capital Assets	4,441	19,586
Restricted	613,888	678,367
Unrestricted	96,397	(16,686)
Total Net Position	<u>\$ 714,726</u>	<u>681,267</u>

Table 2
Franklin West Supervisory Union
Change in Net Position
For the Years Ended June 30,

	<u>2019</u>	<u>2018</u>
Revenues:		
<i>Program Revenues:</i>		
Charges for services	\$ 209,255	\$866,049
Operating grants and contributions	2,946,451	2,791,022
<i>General Revenues:</i>		
Assessments	4,704,303	2,893,094
Grants and contributions not restricted to specific programs	3,717,527	2,616,808
Miscellaneous	23,422	4,641
Total Revenues	<u>11,600,958</u>	<u>9,171,614</u>
Expenses:		
Direct instructional services	905,786	375,914
Special education and related services	4,435,060	3,022,037
Support services - student based	503,167	484,212
Support services - instructional staff	664,603	524,044
Administrative support services	431,945	467,664
Fiscal services	284,025	316,523
Operations and maintenance	159,675	159,465
Transportation	1,181,686	1,023,193
Food service	422,548	424,333
On-behalf payments	1,456,491	1,439,618
Program expenses	1,122,513	975,943
Total Expenses	<u>11,567,499</u>	<u>9,212,946</u>
Change in Net Position	33,459	(41,332)
Net Position - July 1, Restated	<u>681,267</u>	<u>722,599</u>
Net Position - June 30	<u>\$ 714,726</u>	<u>\$ 681,267</u>

Revenues and Expenses

Revenues for the Union's governmental activities increased by 24.90%, while total expenses increased by 23.97%. The increase in revenues was primarily due to assessments and grants and contributions not restricted to specific programs and the increase in expenses was primarily due to special education and related services.

Financial Analysis of the Union's Fund Statements

Governmental funds: The financial reporting focus of the 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 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
Franklin West Supervisory Union
Fund Balances - Governmental Funds
June 30,

	2019	2018 (Restated)
General Fund:		
Nonspendable	\$ 2,271	\$ 12,626
Assigned	289,925	122,914
Total General Fund	\$ 292,196	\$ 135,540
Medicaid Reimbursement Fund:		
Restricted	\$ 437,245	\$ 564,635
Total Medicaid Reimbursement Fund	\$ 437,245	\$ 564,635
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 176,643	\$ 113,732
Unassigned	(80,595)	(1,088)
Total Nonmajor Funds	\$ 96,048	\$ 112,644

The general fund total fund balance increased by \$156,656 from the prior fiscal year primarily due to revenues exceeding expenditures. The Medicaid Reimbursement Fund total fund balance decreased by \$127,390 from the prior fiscal year primarily due to expenditures exceeding revenues. The nonmajor funds total fund balance decreased by \$16,596 from the prior fiscal year primarily due to activity in the SAP fund and Schoolwide Program.

Budgetary Highlights

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

The general fund actual revenues were over budgeted revenues by \$495,390. All revenue categories were receipted over budgeted revenues with the exception of intergovernmental revenues, charges for services and interest income.

The general fund actual expenditures were over budgeted expenditures by \$268,734. All expenditures categories were below budgeted amounts with the exception of direct instructional services, operations and maintenance and transportation.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2019, the net book value of capital assets recorded by the Union decreased by \$17,526. This decrease was due to current year depreciation.

Table 4
Franklin West Supervisory Union
Capital Assets (Net of Depreciation)
June 30,

	<u>2019</u>	<u>2018</u>
Furniture, fixtures, equipment and vehicles	\$ 12,027	\$ 29,553
Total	<u>\$ 12,027</u>	<u>\$ 29,553</u>

Debt

At June 30, 2019, the Union had \$7,586 in a note from direct borrowings payable versus \$9,967 in the prior year. Refer to Note 5 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

At this time, management is unaware of any known fact, decision or condition that is expected to have a significant effect on the financial position or the results of operations for the upcoming fiscal year.

Contacting the Union's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Union's finances and to show the Union's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Union at 4497 Highbridge Road, Fairfax, Vermont 05454.

FRANKLIN WEST SUPERVISORY UNION

STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 47,718
Accounts receivable (net of allowance for uncollectibles)	861,833
Due from other governments	477,016
Prepaid items	2,271
Total current assets	<u>1,388,838</u>
Noncurrent assets:	
Capital assets:	
Buildings and equipment, net of accumulated depreciation	12,027
Total noncurrent assets	<u>12,027</u>
TOTAL ASSETS	<u>1,400,865</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	232,716
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>232,716</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,633,581</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 400,790
Accrued payroll	41,608
Accrued expenses	32,300
Due to other governments	88,651
Current portion of long-term obligations:	3,565
Total current liabilities	<u>566,914</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Note from direct borrowings payable	5,133
Accrued compensated absences	10,009
Net pension liability	315,928
Total noncurrent liabilities	<u>331,070</u>
TOTAL LIABILITIES	<u>897,984</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	20,871
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>20,871</u>
NET POSITION	
Net investment in capital assets	4,441
Restricted	613,888
Unrestricted	96,397
TOTAL NET POSITION	<u>714,726</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 1,633,581</u>

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

FRANKLIN WEST SUPERVISORY UNION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Direct instructional services	\$ 905,786	\$ 3,336	\$ -	\$ -	\$ (902,450)
Special education and related services	4,435,060	-	-	-	(4,435,060)
Support services - student based	503,167	-	-	-	(503,167)
Support services - instructional staff	664,603	-	-	-	(664,603)
Administrative support services	431,945	33,828	-	-	(398,117)
Fiscal services	284,025	-	-	-	(284,025)
Operations and maintenance	159,675	-	-	-	(159,675)
Transportation	1,181,686	4,320	-	-	(1,177,366)
Food service	422,548	167,771	254,777	-	-
On-behalf payments	1,456,491	-	1,456,491	-	-
Program expenses	1,122,513	-	1,235,183	-	112,670
Total government	<u>\$ 11,567,499</u>	<u>\$ 209,255</u>	<u>\$ 2,946,451</u>	<u>\$ -</u>	<u>(8,411,793)</u>

STATEMENT B (CONTINUED)

FRANKLIN WEST SUPERVISORY UNION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(8,411,793)</u>
General revenues:	
Assessments	4,704,303
Grants and contributions not restricted to specific programs	3,717,527
Miscellaneous	<u>23,422</u>
Total general revenues	<u>8,445,252</u>
Change in net position	33,459
NET POSITION - JULY 1, RESTATED	<u>681,267</u>
NET POSITION - JUNE 30	<u><u>\$ 714,726</u></u>

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

FRANKLIN WEST SUPERVISORY UNION

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Medicaid Reimbursement Fund	Hot Lunch Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 47,718	\$ -	\$ -	\$ -	\$ 47,718
Accounts receivable (net of allowance for uncollectibles)	861,833	-	-	-	861,833
Due from other governments	118,453	5,229	53,776	299,558	477,016
Prepaid items	2,271	-	-	-	2,271
Due from other funds	275,879	444,961	31,476	115,941	868,257
TOTAL ASSETS	\$ 1,306,154	\$ 450,190	\$ 85,252	\$ 415,499	\$ 2,257,095
LIABILITIES					
Accounts payable	\$ 262,187	\$ 12,945	\$ 85,252	\$ 40,406	\$ 400,790
Accrued payroll	41,608	-	-	-	41,608
Accrued expenses	32,300	-	-	-	32,300
Due to other governments	85,485	-	-	3,166	88,651
Due to other funds	592,378	-	-	275,879	868,257
TOTAL LIABILITIES	1,013,958	12,945	85,252	319,451	1,431,606
FUND BALANCES					
Nonspendable - prepaid items	2,271	-	-	-	2,271
Restricted	-	437,245	-	176,643	613,888
Committed	-	-	-	-	-
Assigned	289,925	-	-	-	289,925
Unassigned	-	-	-	(80,595)	(80,595)
TOTAL FUND BALANCES	292,196	437,245	-	96,048	825,489
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,306,154	\$ 450,190	\$ 85,252	\$ 415,499	\$ 2,257,095

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

FRANKLIN WEST SUPERVISORY UNION

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 825,489
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	12,027
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	232,716
Long-term obligations shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Note from direct borrowings payable	(7,586)
Accrued compensated absences	(11,121)
Net pension liability	(315,928)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	<u>(20,871)</u>
Net position of governmental activities	<u><u>\$ 714,726</u></u>

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

FRANKLIN WEST SUPERVISORY UNION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Medicaid Reimbursement Fund	Hot Lunch Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Assessments	\$ 4,704,303	\$ -	\$ -	\$ -	\$ 4,704,303
Intergovernmental revenues	4,045,810	147,323	254,777	1,087,860	5,535,770
Charges for services	41,484	-	167,771	-	209,255
Interest income	2,476	-	-	-	2,476
Miscellaneous	20,946	-	-	-	20,946
TOTAL REVENUES	<u>8,815,019</u>	<u>147,323</u>	<u>422,548</u>	<u>1,087,860</u>	<u>10,472,750</u>
EXPENDITURES					
Current:					
Direct instructional services	886,532	55,188	-	-	941,720
Special education and related services	4,435,060	-	-	-	4,435,060
Support services - student based	349,975	146,543	-	-	496,518
Support services - instructional staff	611,196	53,407	-	-	664,603
Administrative support services	430,427	1,518	-	-	431,945
Fiscal services	281,162	-	-	-	281,162
Operations and maintenance	159,675	-	-	-	159,675
Transportation	1,176,053	-	-	-	1,176,053
Food service	-	-	422,548	-	422,548
On-behalf payments	328,283	-	-	-	328,283
Program expenses	-	18,057	-	1,104,456	1,122,513
TOTAL EXPENDITURES	<u>8,658,363</u>	<u>274,713</u>	<u>422,548</u>	<u>1,104,456</u>	<u>10,460,080</u>
NET CHANGE IN FUND BALANCES	156,656	(127,390)	-	(16,596)	12,670
FUND BALANCES - JULY 1, RESTATED	<u>135,540</u>	<u>564,635</u>	<u>-</u>	<u>112,644</u>	<u>812,819</u>
FUND BALANCES - JUNE 30	<u>\$ 292,196</u>	<u>\$ 437,245</u>	<u>\$ -</u>	<u>\$ 96,048</u>	<u>\$ 825,489</u>

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

FRANKLIN WEST SUPERVISORY UNION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 12,670</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:	
Depreciation expense	<u>(17,526)</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>65,696</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>2,381</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>(5,994)</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:	
Net pension liability	<u>(23,768)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 33,459</u></u>

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

FRANKLIN WEST SUPERVISORY UNION

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2019

	Total Agency Funds
	<u> </u>
ASSETS	
Due from other governments	\$ 322,568
TOTAL ASSETS	<u>\$ 322,568</u>
LIABILITIES	
Accounts payable	\$ 3,557
Due to other governments	247,842
Plan funds available for future years	20,830
Deposits held for others	50,339
TOTAL LIABILITIES	<u>\$ 322,568</u>

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

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Franklin West Supervisory Union was incorporated under the laws of the State of Vermont. The Union operates under a Board of Directors-superintendent form of government and provides the following services: direct instructional services, special education and related services, support services - student based, support services - instructional staff, administrative support services, fiscal services, operations and maintenance, transportation, food service and program expenses.

The 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 Union's combined financial statements include all accounts and all operations of the Union. We have determined that the Union has no component Unions 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, 2019, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 83 "Certain Asset Retirement Obligations." This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 88 "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize all primary activities as governmental.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column and (b) is 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 Union's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position. The 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 Union's functions (special education, transportation, administration, etc.) excluding fiduciary funds. The functions are also supported by general government revenues (support from Towns, certain intergovernmental revenues and charges for services, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

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

The government-wide focus is more on the sustainability of the Union as an entity and the change in the 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 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 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 Union:

Major Funds:

- a. The General Fund is the general operating fund of the Union. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Medicaid Reimbursement Fund is used to account for the proceeds of Medicaid revenues that are restricted to expenditures for specified purposes.
- c. The Hot Lunch Fund is used to account for financial resources to be used in the operation of the nutrition of students.

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonmajor Funds:

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

2. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support the Union's programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds. Component units that are fiduciary in nature have been excluded from these financial statements.

The Union's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

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

Basis of Accounting

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

1. Accrual

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

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

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

Budget

The 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	\$ 8,486,736
Add: On-behalf payments	328,283
Total GAAP basis	<u>\$ 8,815,019</u>

Expenditures per budgetary basis	\$ 8,330,080
Add: On-behalf basis	328,283
Total GAAP basis	<u>\$ 8,658,363</u>

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

1. Early in the second half of the year the Union prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the full Union board is called for the purpose of adopting the proposed preliminary budget after public notice of the meeting is given.

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. The preliminary Union budget is reaffirmed after school budgets are approved by the inhabitants of their respective towns.

Deposits and Investments

The 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 Union's policy to value investments at fair value. None of the Union's investments are reported at amortized cost. The Union Treasurer is authorized by State Statutes to invest all excess funds in the following:

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

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

Receivables

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$1,338,849 for the year ended June 30, 2019. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2019.

Prepaid Items

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

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

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

Transactions Between Funds

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

Capital Assets

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

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

Estimated useful lives are as follows:

Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

Long-term Obligations

The accounting treatment of long-term obligations depend 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.

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All long-term obligations to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term obligations consist of a note from direct borrowings payable, accrued compensated absences and net pension liability.

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

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) 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 Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the 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 Union. The inhabitants of the Union through Union meetings are the highest level of decision-making authority of the Union. Commitments may be established, modified, or rescinded only through a Union meeting vote.

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

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 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 Union considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

needed, unless the Union meeting vote has provided otherwise in its commitment or assignment actions.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The 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 The Union has deferred revenues that qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows of resources related to pensions qualifies for reporting in this category as well. Accordingly, this item is reported 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).

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 Union does utilize encumbrance accounting for its general fund.

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

During the preparation of the 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

The Union's investment policies, which follow state statutes, require that all investments be made considering the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Union funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Union will not be able to recover its deposits. The Union does not have a policy covering custodial credit risk for deposits. However, the Union maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF. At June 30, 2019, the Union's cash balance of \$47,718 was comprised of bank deposits of \$137,528. These two amounts are different because the first is presented on the accrual basis of accounting (i.e. it includes any outstanding checks, deposits in transit, etc.) and the second is presented on a cash basis, which is the actual amount the Union has at its financial institutions on June 30, 2019. The entire amount was insured by federal depository insurance and consequently was not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 121,653
Money market accounts	15,875
	<u>\$ 137,528</u>

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments:

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

The Union has \$0 in investments as of June 30, 2019.

Credit risk - Statutes for the State of Vermont authorize the 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 Union does not have an investment policy on credit risk.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The 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.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2019 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
General Fund	\$ 275,879	\$ 592,378
Medicaid Reimbursement Fund	444,961	-
Hot Lunch Fund	31,476	-
Nonmajor Special Revenue Funds	115,941	275,879
	<u>\$ 868,257</u>	<u>\$ 868,257</u>

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2019:

	Balance, 7/1/18	Additions	Disposals	Balance, 6/30/19
Depreciated assets:				
Furniture and equipment	\$ 249,166	\$ -	\$ -	\$ 249,166
Vehicles	56,330	-	-	56,330
	<u>305,496</u>	<u>-</u>	<u>-</u>	<u>305,496</u>
Less: accumulated depreciation	(275,943)	(17,526)	-	(293,469)
	<u>(275,943)</u>	<u>(17,526)</u>	<u>-</u>	<u>(293,469)</u>
Net capital assets	<u>\$ 29,553</u>	<u>\$ (17,526)</u>	<u>\$ -</u>	<u>\$ 12,027</u>

Current Year Depreciation:

Fiscal services	\$ 2,863
Support services - student based	9,030
Transportation	5,633
Total depreciation expense	<u>\$ 17,526</u>

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2019:

	Balance, 7/1/18	Additions	Reductions	Balance, 6/30/19	Due Within One Year
Note from direct borrowings payable	\$ 9,967	\$ -	\$ (2,381)	\$ 7,586	\$ 2,453

The following is a summary of the outstanding note from direct borrowing payable:

\$12,279, 2017 Capital Lease with MST Government Leasing dated August of 2016, due in annual principal and interest installments of \$2,684. Interest is charged at a fixed rate of 3.04% per annum. Maturity in August of 2021.

\$ 7,586

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Future minimum principal and interest payments by year and in the aggregate under this note from direct borrowings are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 2,453	\$ 231	\$ 2,684
2021	2,528	156	2,684
2022	2,605	79	2,684
	<u>\$ 7,586</u>	<u>\$ 466</u>	<u>\$ 8,052</u>

NOTE 6 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in the other long-term obligations for the year ended June 30, 2019:

	Balance, 7/1/18	Additions	Reductions	Balance, 6/30/19	Due Within One Year
Accrued compensated absences	\$ 11,121	\$ -	\$ -	\$ 11,121	\$ 1,112
Net pension liability	292,160	156,631	(132,863)	315,928	-
Totals	<u>\$ 303,281</u>	<u>\$ 156,631</u>	<u>\$ (132,863)</u>	<u>\$ 327,049</u>	<u>\$ 1,112</u>

Refer to Notes 7 and 13 for more detailed information regarding other long-term obligations.

NOTE 7 - ACCRUED COMPENSATED ABSENCES

The Union's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The Union allows administrators to accumulate earned but unused sick days up to different limits based on longevity. The liability for these compensated absences is recorded as long-term obligations 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, 2019, the Union's liability for compensated absences is \$11,121.

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 8 - NONSPENDABLE FUND BALANCE

At June 30, 2019, the Union had the following nonspendable fund balance:

General fund:	
Prepaid items	\$ 2,271

NOTE 9 - RESTRICTED FUND BALANCES

At June 30, 2019, the Union had the following restricted fund balances:

Medicaid reimbursement fund	\$ 437,245
Nonmajor special revenue funds (Schedule E)	176,643
	<u>\$ 613,888</u>

NOTE 10 - ASSIGNED FUND BALANCES

At June 30, 2019, the Union had the following assigned fund balances:

General fund:	
Assigned for future budgets	\$ 289,925

NOTE 11 - DEFICIT FUND BALANCES

At June 30, 2019, the Union had the following deficit fund balances:

Farm to school planning	\$ 400
SAP	12,735
Schoolwide programs	66,772
IDEA-B preschool	688
	<u>\$ 80,595</u>

NOTE 12 - OVERSPENT APPROPRIATIONS

The Union was noncompliant with the legally adopted budget, overspending the entire allowed appropriation of \$8,061,346 by \$268,734 at June 30, 2019.

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - 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 for those covered classes is a condition of employment. During the year ended June 30, 2017 (the most recent period available), the retirement system consisted of 22,193 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 Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for the VSTRS. That report may be viewed on the State's Department of Finance and Management website at: http://finance.vermont.gov/reports_and_publications/cafr.

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Benefits Provided

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

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

VSTRS	Group A	Group C – Group # 1	Group C – Group # 2
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 6/30/90 x AFC + 1.67% x service after 7/1/90 x AFC	1.25% x service prior to 6/30/90 x AFC + 1.67% x service after 7/1/90 x AFC, 2.0% after attaining 20 years
Maximum Benefit Payable	100% of AFC	53.34% of AFC	60% of AFC
Post-Retirement COLA	Full CPI, up to a maximum of 5% after 12 months of retirement; minimum of 1%	50% CPI, up to a maximum of 5% after 12 months of retirement or with 30 years; minimum of 1%	50% CPI, up to a maximum of 5%, minimum of 1% after 12 months of normal retirement or age 65

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

VSTRS	Group A	Group C – Group # 1	Group C – Group # 2
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Early Retirement Reduction	Actuarial reduction	6% per year from age 62	Actuarial reduction

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

VSTRS	Group A	Group C – Group # 1	Group C – Group # 2
Medical Benefits	Health subsidy based on member's service credit	Health subsidy based on member's service credit	Health subsidy based on member's service credit
Dental	Members 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 \$265,408 or 15.75% of total payroll for employees covered under the plan.

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Employee contribution rates by plan group follow:

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

Employee contributions totaled \$112,186 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 \$2,084,336 for the year ended June 30, 2019. Beginning in 2016, school districts that pay for teachers with federal dollars are required to include costs of 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, 2019 were \$71,907. The Supervisory Union’s total payroll for all federally funded employees covered under this plan was \$440,586 for the year ended June 30, 2019

VERMONT MUNICIPAL EMPLOYEES’ RETIREMENT SYSTEM

Plan Description

The Vermont Municipal Employees’ Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. The plan was established effective July 1, 1975 and is governed by *Title 24, V.S.A. Chapter 125*. It is designed for school districts and other municipal employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution’s operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. Employees of the School other than Teachers are eligible to participate in the VMERS providing they work on a regular basis for not less than 30 hours a week and for not less than 1,040 hours for the school year. For the year ended June 30, 2017 (the most recent data available), the retirement system consisted of 13,262 participating members.

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

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

Benefits Provided

The pension plan is divided into four membership groups:

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

The Supervisory Union participates in 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:

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

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

Contributions

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

the financial integrity of the fund and to certify the rates of contributions payable by employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group are as follows:

VMERS	Group A	Group B	Group C	Group D
Employee Contributions	2.625% of gross salary	5.0% of gross salary	10.125% of gross salary	11.475% of gross salary
Employer Contributions	4.125% of gross salary	5.625% of gross salary	7.375% of gross salary	9.975% 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, 2019 totaled \$112,052. The Supervisory Union contributed \$126,869 for the year ended June 30, 2019. The Supervisory Union's total payroll for the year ended June 30, 2019 for all employees covered under this plan was \$2,273,889.

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, 2019. 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>4,367,233</u>
Total	<u><u>\$ 4,367,233</u></u>

The State of Vermont's proportionate share of the net pension liability associated with the Supervisory Union is equal to the collective net pension liability, actuarially measured as of June 30, 2018, multiplied by the Supervisory Union's proportionate share percentage. The Supervisory Union's proportionate share percentage was based

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

on its reported salaries to the total reported salaries for all participating employers. At June 30, 2018, the Supervisory Union's proportion was 0.289086% which was an increase of 0.002923% from its proportion measured as of June 30, 2017.

VMERS Plan

At June 30, 2019, the Supervisory Union reported a liability of \$315,928 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2018 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Supervisory Union's proportion of the net pension liabilities were based on a projection of the Supervisory Union's long-term share of contributions to each pension plan relative to the projected contributions of all participating towns, actuarially determined.

At June 30, 2018, the Supervisory Union's proportion was 0.2246% for VMERS, which was a decrease of 0.016544% from its proportion measured as of June 30, 2017 for VMERS.

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

For the year ended June 30, 2019, the Supervisory Union recognized total pension expense of \$982,186 and revenue of \$982,186 for support provided by the State of Vermont for the VSTRS plan. In the same period, the Supervisory Union recognized pension revenue of \$35,934 for the VMERS plan. At June 30, 2019, the Supervisory Union reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	VSTRS		VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ 27,442	\$ 5,052
Changes of assumptions	-	-	34,985	-
Net difference between projected and actual earnings on pension plan investments	-	-	36,615	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	6,805	15,819
Contributions subsequent to the measurement date	-	-	126,869	-
Total	\$ -	\$ -	\$ 232,716	\$ 20,871

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

\$126,869 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, 2020. 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 Plan	VMERS Plan
Plan year ended June 30:		
2019	\$ -	\$ 61,678
2020	-	17,209
2021	-	1,039
2022	-	5,051
2023	-	-
Thereafter	-	-

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using the actuarial assumptions outlined below.

Investment Rate of Return: For both plans, 7.50%, net of pension plan investment expenses, including inflation.

Inflation: For both plans, 2.50%.

Salary Increases: For the VSTRS plan, increases ranging from 3.75% to 9.09%. For the VMERS plan, increases are 5.00% per year.

Deaths After Retirement: The VSTRS plan used 98% of the RP-2006 White Collar Employee with generational projection using Scale SSA-2017 for pre-retirement, 98% of the RP-2006 White Collar Annuitant with generational projection using Scale SSA-2017 for healthy retirees, and the RP-2006 Disabled Mortality Table with generational projection using Scale SSA-2017 for disabled retirees.

Mortality rates for pre-retirement, healthy retirees and disabled retirees in the VMERS plan for Groups A, B, C and D were based on variations of RP-2006 Tables with generational improvement using Scale SSA-2017 as follows:

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Pre-retirement - Groups A, B, and C blended with a 60% Blue Collar Employee and 40% Healthy Employee, and Group D with a Blue Collar Annuitant Table

Healthy Retiree - Groups A, B and C with a 60% Blue Collar Annuitant and 40% Healthy Annuitant, and Group D with a Blue Collar Annuitant Table

Disabled Retiree - All Groups with a RP-2006 Disabled Mortality Table

Inactive Members: Valuation liability for the VSTRS plan equals 250.0% of accumulated contributions and 200% for the VMERS plan.

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 2.55% per annum for Group A members and 1.40% per annum for Group C members (beginning at age 62 for Group C members who elect reduced early retirement). The January 1, 2019 COLA is assumed to be 2.60% for Group A and 1.30% for Group C. For the VMERS plan, this occurs at the rate of 1.15% per annum for Group A members and 1.30% 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, 2019 COLA is 1.30% for all groups.

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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 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, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Equity	18.00%	6.10%
Non-US Equity	16.00%	7.45%
Global Equity	9.00%	6.74%
Fixed Income	26.00%	2.25%
Real Estate	8.00%	5.11%
Private Markets	15.00%	7.60%
Hedge Funds	8.00%	3.86%

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.50% 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 7.50% 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 (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
<u>VSTRS:</u>			
Discount rate	6.50%	7.50%	8.50%
Supervisory Union's proportionate share of the net pension liability	\$ -	\$ -	\$ -
<u>VMERS:</u>			
Discount rate	6.50%	7.50%	8.50%
Supervisory Union's proportionate share of the net pension liability	\$ 535,111	\$ 315,928	\$ 137,672

Pension Plan Fiduciary Net Position

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

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - 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, 2017 (the most recent period available), the plan consisted of 4,878 retired members or beneficiaries currently receiving benefits and 8,941 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 Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for the VSTRS. That report may be viewed on the State's Department of Finance and Management website at: http://finance.vermont.gov/reports_and_publications/cafr.

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).

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - 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:	
	Less than 10 years of service at June 30, 2010:			
	Less than 15 years at retirement	Less than 15 years at retirement	Less than 10 years	25 years at retirement
	15-19.99 years at retirement	15-19.99 years at retirement	10-14.99 years	25 years at retirement
	20-24.99 years at retirement	20-24.99 years at retirement	15-24.99 years	10 additional years from June 30, 2010
	25 years or more at retirement	25 years or more at retirement	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.

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - 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, 2019. 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>2,748,916</u>
Total	<u>\$ 2,748,916</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, 2018, 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, 2018, the Supervisory Union's proportion was 0.28806% which was a decrease of 0.00070% from its proportion measured as of June 30, 2017.

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

For the year ended June 30, 2019, the Supervisory Union recognized total OPEB expense of \$146,022 and revenue of \$146,022 for support provided by the State of Vermont for the Plan. At June 30, 2019, the Supervisory Union reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - 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:		
2019	\$	-
2020		-
2021		-
2022		-
2023		-
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:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
VSTRS OPEB Plan: Discount rate	2.87%	3.87%	4.87%
Supervisory Union's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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 2019 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, 2017, 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 an open 30-year period. The amortization method is a level dollar amortization method.

Asset Valuation Method

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

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

necessary, a further adjustment is made to ensure that the valuation assets are within 20% of the market value.

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, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large cap equity	20.00%	7.50%
International equity	15.00%	7.75%
Emerging international equity	5.00%	9.25%
Core bonds	60.00%	3.75%
Inflation		2.75%
Total	100.00%	

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, 2017, they are as follows:

Discount Rate	3.87%
Salary Increase Rate	Varies by age
Non-Medicare	7.15% graded to 4.50% over 12 years
Medicare	7.30% graded to 4.50% over 11 years
Retiree Contributions	Equal to health trend
Pre-retirement Mortality	98% of RP-2014 White Collar Employee with generational projection using Scale SSA-2017.
Post-retirement Mortality	98% of RP-2014 White Collar Annuitant with generational projection using Scale SSA-2017.

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2019 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 was six years for June 30, 2018. For the fiscal year ended June 30, 2018, the discount rate was increased from 3.58% to 3.87%.

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 Comprehensive Annual Financial Report (CAFR). The CAFR can be viewed on the State's Department of Finance and Management website at: http://finance.vermont.gov/reports_and_publications/cafr

NOTE 15 - RISK MANAGEMENT

The Union is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees, students and guests; as well as natural disasters for which the Union either carries commercial insurance, participates in a public entity risk pool, or is effectively self-insured. There have been no significant reductions in coverage from the prior year. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Union.

The 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 and unemployment compensation and multi-line intermunicipal school program and the Vermont Education Health Initiative (VEHI) for medical benefits. VSBIT and VEHI are nonprofit corporations formed to provide

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 - RISK MANAGEMENT (CONTINUED)

insurance and risk management programs for Vermont School Districts and is owned by the participating Districts. The Trusts are not licensed insurance carriers and members are not protected by the Vermont Insurance Guaranty Association.

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

To provide unemployment coverage, VSBIT has established a separate trust of funds from member contributions to pay administrative costs, unemployment claims and to provide excess reinsurance 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.

Multi-Line Intermunicipal School Program provides coverage for property; inland marine and boiler and machinery; crime; commercial general liability; automobile/garage keepers; 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 16 - 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 Union's financial position.

FRANKLIN WEST SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - CONTINGENCIES (CONTINUED)

The Union participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Union has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2019 may be impaired. In the opinion of the Union, there are no significant contingent liabilities relating to compliance with the rules and regulations; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

The Supervisory Union 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 Supervisory Union. The organization contracted to coordinate the processing of claims on behalf of the Supervisory Union with HRA funds has not processed all claims through June 30, 2019 and as of the date of this report. Additionally, they were unable to provide management with the outstanding amount to be expensed by the Supervisory Union through June 30, 2019. Therefore, the amount, if any, of any liabilities arising from the unprocessed claims cannot be determined at this time.

NOTE 17 - RELATED ORGANIZATIONS

Franklin West Supervisory Union provides services to the following school districts: Fairfax School District, Fletcher School District and Georgia School District. Each District has an ongoing financial responsibility to the Union as defined in GASB 14, paragraph 71.

NOTE 18 - RESTATEMENT

In 2019, the Supervisory Union became aware of certain transactions that were recorded incorrectly or omitted. The general fund total fund balance was restated by an increase of \$6,799 to correct certain asset and liability accounts.

The restatement increased the beginning net position of governmental activities by \$6,799 from \$674,468 to \$681,267.

Required Supplementary Information

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

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

FRANKLIN WEST SUPERVISORY UNION

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 135,540	\$ 135,540	\$ 135,540	\$ -
Resources (Inflows):				
Assessments	4,147,597	4,147,597	4,704,303	556,706
Intergovernmental revenues	3,740,749	3,740,749	3,717,527	(23,222)
Charges for services	99,500	99,500	41,484	(58,016)
Interest income	3,000	3,000	2,476	(524)
Miscellaneous revenues	500	500	20,946	20,446
Amounts Available for Appropriation	<u>8,126,886</u>	<u>8,126,886</u>	<u>8,622,276</u>	<u>495,390</u>
Charges to Appropriations (Outflows):				
Direct instructional services	384,058	384,058	886,532	(502,474)
Special education and related services	4,568,493	4,568,493	4,435,060	133,433
Support services - student based	412,949	412,949	349,975	62,974
Support services - instructional staff	647,982	647,982	611,196	36,786
Administrative support services	450,575	450,575	430,427	20,148
Fiscal services	370,969	370,969	281,162	89,807
Operations and maintenance	158,999	158,999	159,675	(676)
Transportation	1,067,321	1,067,321	1,176,053	(108,732)
Total Charges to Appropriations	<u>8,061,346</u>	<u>8,061,346</u>	<u>8,330,080</u>	<u>(268,734)</u>
Budgetary Fund Balance, June 30	<u>\$ 65,540</u>	<u>\$ 65,540</u>	<u>\$ 292,196</u>	<u>\$ 226,656</u>
Utilization of assigned fund balance	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>\$ -</u>	<u>\$ (70,000)</u>

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

FRANKLIN WEST SUPERVISORY UNION

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>VSTRS:</u>						
Proportion of the net pension liability	0.29%	0.29%	0.29%	0.27%	0.14%	0.10%
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>4,367,233</u>	<u>4,242,083</u>	<u>3,772,255</u>	<u>3,235,063</u>	<u>1,324,786</u>	<u>975,824</u>
Total	<u>\$ 4,367,233</u>	<u>\$ 4,242,083</u>	<u>\$ 3,772,255</u>	<u>\$ 3,235,063</u>	<u>\$ 1,324,786</u>	<u>\$ 975,824</u>
Employee payroll	\$ 1,954,400	\$ 1,890,975	\$ 1,866,067	\$ 1,520,619	\$ 783,530	\$ 544,009
Proportionate share of the net pension liability as a percentage of its employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	54.81%	53.98%	55.31%	58.22%	64.02%	60.59%
<u>VMERS:</u>						
Proportion of the net pension liability	0.22%	0.24%	0.26%	0.21%	0.19%	0.19%
Proportionate share of the net pension liability	\$ 315,928	\$ 292,160	\$ 329,330	\$ 159,906	\$ 17,189	\$ 69,233
Employee payroll	\$ 715,208	\$ 716,017	\$ 707,147	\$ 539,413	\$ 474,029	\$ 456,538
Proportionate share of the net pension liability as a percentage of its employee payroll	44.17%	40.80%	46.57%	29.64%	3.63%	15.16%
Plan fiduciary net position as a percentage of the total pension liability	82.60%	83.64%	80.95%	87.42%	98.32%	92.71%

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

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

FRANKLIN WEST SUPERVISORY UNION

SCHEDULE OF CONTRIBUTIONS - PENSIONS
LAST 10 FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>VSTRS:</u>						
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employee payroll	\$ 2,084,336	\$ 1,954,400	\$ 1,890,975	\$ 1,866,067	\$ 1,520,619	\$ 783,530
Contributions as a percentage of employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<u>VMERS:</u>						
Contractually required contribution	\$ 126,869	\$ 39,337	\$ 39,381	\$ 38,892	\$ 28,993	\$ 24,295
Contributions in relation to the contractually required contribution	<u>(126,869)</u>	<u>(39,337)</u>	<u>(39,381)</u>	<u>(38,892)</u>	<u>(28,993)</u>	<u>(24,295)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employee payroll	\$ 2,273,889	\$ 715,208	\$ 716,017	\$ 707,147	\$ 539,413	\$ 474,029
Contributions as a percentage of employee payroll	5.58%	5.50%	5.50%	5.50%	5.37%	5.13%

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

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

FRANKLIN WEST SUPERVISORY UNION

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

	<u>2019</u>	<u>2018</u>
<u>VSTRS OPEB Plan:</u>		
Proportion of the net OPEB liability Supervisory Union's proportionate share of the net OPEB liability	0.29%	0.29%
	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Supervisory Union Total	<u>2,748,916</u> <u>\$ 2,748,916</u>	<u>2,692,042</u> <u>\$ 2,692,042</u>
Employee payroll	\$ 1,954,400	\$ 1,890,975
Proportionate share of the net OPEB liability as a percentage of its employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.76%	1.52%

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

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

FRANKLIN WEST SUPERVISORY UNION

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	<u>2019</u>	<u>2018</u>
<u>VSTRS OPEB Plan:</u>		
Contractually required contribution	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Employee payroll	\$ 2,084,336	\$ 1,954,400
Contributions as a percentage of employee payroll	0.00%	0.00%

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

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

FRANKLIN WEST SUPERVISORY UNION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

Changes of Assumptions

VSTRS Pension Plan:

For the VSTRS Plan, the valuation liability for inactive members as reported by the System was lowered from 332.5% of accumulated contributions to 250.0% of accumulated contributions.

VSTRS OPEB Plan:

The discount rate increased from 3.58% to 3.87% for the VSTRS OPEB liability.

The percentage of non-DC Plan current retirees assumed to have life insurance coverage was increased from 65% to 75%.

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

The percentage of future retirees assumed to have a spouse electing coverage was increased from 60% to 70% for male retirees and from 50% to 60% for female retirees.

The claims cost development methodology was modified for non-Medicare participants.

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

The assumed health trend rates were modified.

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

Other Supplementary Information

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

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

FRANKLIN WEST SUPERVISORY UNION

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Assessments:				
Fairfax	\$ 2,221,850	\$ 2,221,850	\$ 2,475,517	\$ 253,667
Fletcher	330,277	330,277	417,608	87,331
Georgia	1,595,470	1,595,470	1,811,178	215,708
Intergovernmental revenues:				
State aid - vocational	105,000	105,000	123,603	18,603
State aid - transportation	451,097	451,097	432,697	(18,400)
Special education block grant	715,000	715,000	682,555	(32,445)
Special education intensive	1,807,449	1,807,449	1,774,786	(32,663)
Early essential education	144,000	144,000	150,285	6,285
Extraordinary reimbursement	487,603	487,603	494,151	6,548
State placed reimbursement	30,600	30,600	59,450	28,850
Charges for services:				
Grant administration fees	99,500	99,500	33,828	(65,672)
Services to Vermont LEAs	-	-	3,336	3,336
Transportation	-	-	4,320	4,320
Investment income:				
Interest on investments	3,000	3,000	2,476	(524)
Miscellaneous revenues:				
Other receipts	500	500	20,946	20,446
Total revenues	<u>\$ 7,991,346</u>	<u>\$ 7,991,346</u>	<u>\$ 8,486,736</u>	<u>\$ 495,390</u>

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

SCHEDULE B

FRANKLIN WEST SUPERVISORY UNION

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Direct Instructional Services				
Early Education				
Salaries and wages	\$ 201,743	\$ 201,743	\$ 257,042	\$ (55,299)
Health/dental/life insurance	31,196	31,196	42,346	(11,150)
Social security	15,631	15,631	19,070	(3,439)
Municipal retirement	3,343	3,343	5,775	(2,432)
Workers' compensation	1,412	1,412	1,349	63
Unemployment compensation	490	490	24	466
Tuition reimbursement	5,450	5,450	3,856	1,594
Contracted services	1,500	1,500	3,708	(2,208)
Supplies	1,140	1,140	932	208
Equipment	1,000	1,000	-	1,000
Total Early Education	262,905	262,905	334,102	(71,197)
Other Instructional Services				
Salaries and wages	94,882	94,882	441,893	(347,011)
Health/dental/life insurance	14,502	14,502	53,504	(39,002)
Social security	7,398	7,398	30,640	(23,242)
Municipal retirement	-	-	18,953	(18,953)
Workers' compensation	675	675	4,456	(3,781)
Unemployment compensation	96	96	107	(11)
Tuition reimbursement	3,600	3,600	2,132	1,468
Contracted services	-	-	389	(389)
Travel	-	-	356	(356)
Total Other Instructional Services	121,153	121,153	552,430	(431,277)
Total Direct Instructional Services	384,058	384,058	886,532	(502,474)
Special Education and Related Services				
Salaries and wages	1,799,843	1,799,843	1,864,720	(64,877)
Health/dental/life insurance	322,440	322,440	298,265	24,175
Social security	139,254	139,254	137,230	2,024
Municipal retirement	31,818	31,818	31,118	700
Workers' compensation	12,493	12,493	12,986	(493)
Unemployment compensation	5,509	5,509	253	5,256
Tuition reimbursement	21,300	21,300	30,797	(9,497)
Contracted services	728,500	728,500	907,525	(179,025)
Contracted transportation	85,000	85,000	122,036	(37,036)
Tuition	675,836	675,836	719,991	(44,155)
Travel	1,000	1,000	103	897
Excess costs	713,500	713,500	306,589	406,911
Supplies	20,000	20,000	3,447	16,553
Equipment	12,000	12,000	-	12,000
Total Special Education and Related Services	4,568,493	4,568,493	4,435,060	133,433

SCHEDULE B (CONTINUED)
FRANKLIN WEST SUPERVISORY UNION

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Support Services - Student Based				
Speech and Language				
Salaries and wages	320,604	320,604	287,022	33,582
Health/dental/life insurance	50,938	50,938	29,275	21,663
Social security	23,304	23,304	21,987	1,317
Municipal retirement	-	-	1,039	(1,039)
Workers' compensation	2,098	2,098	1,920	178
Unemployment compensation	430	430	20	410
Tuition reimbursement	6,500	6,500	7,328	(828)
Contracted services	5,000	5,000	-	5,000
Travel	200	200	-	200
Supplies	2,375	2,375	1,384	991
Equipment	1,500	1,500	-	1,500
Total - Support Services - Student Based	412,949	412,949	349,975	62,974
Support services - Instructional staff				
Technology				
Salaries and wages	288,863	288,863	252,894	35,969
Health/dental/life insurance	86,765	86,765	62,828	23,937
Social security	22,098	22,098	18,986	3,112
Municipal retirement	14,621	14,621	12,598	2,023
Workers' compensation	-	-	1,670	(1,670)
Unemployment compensation	-	-	30	(30)
Tuition reimbursement	4,000	4,000	1,363	2,637
Contracted services	60,350	60,350	53,442	6,908
Repairs and maintenance	-	-	92	(92)
Travel	1,500	1,500	1,072	428
Supplies	900	900	3,855	(2,955)
Equipment	3,500	3,500	362	3,138
Total Technology	482,597	482,597	409,192	73,405
Instructional Staff Support				
Salaries and wages	121,866	121,866	154,435	(32,569)
Health/dental/life insurance	23,909	23,909	24,013	(104)
Social security	9,323	9,323	11,388	(2,065)
Municipal retirement	3,337	3,337	5,728	(2,391)
Workers' compensation	-	-	796	(796)
Unemployment compensation	-	-	8	(8)
Tuition reimbursement	2,250	2,250	335	1,915
Travel	3,300	3,300	2,623	677
Dues and fees	900	900	2,678	(1,778)
Equipment	500	500	-	500
Total Instructional Staff Support	165,385	165,385	202,004	(36,619)
Total Support Services - Instructional staff	647,982	647,982	611,196	36,786

SCHEDULE B (CONTINUED)
FRANKLIN WEST SUPERVISORY UNION

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Administrative Support Services				
Office of the Superintendent				
Salaries and wages	214,588	214,588	210,041	4,547
Health/dental/life insurance	33,499	33,499	27,729	5,770
Social security	16,577	16,577	15,517	1,060
Municipal retirement	6,517	6,517	6,690	(173)
Workers' compensation	-	-	1,408	(1,408)
Unemployment compensation	-	-	12	(12)
Tuition reimbursement	4,200	4,200	-	4,200
Contracted services	1,000	1,000	5,304	(4,304)
Legal fees	500	500	1,987	(1,487)
Audit	30,398	30,398	30,398	-
Advertising	500	500	689	(189)
Travel	4,500	4,500	6,325	(1,825)
Dues and fees	4,800	4,800	14,649	(9,849)
Subscriptions	300	300	-	300
Miscellaneous	7,155	7,155	11,407	(4,252)
Total Office of the Superintendent	324,534	324,534	332,156	(7,622)
Instructional support				
Salaries and wages	109,429	109,429	75,906	33,523
Health/dental/life insurance	8,008	8,008	10,275	(2,267)
Social security	347	347	5,739	(5,392)
Municipal retirement	2,757	2,757	2,283	474
Workers' compensation	-	-	614	(614)
Unemployment compensation	-	-	4	(4)
Tuition reimbursement	2,500	2,500	50	2,450
Travel	2,500	2,500	2,960	(460)
Equipment	400	400	-	400
Professional fees	-	-	440	(440)
Miscellaneous	100	100	-	100
Total Instructional Support	126,041	126,041	98,271	27,770
Total Administrative Support Services	450,575	450,575	430,427	20,148
Fiscal Services				
Salaries and wages	242,205	242,205	218,005	24,200
Health/dental/life insurance	38,251	38,251	28,738	9,513
Social security	18,689	18,689	16,458	2,231
Municipal retirement	13,624	13,624	12,273	1,351
Workers' compensation	-	-	1,417	(1,417)
Unemployment compensation	-	-	15	(15)
Tuition reimbursement	3,500	3,500	320	3,180
Contracted services	2,000	2,000	1,140	860
Travel	1,800	1,800	2,446	(646)
Software	50,000	50,000	-	50,000
Equipment	500	500	-	500
Dues and fees	400	400	350	50
Total Fiscal Services	370,969	370,969	281,162	89,807

SCHEDULE B (CONTINUED)
FRANKLIN WEST SUPERVISORY UNION

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operations and Maintenance				
Salaries and wages	78,976	78,976	80,519	(1,543)
Health/dental/life insurance	24,251	24,251	21,495	2,756
Social security	6,042	6,042	5,980	62
Municipal retirement	4,442	4,442	4,404	38
Workers' compensation	-	-	3,981	(3,981)
Unemployment compensation	-	-	4	(4)
Tuition reimbursement	1,000	1,000	-	1,000
Contracted services	4,000	4,000	8,891	(4,891)
Rent	22,288	22,288	22,179	109
Travel	1,500	1,500	852	648
Supplies	8,500	8,500	5,439	3,061
Utilities	7,000	7,000	5,931	1,069
Equipment	1,000	1,000	-	1,000
Total Operations and Maintenance	<u>158,999</u>	<u>158,999</u>	<u>159,675</u>	<u>(676)</u>
Transportation				
Salaries and wages	291,591	291,591	286,571	5,020
Health/dental/life insurance	42,879	42,879	35,305	7,574
Social security	22,331	22,331	21,782	549
Municipal retirement	7,050	7,050	8,510	(1,460)
Workers' compensation	-	-	25,721	(25,721)
Unemployment compensation	-	-	38	(38)
Tuition reimbursement	500	500	610	(110)
Contracted services	501,170	501,170	561,332	(60,162)
Insurance	4,500	4,500	4,938	(438)
Telephone	1,800	1,800	660	1,140
Uniforms	3,000	3,000	2,688	312
Repairs and maintenance	5,000	5,000	3,208	1,792
Advertising	3,500	3,500	-	3,500
Travel	500	500	701	(201)
Parts and supplies	20,000	20,000	27,965	(7,965)
Tires and tubes	5,000	5,000	1,314	3,686
Water and sewer	800	800	482	318
Garage heat	4,000	4,000	4,730	(730)
Diesel and gas	60,000	60,000	73,475	(13,475)
Equipment	92,000	92,000	115,442	(23,442)
Fees and permits	1,500	1,500	581	919
Miscellaneous	200	200	-	200
Total Transportation	<u>1,067,321</u>	<u>1,067,321</u>	<u>1,176,053</u>	<u>(108,732)</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 8,061,346</u>	<u>\$ 8,061,346</u>	<u>\$ 8,330,080</u>	<u>\$ (268,734)</u>

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

FRANKLIN WEST SUPERVISORY UNION

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>
ASSETS		
Due from other governments	\$ 299,558	\$ 299,558
Due from other funds	115,941	115,941
TOTAL ASSETS	<u>\$ 415,499</u>	<u>\$ 415,499</u>
LIABILITIES		
Accounts payable	\$ 40,406	\$ 40,406
Due to other governments	3,166	3,166
Due to other funds	275,879	275,879
TOTAL LIABILITIES	<u>319,451</u>	<u>319,451</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	176,643	176,643
Committed	-	-
Assigned	-	-
Unassigned	(80,595)	(80,595)
TOTAL FUND BALANCES	<u>96,048</u>	<u>96,048</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 415,499</u>	<u>\$ 415,499</u>

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

FRANKLIN WEST SUPERVISORY UNION

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>
REVENUES		
Intergovernmental revenue	\$ 1,087,860	\$ 1,087,860
TOTAL REVENUES	<u>1,087,860</u>	<u>1,087,860</u>
EXPENDITURES		
Other	<u>1,104,456</u>	<u>1,104,456</u>
TOTAL EXPENDITURES	<u>1,104,456</u>	<u>1,104,456</u>
NET CHANGE IN FUND BALANCES	(16,596)	(16,596)
FUND BALANCES, JULY 1	<u>112,644</u>	<u>112,644</u>
FUND BALANCES, JUNE 30	<u><u>\$ 96,048</u></u>	<u><u>\$ 96,048</u></u>

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

Special Revenue Funds

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

FRANKLIN WEST SUPERVISORY UNION

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	IDEA B	EPSDT	Farm to School Planning	Farm to School Implementation	SAP	Schoolwide Programs	CFP Admin Fees
ASSETS							
Due from other governments	\$ 131,702	\$ -	\$ -	\$ 1,540	\$ 41,713	\$ -	\$ -
Due from other funds	-	43,330	-	-	-	-	-
TOTAL ASSETS	\$ 131,702	\$ 43,330	\$ -	\$ 1,540	\$ 41,713	\$ -	\$ -
LIABILITIES							
Accounts payable	\$ 6,568	\$ 1,922	\$ -	\$ -	\$ 250	\$ 26,833	\$ -
Due to other governments	-	-	-	-	-	-	-
Due to other funds	125,134	1,071	400	1,540	54,198	39,939	-
TOTAL LIABILITIES	131,702	2,993	400	1,540	54,448	66,772	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	40,337	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	(400)	-	(12,735)	(66,772)	-
TOTAL FUND BALANCES (DEFICITS)	-	40,337	(400)	-	(12,735)	(66,772)	-
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 131,702	\$ 43,330	\$ -	\$ 1,540	\$ 41,713	\$ -	\$ -

FRANKLIN WEST SUPERVISORY UNION

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2019

	IDEA B Preschool	Professional Development	Best Grant	Local Standards Board	SSDDMS Grant	Bay Paul Foundation
ASSETS						
Due from other governments	\$ 2,079	\$ -	\$ 1,459	\$ 527	\$ -	\$ -
Due from other funds	-	61,338	-	10	-	7,590
TOTAL ASSETS	<u>\$ 2,079</u>	<u>\$ 61,338</u>	<u>\$ 1,459</u>	<u>\$ 537</u>	<u>\$ -</u>	<u>\$ 7,590</u>
LIABILITIES						
Accounts payable	\$ -	\$ 210	\$ -	\$ 527	\$ -	\$ -
Due to other governments	-	-	-	-	-	-
Due to other funds	2,767	-	775	-	-	-
TOTAL LIABILITIES	<u>2,767</u>	<u>210</u>	<u>775</u>	<u>527</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	61,128	684	10	-	7,590
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	(688)	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>(688)</u>	<u>61,128</u>	<u>684</u>	<u>10</u>	<u>-</u>	<u>7,590</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 2,079</u>	<u>\$ 61,338</u>	<u>\$ 1,459</u>	<u>\$ 537</u>	<u>\$ -</u>	<u>\$ 7,590</u>

FRANKLIN WEST SUPERVISORY UNION

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2019

	China Camp	Title I	Title IIA	Title IV	School Safety Grant	VSBIT	Total
ASSETS							
Due from other governments	\$ 3,721	\$ 85,514	\$ 31,303	\$ -	\$ -	\$ -	\$ 299,558
Due from other funds	-	-	-	3,166	385	122	115,941
TOTAL ASSETS	<u>\$ 3,721</u>	<u>\$ 85,514</u>	<u>\$ 31,303</u>	<u>\$ 3,166</u>	<u>\$ 385</u>	<u>\$ 122</u>	<u>\$ 415,499</u>
LIABILITIES							
Accounts payable	\$ -	\$ 1,417	\$ 2,294	\$ -	\$ 385	\$ -	\$ 40,406
Due to other governments	-	-	-	3,166	-	-	3,166
Due to other funds	3,721	17,325	29,009	-	-	-	275,879
TOTAL LIABILITIES	<u>3,721</u>	<u>18,742</u>	<u>31,303</u>	<u>3,166</u>	<u>385</u>	<u>-</u>	<u>319,451</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	66,772	-	-	-	122	176,643
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(80,595)
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>66,772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122</u>	<u>96,048</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 3,721</u>	<u>\$ 85,514</u>	<u>\$ 31,303</u>	<u>\$ 3,166</u>	<u>\$ 385</u>	<u>\$ 122</u>	<u>\$ 415,499</u>

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

FRANKLIN WEST SUPERVISORY UNION

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	IDEA B	EPSDT	Farm to School Planning	Farm to School Implementation	SAP	Schoolwide Program	CFP Admin Fees
REVENUES							
Intergovernmental revenue	\$ 513,802	\$ 13,979	\$ -	\$ -	\$ 12,243	\$ -	\$ 3,306
TOTAL REVENUES	<u>513,802</u>	<u>13,979</u>	<u>-</u>	<u>-</u>	<u>12,243</u>	<u>-</u>	<u>3,306</u>
EXPENDITURES							
Other	513,802	13,423	-	-	44,978	66,772	3,306
TOTAL EXPENDITURES	<u>513,802</u>	<u>13,423</u>	<u>-</u>	<u>-</u>	<u>44,978</u>	<u>66,772</u>	<u>3,306</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	556	-	-	(32,735)	(66,772)	-
FUND BALANCES (DEFICITS), JULY 1	-	39,781	(400)	-	20,000	-	-
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ -</u>	<u>\$ 40,337</u>	<u>\$ (400)</u>	<u>\$ -</u>	<u>\$ (12,735)</u>	<u>\$ (66,772)</u>	<u>\$ -</u>

FRANKLIN WEST SUPERVISORY UNION

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	IDEA B Preschool	Professional Development	Best Grant	Local Standards Board	SSDDMS Grant	Bay Paul Foundation
REVENUES						
Intergovernmental revenue	\$ 3,985	\$ 50,256	\$ 10,364	\$ 2	\$ 235	\$ -
TOTAL REVENUES	<u>3,985</u>	<u>50,256</u>	<u>10,364</u>	<u>2</u>	<u>235</u>	<u>-</u>
EXPENDITURES						
Other	3,985	25,947	10,364	-	235	-
TOTAL EXPENDITURES	<u>3,985</u>	<u>25,947</u>	<u>10,364</u>	<u>-</u>	<u>235</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	24,309	-	2	-	-
FUND BALANCES (DEFICITS), JULY 1	<u>(688)</u>	<u>36,819</u>	<u>684</u>	<u>8</u>	<u>-</u>	<u>7,590</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ (688)</u>	<u>\$ 61,128</u>	<u>\$ 684</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 7,590</u>

FRANKLIN WEST SUPERVISORY UNION

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	China Camp	Title I	Title IIA	Title IV	School Safety Grant	VSBIT	Total
REVENUES							
Intergovernmental revenue	\$ 3,721	\$ 264,827	\$ 116,141	\$ 27,363	\$ 67,636	\$ -	\$ 1,087,860
TOTAL REVENUES	<u>3,721</u>	<u>264,827</u>	<u>116,141</u>	<u>27,363</u>	<u>67,636</u>	<u>-</u>	<u>1,087,860</u>
EXPENDITURES							
Other	4,251	198,055	116,141	27,363	67,636	8,198	1,104,456
TOTAL EXPENDITURES	<u>4,251</u>	<u>198,055</u>	<u>116,141</u>	<u>27,363</u>	<u>67,636</u>	<u>8,198</u>	<u>1,104,456</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(530)	66,772	-	-	-	(8,198)	(16,596)
FUND BALANCES (DEFICITS), JULY 1	<u>530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,320</u>	<u>112,644</u>
FUND BALANCES (DEFICITS), JUNE 30	<u><u>\$ -</u></u>	<u><u>\$ 66,772</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 122</u></u>	<u><u>\$ 96,048</u></u>

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

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support the Union's programs.

FRANKLIN WEST SUPERVISORY UNION

COMBINING SCHEDULE OF NET POSITION - FIDUCIARY FUNDS
 AGENCY FUNDS
 JUNE 30, 2019

	<u>Dental</u>	<u>Health</u>	<u>HRA</u>	<u>Total Agency Funds</u>
ASSETS				
Due from other governments	\$ 24,387	\$ -	\$ 298,181	\$ 322,568
TOTAL ASSETS	<u>\$ 24,387</u>	<u>\$ -</u>	<u>\$ 298,181</u>	<u>\$ 322,568</u>
LIABILITIES				
Accounts payable	\$ 3,557	\$ -	\$ -	\$ 3,557
Due to other governments	-	247,842	-	247,842
Plan funds available for future years	20,830	-	-	20,830
Deposits held for others	-	(247,842)	298,181	50,339
TOTAL LIABILITIES	<u>\$ 24,387</u>	<u>\$ -</u>	<u>\$ 298,181</u>	<u>\$ 322,568</u>

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

General Capital Assets

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

FRANKLIN WEST SUPERVISORY UNION

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
 JUNE 30, 2019

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
Fiscal services	\$ -	\$ -	\$ 95,622	\$ -	\$ 95,622
Support services - student based	-	-	153,544	-	153,544
Transportation	-	-	56,330	-	56,330
Total General Capital Assets	-	-	305,496	-	305,496
Less: Accumulated Depreciation	-	-	(293,469)	-	(293,469)
Net General Capital Assets	\$ -	\$ -	\$ 12,027	\$ -	\$ 12,027

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

FRANKLIN WEST SUPERVISORY UNION

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2019

	General Capital Assets 7/1/18	Additions	Deletions	General Capital Assets 6/30/19
Fiscal services	\$ 95,622	\$ -	\$ -	\$ 95,622
Support services - student based	153,544	-	-	153,544
Transportation	56,330	-	-	56,330
Total General Capital Assets	305,496	-	-	305,496
Less: Accumulated Depreciation	(275,943)	(17,526)	-	(293,469)
Net General Capital Assets	<u>\$ 29,553</u>	<u>\$ (17,526)</u>	<u>\$ -</u>	<u>\$ 12,027</u>

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

FRANKLIN WEST SUPERVISORY UNION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal CFDA Number	Pass-through Grantor Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Agriculture Passed-through State of Vermont - Agency of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	4452S0221900	\$ 55,567	\$ 55,567
National School Lunch Program	10.555	4450S0221900	182,134	182,134
Subtotal Child Nutrition Cluster			<u>237,701</u>	<u>237,701</u>
Total U.S. Department of Agriculture			<u>237,701</u>	<u>237,701</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	4250S0221901	<u>264,827</u>	<u>63,122</u>
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027	4226S0221901	513,802	-
Special Education Preschool Grants	84.173	4228S0221901	3,985	-
Subtotal Special Education Cluster (IDEA)			<u>517,787</u>	<u>-</u>
Supporting Effective Instruction State Grants	84.367A	4651S0221901	<u>116,141</u>	<u>4,176</u>
Student Support and Academic Enrichment Program	84.424A	4570S0221901	<u>27,363</u>	<u>-</u>
Total U.S. Department of Education			<u>926,118</u>	<u>67,298</u>
U.S. Department of Health and Human Services Passed-through State of Vermont - Agency of Education and Cultural Services:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	3420-A18025S	<u>44,978</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>44,978</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 1,208,797</u>	<u>\$ 304,999</u>

FRANKLIN WEST SUPERVISORY UNION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Franklin West Supervisory Union under programs of the federal government for the year ended June 30, 2019. 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 Franklin West Supervisory Union, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Franklin West 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 Franklin West Supervisory Union does not use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

3. Noncash Awards

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

4. Expenditures to Subrecipients

CFDA Number	Fairfax School District	Fletcher School District	Georgia School District	Total
10.553	\$ 23,664	\$ 11,045	\$ 20,858	\$ 55,567
10.555	95,465	19,987	66,682	182,134
84.010A	66	63,056	-	63,122
84.367A	1,929	982	1,265	4,176
	<u>\$ 121,124</u>	<u>\$ 95,070</u>	<u>\$ 88,805</u>	<u>\$ 304,999</u>



Proven Expertise & Integrity

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

Board of Directors
Franklin West Supervisory Union
Fairfax, Vermont

We have audited, in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Franklin West Supervisory Union as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise Franklin West Supervisory Union's basic financial statements and have issued our report thereon dated February 27, 2020.

Internal Control Over Financial Reporting

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

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

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

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
February 27, 2020



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

Board of Directors
Franklin West Supervisory Union
Fairfax, Vermont

Report on Compliance for Each Major Federal Program

We have audited Franklin West 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 Franklin West Supervisory Union's major federal programs for the year ended June 30, 2019. Franklin West Supervisory Union's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Franklin West Supervisory Union's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Franklin West Supervisory Union's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Franklin West 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, 2019.

Report on Internal Control Over Compliance

Management of Franklin West 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 Franklin West Supervisory Union's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Franklin West Supervisory Union's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
February 27, 2020

FRANKLIN WEST SUPERVISORY UNION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 JUNE 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued : Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

None

Section III - Federal Awards Findings and Questioned Costs

None