

# Federal Compliance Audit

## Addison Central Supervisory Union

June 30, 2016



*Proven Expertise and Integrity*

ADDISON CENTRAL SUPERVISORY UNION

CONTENTS

JUNE 30, 2016

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 12
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	13
STATEMENT B - STATEMENT OF ACTIVITIES	14 - 15
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	16
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	17
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	18
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	19
STATEMENT G - STATEMENT OF NET POSITION – PROPRIETARY FUNDS	20
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS	21
STATEMENT I - STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	22
NOTES TO FINANCIAL STATEMENTS	23 - 56
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	57

SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS - BUDGET AND ACTUAL – GENERAL FUND	58
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	59
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS	60
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	61
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	62
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS - BUDGET AND ACTUAL – GENERAL FUND REVENUES	63
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND	64 - 67
SCHEDULE C - COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS	68
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS	69
SPECIAL REVENUE FUNDS DESCRIPTION	70
SCHEDULE E - COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS	71 - 77
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS	78 - 84
GENERAL CAPITAL ASSETS DESCRIPTION	85
SCHEDULE G - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	86
SCHEDULE H - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	87

FEDERAL COMPLIANCE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	88
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	89
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>	90 - 91
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	92 - 94
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	95



*Proven Expertise and Integrity*

INDEPENDENT AUDITORS' REPORT

Board of Directors  
Addison Central Supervisory Union  
Middlebury, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Addison Central Supervisory Union as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Supervisory Union's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Addison Central Supervisory Union as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 4 through 12 and 58 through 61 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 Addison Central Supervisory Union's basic financial statements. The Budgetary Comparison Schedule – Budgetary Basis – Budget an Actual – General Fund Revenues, Schedule of Departmental Operations – General Fund, combining 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 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, the combining 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 January 11, 2017 on our consideration of Addison Central Supervisory Union's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Addison Central Supervisory Union's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
Vermont Registration No. 092.0000697  
January 11, 2017

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**(UNAUDITED)**

The following management's discussion and analysis of the Addison Central Supervisory Union's financial performance provides an overview of the Supervisory Union's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the Supervisory Union's financial statements.

**Financial Statement Overview**

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

**Basic Financial Statements**

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

**Government-Wide Financial Statements**

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

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



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

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

- *Governmental activities* – The activities in this section are mostly supported by intergovernmental revenues (federal and state grants). All of the Supervisory Union's basic services are reported in regular programs, student information management system, guidance, health, professional development, supervisory union, professional services, district wide, finance, technology, technology – shared personnel, operations and maintenance, transportation, and program expenditures.
- *Business-type activities* – The activities are normally intended to recover all or a significant portion of their costs through user fees and/or char this section are mostly supported by intergovernmental revenues (federal and state grants). All of the Supervisory Union's basic charges to external users for goods and/or services. These activities for the Addison Central Supervisory Union include internal service fund, insurance pool, and criminal background checks.

### **Fund Financial Statements**

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

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

Union's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Supervisory Union.

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

The Supervisory Union presents five columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Supervisory Union's four major funds are the general fund, the special education fund, the Medicaid IEP fund, and the consolidated federal grant fund. All other funds are shown as nonmajor and are combined in the "All Nonmajor Funds" column on these statements.

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

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

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

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

## **Required Supplementary Information**

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

## **Other Supplementary Information**

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

## **Government-Wide Financial Analysis**

Our analysis below focuses on the net position and changes in net position of the Supervisory Union's governmental and business-type activities. The Supervisory Union's total net position for governmental activities decreased by \$92,026 from \$599,629 to \$507,603. The Supervisory Union's total net position for business-type activities increased by \$1,656 from \$4,800 to \$6,456.

Unrestricted net position - the part of net position that can be use funds, to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased for governmental activities to a balance of \$93,133 at the end of this year. There was no unrestricted net position for business-type activities in either the current or prior fiscal year.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2016</u>	<u>2015 (Restated)</u>	<u>2016</u>	<u>2015 (Restated)</u>
<b>Assets:</b>				
Current Assets	\$ 1,569,434	\$ 1,254,968	\$ 6,638	\$ 6,789
Capital Assets	59,848	54,458	-	-
Total Assets	<u>1,629,282</u>	<u>1,309,426</u>	<u>6,638</u>	<u>6,789</u>
<b>Liabilities:</b>				
Current Liabilities	904,393	611,404	182	1,989
Long-term Obligations Outstanding	194,116	70,744	-	-
Total Liabilities	<u>1,098,509</u>	<u>682,148</u>	<u>182</u>	<u>1,989</u>
<b>Deferred Inflows of Resources:</b>				
Deferred Revenues	23,170	27,649	-	-
Total Deferred Inflows of Resources	<u>23,170</u>	<u>27,649</u>	<u>-</u>	<u>-</u>
<b>Net Position:</b>				
Net Investment in Capital Assets	34,105	3,757	-	-
Restricted	380,365	410,224	6,456	4,800
Unrestricted	93,133	185,648	-	-
Total Net Position	<u>\$ 507,603</u>	<u>\$ 599,629</u>	<u>\$ 6,456</u>	<u>\$ 4,800</u>

### Revenues and Expenses

The prior year comparatives have not been presented as there were several reclassifications in line items due to presentation of budget changes.

**Table 2**  
**Addison Central Supervisory Union**  
**Change in Net Position**  
**For the Year Ended June 30,**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
	<u>2016</u>	<u>2016</u>
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for services	\$ 1,108,169	\$ 4,500
Operating grants and contributions	9,252,920	-
<i>General Revenues:</i>		
Grants and contributions not restricted to specific programs	2,577,558	-
Miscellaneous	109,195	1,968
<b>Total Revenues</b>	<u>13,047,842</u>	<u>6,468</u>
<b>Expenses</b>		
Regular programs	662,793	-
Student information management system	8,730	-
Guidance	120,405	-
Health	96,280	-
Professional development	34,302	-
Supervisory Union	1,043,660	-
Professional services	42,325	-
District wide	37,839	-
Finance	70,955	-
Technology	22,760	-
Technology - shared personnel	417,412	-
Operations and maintenance	114,489	-
Transportation	747,191	-
Transportation - other	39,793	-
State on-behalf payments	1,517,511	-
Program expenditures	8,161,677	4,812
Unallocated depreciation (Note 4)	1,746	-
<b>Total Expenses</b>	<u>13,139,868</u>	<u>4,812</u>
 Change in Net Position	 (92,026)	 1,656
 Net Position - July 1, Restated	 <u>599,629</u>	 <u>4,800</u>
 Net Position - June 30	 <u>\$ 507,603</u>	 <u>\$ 6,456</u>

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

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

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

	2016	2015 (Restated)
Major Funds:		
General Fund:		
Nonspendable	\$ 26,291	\$ 38,751
Committed	50,000	39,406
Unassigned	305,816	167,491
Special Education Fund:		
Restricted	1,945	14,176
Medicaid IEP Fund:		
Restricted	192,132	115,421
Total Major Funds	\$ 576,184	\$ 375,245
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 186,288	\$ 280,627
Unassigned	(88)	-
Total Nonmajor Funds	\$ 186,200	\$ 280,627

The general fund total fund balance increased by \$136,459 from the prior fiscal year. The special education fund balance decreased by \$12,231 from the prior fiscal year. The Medicaid IEP fund balance increased by \$76,711 from the prior fiscal year. There was no consolidated federal grant fund balance in either the current or prior fiscal year. The nonmajor funds total fund balance decreased by \$94,427 from the prior fiscal year.

## Budgetary Highlights

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

The general fund actual revenues were over budget by \$17,076. This was primarily attributable to actual revenue received exceeding budgeted amounts for other intergovernmental resources and transfers from other funds.

The general fund actual expenditures were under the budget by \$158,789. This resulted from actual expenditures being less than budgeted expenditures for all expenditure categories except for regular programs, professional services, district wide, finance, technology, transportation – other and transfers to other funds.

## Capital Asset and Long-Term Debt Activity

### Capital Assets

As of June 30, 2016, the Supervisory Union capital assets increased by \$5,390 from the prior fiscal year. This increase was due to capital additions of \$19,243 less current year depreciation of \$13,853.

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

	<u>2016</u>	<u>2015</u> <u>(Restated)</u>
Buildings and improvements	\$ 17,277	\$ 18,062
Furniture and fixtures	1,839	2,207
Machinery and equipment	21,489	28,897
Vehicles	19,243	5,292
Total	<u>\$ 59,848</u>	<u>\$ 54,458</u>

### Debt

At June 30, 2016, the Supervisory Union had \$269,629 in capital leases payable versus \$50,701 in the prior fiscal year. There are no other obligations. Refer to Note 5 of the Notes to Financial Statements for detailed information.

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

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

The 2016-2017 budget could be severely impacted by the reduction of funding from the State.

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

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Supervisory Union's finances and to show the Supervisory Union's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Joshua Quinn, Business Manager at Addison Central Supervisory Union located at 49 Charles Avenue, Middlebury, Vermont 05753.



## ADDISON CENTRAL SUPERVISORY UNION

## STATEMENT OF NET POSITION

JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 617,627	\$ 6,588	\$ 624,215
Accounts receivable (net of allowance for uncollectibles)	183	-	183
Due from other governments	925,383	-	925,383
Prepaid items	26,291	-	26,291
Internal balances	(50)	50	-
Total current assets	<u>1,569,434</u>	<u>6,638</u>	<u>1,576,072</u>
Noncurrent assets:			
Buildings and improvements, net of accumulated depreciation	17,277	-	17,277
Furniture and fixtures, net of accumulated depreciation	1,839	-	1,839
Machinery and equipment, net of accumulated depreciation	21,489	-	21,489
Total noncurrent assets	<u>59,848</u>	<u>-</u>	<u>59,848</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,629,282</u>	<u>\$ 6,638</u>	<u>\$ 1,635,920</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 176,867	\$ 182	177,049
Accrued expenses	5,425	-	5,425
Due to other governments	601,588	-	601,588
Retirement incentive program	15,000	-	15,000
Current portion of long-term obligations	105,513	-	105,513
Total current liabilities	<u>904,393</u>	<u>182</u>	<u>904,575</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Retirement incentive program	30,000	-	30,000
Capital leases payable	164,116	-	164,116
Total noncurrent liabilities	<u>194,116</u>	<u>-</u>	<u>194,116</u>
<b>TOTAL LIABILITIES</b>	<u>1,098,509</u>	<u>182</u>	<u>1,098,691</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue	23,170	-	23,170
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>23,170</u>	<u>-</u>	<u>23,170</u>
<b>NET POSITION</b>			
Net investment in capital assets	34,105	-	34,105
Restricted:			
Special education fund	1,945	-	1,945
Medicaid IEP fund	192,132	-	192,132
Proprietary funds	-	6,456	6,456
Special revenue funds	186,288	-	186,288
Unrestricted	93,133	-	93,133
<b>TOTAL NET POSITION</b>	<u>507,603</u>	<u>6,456</u>	<u>514,059</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 1,629,282</u>	<u>\$ 6,638</u>	<u>\$ 1,635,920</u>

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

## ADDISON CENTRAL SUPERVISORY UNION

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Regular programs	\$ 662,793	\$ -	\$ -	\$ -	\$ (662,793)	\$ -	\$ (662,793)
Student information management system	8,730	-	-	-	(8,730)	-	(8,730)
Guidance	120,405	-	-	-	(120,405)	-	(120,405)
Health	96,280	-	-	-	(96,280)	-	(96,280)
Professional development	34,302	-	-	-	(34,302)	-	(34,302)
Supervisory Union	1,043,660	-	-	-	(1,043,660)	-	(1,043,660)
Professional services	42,325	-	-	-	(42,325)	-	(42,325)
District wide	37,839	-	-	-	(37,839)	-	(37,839)
Finance	70,955	-	-	-	(70,955)	-	(70,955)
Technology	22,760	-	-	-	(22,760)	-	(22,760)
Technology - shared personnel	417,412	-	-	-	(417,412)	-	(417,412)
Operations and maintenance	114,489	-	-	-	(114,489)	-	(114,489)
Transportation	747,191	-	741,899	-	(5,292)	-	(5,292)
Transportation - other	39,793	-	39,793	-	-	-	-
State on-behalf payments	1,517,511	-	1,517,511	-	-	-	-
Program expenditures	8,161,677	1,108,169	6,953,717	-	(99,791)	-	(99,791)
Unallocated depreciation (Note 4)*	1,746	-	-	-	(1,746)	-	(1,746)
<b>Total governmental activities</b>	<b>13,139,868</b>	<b>1,108,169</b>	<b>9,252,920</b>	<b>-</b>	<b>(2,778,779)</b>	<b>-</b>	<b>(2,778,779)</b>
Business-type activities:							
Insurance pool	2,700	4,500	-	-	-	1,800	1,800
Criminal background checks	2,112	-	-	-	-	(2,112)	(2,112)
<b>Total business-type activities</b>	<b>4,812</b>	<b>4,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(312)</b>	<b>(312)</b>
<b>Total government</b>	<b>\$ 2,333,762</b>	<b>\$ 4,500</b>	<b>\$ 160,600</b>	<b>\$ -</b>	<b>(2,778,779)</b>	<b>(312)</b>	<b>(2,779,091)</b>

\* This amount excludes the depreciation that is included in the direct expenses of the various programs.

STATEMENT B (CONTINUED)  
ADDISON CENTRAL SUPERVISORY UNION

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	(2,778,779)	(312)	(2,779,091)
General revenues:			
Grants and contributions not restricted to specific programs	2,577,558	-	2,577,558
Miscellaneous	109,195	1,968	111,163
Total general revenues	2,686,753	1,968	2,688,721
Change in net position	(92,026)	1,656	(90,370)
NET POSITION - JULY 1, RESTATED	599,629	4,800	604,429
NET POSITION - JUNE 30	\$ 507,603	\$ 6,456	\$ 514,059

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

## ADDISON CENTRAL SUPERVISORY UNION

BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2016

	General Fund	Special Education	Medicaid IEP	Consolidated Federal Grant	All Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 617,627	\$ -	\$ -	\$ -	\$ -	\$ 617,627
Accounts receivable (net of allowance for uncollectibles)	165	18	-	-	-	183
Due from other governments	221,500	285,157	30,716	-	388,010	925,383
Prepaid items	26,291	-	-	-	-	26,291
Due from other funds	412,681	48	176,772	201,581	394,728	1,185,810
<b>TOTAL ASSETS</b>	<b>\$ 1,278,264</b>	<b>\$ 285,223</b>	<b>\$ 207,488</b>	<b>\$ 201,581</b>	<b>\$ 782,738</b>	<b>\$ 2,755,294</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 93,246	\$ 36,982	\$ -	\$ -	\$ 46,639	\$ 176,867
Accrued expenses	5,425	-	-	-	-	5,425
Due to other governments	17,296	158,238	15,356	201,581	209,117	601,588
Due to other funds	779,767	88,058	-	-	318,035	1,185,860
<b>TOTAL LIABILITIES</b>	<b>895,734</b>	<b>283,278</b>	<b>15,356</b>	<b>201,581</b>	<b>573,791</b>	<b>1,969,740</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenues	423	-	-	-	22,747	23,170
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>423</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,747</b>	<b>23,170</b>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable - prepaid items	26,291	-	-	-	-	26,291
Restricted	-	1,945	192,132	-	186,288	380,365
Committed	50,000	-	-	-	-	50,000
Assigned	-	-	-	-	-	-
Unassigned	305,816	-	-	-	(88)	305,728
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>382,107</b>	<b>1,945</b>	<b>192,132</b>	<b>-</b>	<b>186,200</b>	<b>762,384</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 1,278,264</b>	<b>\$ 285,223</b>	<b>\$ 207,488</b>	<b>\$ 201,581</b>	<b>\$ 782,738</b>	<b>\$ 2,755,294</b>

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

## ADDISON CENTRAL SUPERVISORY UNION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2016

	Total Governmental Funds
Total Fund Balances	\$ 762,384
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	59,848
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds: Capital leases payable	(269,629)
For governmental funds, the liability for retirement incentive payable is not recorded. The expense is recorded when incurred.	(45,000)
Net position of governmental activities	\$ 507,603

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

## ADDISON CENTRAL SUPERVISORY UNION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Special Education	Medicaid IEP	Consolidated Federal Grant	All Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>						
Intergovernmental revenues	\$ 3,793,635	\$ 4,396,648	\$ 231,333	\$ -	\$ 2,325,736	\$ 10,747,352
Charges for services	-	-	-	-	1,108,169	1,108,169
Interest income	846	-	-	-	-	846
Miscellaneous	1,897	-	-	-	106,452	108,349
<b>TOTAL REVENUES</b>	<u>3,796,378</u>	<u>4,396,648</u>	<u>231,333</u>	<u>-</u>	<u>3,540,357</u>	<u>11,964,716</u>
<b>EXPENDITURES</b>						
Current:						
Regular programs	458,865	-	-	-	-	458,865
Student information management system	8,730	-	-	-	-	8,730
Guidance	120,405	-	-	-	-	120,405
Health	96,280	-	-	-	-	96,280
Professional development	34,302	-	-	-	-	34,302
Supervisory Union	1,043,660	-	-	-	-	1,043,660
Professional services	42,325	-	-	-	-	42,325
District wide	31,024	-	-	-	-	31,024
Finance	70,955	-	-	-	-	70,955
Technology	22,760	-	-	-	-	22,760
Technology - shared personnel	417,412	-	-	-	-	417,412
Operations and maintenance	114,489	-	-	-	-	114,489
Transportation	741,899	-	-	-	-	741,899
Transportation - other	39,793	-	-	-	-	39,793
State on-behalf payments	434,385	-	-	-	-	434,385
Program expenditures	-	4,408,879	154,622	406,883	3,191,293	8,161,677
Capital outlay	-	-	-	-	19,243	19,243
<b>TOTAL EXPENDITURES</b>	<u>3,677,284</u>	<u>4,408,879</u>	<u>154,622</u>	<u>406,883</u>	<u>3,210,536</u>	<u>11,858,204</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>119,094</u>	<u>(12,231)</u>	<u>76,711</u>	<u>(406,883)</u>	<u>329,821</u>	<u>106,512</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	28,097	119,877	-	417,485	-	565,459
Transfers (out)	(10,732)	(119,877)	-	(10,602)	(424,248)	(565,459)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>17,365</u>	<u>-</u>	<u>-</u>	<u>406,883</u>	<u>(424,248)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	136,459	(12,231)	76,711	-	(94,427)	106,512
<b>FUND BALANCES - JULY 1</b>	<u>245,648</u>	<u>14,176</u>	<u>115,421</u>	<u>-</u>	<u>280,627</u>	<u>655,872</u>
<b>FUND BALANCES - JUNE 30</b>	<u>\$ 382,107</u>	<u>\$ 1,945</u>	<u>\$ 192,132</u>	<u>\$ -</u>	<u>\$ 186,200</u>	<u>\$ 762,384</u>

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

## ADDISON CENTRAL SUPERVISORY UNION

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 106,512</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	19,243
Depreciation expense	<u>(13,853)</u>
	<u>5,390</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	<u>(328,290)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	<u>109,362</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:	
Retirement incentive payable	<u>15,000</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ (92,026)</u></u>

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

## ADDISON CENTRAL SUPERVISORY UNION

STATEMENT OF NET POSITION – PROPRIETARY FUNDS  
JUNE 30, 2016

	Enterprise Funds			Total
	Internal Service Fund	Insurance Pool	Criminal Background Checks	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 6,588	\$ -	\$ -	\$ 6,588
Due from other funds	-	5,959	679	6,638
Total current assets	<u>6,588</u>	<u>5,959</u>	<u>679</u>	<u>13,226</u>
<b>TOTAL ASSETS</b>	<u>\$ 6,588</u>	<u>\$ 5,959</u>	<u>\$ 679</u>	<u>\$ 13,226</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ -	\$ -	\$ 182	\$ 182
Due to other funds	6,588	-	-	6,588
Total current liabilities	<u>6,588</u>	<u>-</u>	<u>182</u>	<u>6,770</u>
<b>TOTAL LIABILITIES</b>	<u>6,588</u>	<u>-</u>	<u>182</u>	<u>6,770</u>
<b>NET POSITION</b>				
Restricted	-	5,959	497	6,456
<b>TOTAL NET POSITION</b>	<u>-</u>	<u>5,959</u>	<u>497</u>	<u>6,456</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 6,588</u>	<u>\$ 5,959</u>	<u>\$ 679</u>	<u>\$ 13,226</u>

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



## ADDISON CENTRAL SUPERVISORY UNION

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	Enterprise Funds			Total
	Internal Service Fund	Insurance Pool	Criminal Background Checks	
OPERATING REVENUES				
Intergovernmental revenue	\$ -	\$ 4,500	\$ -	\$ 4,500
Miscellaneous revenue	-	-	1,966	1,966
TOTAL OPERATING REVENUES	-	4,500	1,966	6,466
OPERATING EXPENSES				
Other	-	2,700	2,112	4,812
TOTAL OPERATING EXPENSES	-	2,700	2,112	4,812
OPERATING INCOME (LOSS)	-	1,800	(146)	1,654
NON-OPERATING REVENUE (EXPENSES)				
Interest income	-	2	-	2
TOTAL NON-OPERATING REVENUE (EXPENSES)	-	2	-	2
CHANGE IN NET POSITION	-	1,802	(146)	1,656
NET POSITION - JULY 1	-	4,157	643	4,800
NET POSITION - JUNE 30	\$ -	\$ 5,959	\$ 497	\$ 6,456

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

## ADDISON CENTRAL SUPERVISORY UNION

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	Enterprise Funds			Total
	Internal Service Fund	Insurance Pool	Criminal Background Checks	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ -	\$ -	\$ 1,966	\$ 1,966
Intergovernmental receipts	-	4,500	-	4,500
Interfund activity	(151)	170	(19)	-
Payments to suppliers	-	(4,672)	(1,947)	(6,619)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(151)</u>	<u>(2)</u>	<u>-</u>	<u>(153)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Interest income	-	2	-	2
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(151)	-	-	(151)
<b>CASH AND CASH EQUIVALENTS - JULY 1</b>	<u>6,739</u>	<u>-</u>	<u>-</u>	<u>6,739</u>
<b>CASH AND CASH EQUIVALENTS - JUNE 30</b>	<u>\$ 6,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,588</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ -	\$ 1,800	\$ (146)	\$ 1,654
Changes in operating assets and liabilities:				
(Increase) decrease in due from other funds	(151)	170	(19)	-
Increase (decrease) in accounts payable	-	(1,972)	165	(1,807)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (151)</u>	<u>\$ (2)</u>	<u>\$ -</u>	<u>\$ (153)</u>

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

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Reporting Entity***

The Supervisory Union was incorporated under the laws of the State of Vermont. The Supervisory Union operates under a Board of Directors-superintendent form of government and provides services the following services: regular programs, student information management system, guidance, health, professional development, supervisory union, professional services, district wide, finance, technology, technology – shared personnel, operations and maintenance, transportation, and program expenditures.

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

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

***Implementation of New Accounting Standards***

During the year ended June 30, 2016, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 72, "*Fair Value Measurement and Application*". The objective of the Statement is to expand comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will improve fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. Management has determined the impact of this Statement is not material to the financial statements.

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

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*". The objective of this Statement is to identify-in the context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 79, "*Certain External Investment Pools and Pool Participants*". This Statement establishes specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

This Statement also establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. Management has determined the impact of this Statement is not material to the financial statements.

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

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Supervisory Union's internal service fund, insurance pool and criminal background checks are categorized as business-type activities. All other activities of the Supervisory Union are categorized as governmental.

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Supervisory Union's functions (General, Special Education, Finance Director/Fiscal Services, Transportation, Program expenditures, etc.). The functions are also supported by general government revenues (support from the Supervisory Union, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Operating grants include 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 (assessments, certain intergovernmental revenues and interest income, etc.).

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

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

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

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

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Governmental Funds:

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

Major Funds

- a. The General Fund is the general operating fund of the Supervisory Union. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Special Education Fund is the special revenue fund used to account for special education expenditures incurred by the Supervisory Union that are subsequently reimbursed through grant funding.
- c. The Medicaid IEP Fund is the special revenue fund used to account for funding provided to the Supervisory Union for the purpose of offering special education individualized educational programs to students.
- d. The Consolidated Federal Grant Fund is the special revenue fund used to account for funding provided to the Supervisory Union for the purpose of increasing student academic achievement.

Nonmajor Funds

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

2. Proprietary Funds

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

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The emphasis in fund financial statements is on the major funds in the governmental activity category. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, 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.

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.

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Budget**

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

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

Revenues per budgetary basis	\$3,390,090
Add: On-behalf payments	<u>434,385</u>
Total GAAP basis	<u>\$3,824,475</u>
Expenditures per budgetary basis	\$3,253,631
Add: On-behalf basis	<u>434,385</u>
Total GAAP basis	<u>\$3,688,016</u>

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

1. The Supervisory Union board approves the budget by early January for the following fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. The preliminary budget which includes the Special Revenue Fund is shared with the communities in the School Report.
3. The Supervisory Union is not legally required to adopt a budget for the Special Revenue Fund.

**Deposits and Investments**

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



ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

**Prepaid Items**

Certain insurance and other payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Interfund Receivables and Payables**

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

**Transactions Between Funds**

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

**Allowance for Uncollectible Accounts**

The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2016.

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Capital Assets**

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

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

The Supervisory Union does not have infrastructure assets; therefore, the Supervisory Union has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Building improvements	10 - 50 years
Furniture and fixtures	3 - 20 years
Machinery and equipment	3 - 20 years
Vehicles	3 - 15 years

**Long-term Obligations**

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

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

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

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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.

**Net Position**

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

**Fund Balance**

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

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

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

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

**Deferred Outflows and Inflows of Resources**

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

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

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Program Revenues**

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

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

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

**Encumbrance Accounting**

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

**Use of Estimates**

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

NOTE 2 – DEPOSITS AND INVESTMENTS

**Deposits:**

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

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

At June 30, 2016, the Supervisory Union's cash balance of \$624,215 was comprised of bank deposits of \$848,734. Bank deposits were either fully covered by federal depository insurance, and consequently were not exposed to custodial credit risk, or were collateralized by securities held by the financial institution in the Supervisory Union's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking account	\$ 848,734
	<u>\$ 848,734</u>

**Investments:**

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

At June 30, 2016, the Supervisory Union did not have any investments.

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

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

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2016 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 412,681	\$ 779,767
Special Education Fund	48	88,058
Medicaid IEP Fund	176,772	-
Consolidated Federal Grant Fund	201,581	-
Enterprise Funds	6,638	6,588
Nonmajor Special Revenue Funds	394,728	318,035
	\$ 1,192,448	\$ 1,192,448

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2016:

	Balance 7/1/15 (Restated)	Additions	Disposals	Balance 6/30/16
<u>Governmental activities:</u>				
Depreciated assets:				
Buildings and improvements	\$ 23,560	\$ -	\$ -	\$ 23,560
Furniture and fixtures	12,944	-	-	12,944
Machinery and equipment	307,741	-	-	307,741
Vehicles	45,580	19,243	-	64,823
	389,825	19,243	-	409,068
Less: accumulated depreciation				
Buildings and improvements	(5,498)	(785)	-	(6,283)
Furniture and fixtures	(10,737)	(368)	-	(11,105)
Machinery and equipment	(278,844)	(7,408)	-	(286,252)
Vehicles	(40,288)	(5,292)	-	(45,580)
	(335,367)	(13,853)	-	(349,220)
Net capital assets	\$ 54,458	\$ 5,390	\$ -	\$ 59,848

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Current year depreciation:

Direct services	\$ 1,746
Support services - general admin.	4,481
Support services - staff	2,334
Transportation	5,292
Total depreciation expense	\$ 13,853

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2016:

	Balance 7/1/15	Additions	Deletions	Balance 6/30/16	Current Portion
<u>Governmental activities:</u>					
Capital leases payable	\$ 50,701	\$ 328,290	\$ (109,362)	\$ 269,629	\$ 105,513
	\$ 50,701	\$ 328,290	\$ (109,362)	\$ 269,629	\$ 105,513

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

**Capital Leases Payable:**

Addison Central Supervisory Union entered into a capital lease with Gorham Leasing Group for Unifund Budget sense for Windows computer software. Interest is 3.15% per annum, with five annual payments of principal and interest of \$26,554 and a maturity date in August of 2016. \$ 25,743

Addison Central Supervisory Union, on behalf of Cornwall School District, Middlebury Union School District #3, Middlebury Incorporated District #4, Shoreham School District and Weybridge School District entered into a capital lease with Apple Inc. for 403 computers. Each School District reimburses Addison Central Supervisory Union for payments made on their behalf under this capital lease. Interest is 1.9% per annum, with four annual payments of principal and interest of \$84,404 and a maturity date in October of 2018. 243,886

Total Capital Leases Payable \$ 269,629



ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of outstanding capital lease requirements for the fiscal year ending June 30:

Year Ending June 30:		
2017	\$	110,958
2018		84,404
2019		84,404
Total minimum lease payments		<u>279,766</u>
Less amount representing interest		<u>(10,137)</u>
Present value of future minimum lease payments	\$	<u><u>269,629</u></u>

NOTE 6 - OPERATING LEASES

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

Addison Central Supervisory Union leases two copiers from De Lage Landen Financial Services, Inc. under a lease agreement dated March 8, 2012. The lease term is for 60 months ending in March of 2017. Monthly payments are \$482.	\$ 4,338
Addison Central Supervisory Union leases a mail meter from Mail Finance, Inc. under a lease agreement dated September 3, 2015. The lease term is for 60 months ending in June of 2020. Quarterly payments are \$403.	<u>6,449</u>
Operating Leases Payable	<u><u>\$ 10,787</u></u>

The following is a summary of outstanding operating lease requirements for the fiscal year ending June 30:

Year Ending June 30:		
2017	\$	5,950
2018		1,612
2019		1,612
2020		<u>1,613</u>
Total minimum lease payments	\$	<u><u>10,787</u></u>

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 6 - OPERATING LEASES (CONTINUED)

In fiscal year 2016 the Supervisory Union, through the Early Essential Education (EEE) Program, verbally renewed their agreement with Middlebury Incorporated School District #4 to rent classroom and office space. The terms of the verbal agreement remain unchanged from the original written agreement, with the exception of an increase in the amount charged for renting the space at the School District. Pursuant to the verbal agreement, the EEE Program pays the School District rent of \$15,356 annually.

In fiscal year 2016 the Supervisory Union, through the K-2 and 3-6 Program (formally Success Center), verbally renewed their agreement with Middlebury Incorporated School District #4 to rent classroom and office space. The terms of the verbal agreement remain unchanged from the original written agreement. Pursuant to the verbal agreement, the K-2 and 3-6 Program pays the School District rent of \$14,000 annually.

In fiscal year 2016 the Supervisory Union renewed their agreement with Patricia A. Hannaford Center to rent office space. The terms of the agreement remain unchanged from the original written agreement. Pursuant to the agreement, the Supervisory Union pays Patricia A. Hannaford Center rent of \$19,527 annually.

NOTE 7 - RETIREMENT INCENTIVES

This program is offered to any teacher in the Supervisory Union who retires prior to accruing the required number of service years, a minimum of which is 30 years. The teacher must apply by December 1st of their final year of intended employment to be considered for the retirement incentive as of June 30. Pursuant to the Master Agreement, the retirement incentive payment purchases up to 5 years of retirement service years at a cost not to exceed \$60,000, payable directly to the Vermont retirement board.

The liability to the School District as of June 30, 2016 is as follows:

<u>Year</u>	<u>Cash Payment</u>	<u>Total</u>
2017	\$ 15,000	\$ 15,000
2018	15,000	15,000
2019	15,000	15,000
	<u>\$ 45,000</u>	<u>\$ 45,000</u>

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 8 - OVERSPENT APPROPRIATIONS

At June 30, 2016, the Supervisory Union had the following over spent appropriations:

Regular programs	\$	8,040
Professional services		42,325
District wide		11,024
Finance		8,080
Technology		260
Transportation - other		39,793
Transfers to other funds		10,732
		120,254
	\$	120,254

NOTE 9 - NONSPENDABLE FUND BALANCES

At June 30, 2016, the Supervisory Union had the following nonspendable fund balances:

General fund:		
Prepaid items	\$	26,291
		26,291

NOTE 10 - RESTRICTED FUND BALANCES

At June 30, 2016, the Supervisory Union had the following restricted fund balances:

Special education fund	\$	1,945
Medicaid IEP fund		192,132
Nonmajor special revenue funds (Schedule E)		186,288
		380,365
	\$	380,365

NOTE 11 - COMMITTED FUND BALANCES

At June 30, 2016, the Supervisory Union had the following committed fund balances:

General fund:		
Fiscal year 2017 fund balance	\$	50,000
		50,000

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 12 - DEFICIT FUND BALANCES

At June 30, 2016, the Supervisory Union had the following deficit fund balances:

Nonmajor special revenue funds (Schedule E):	
Early essential education	<u>\$ 88</u>

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, 2016, the retirement system consisted of 288 participating employers.

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

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

**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.

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

<b>VSTRS</b>	<b>Group A</b>	<b>Group C – Group # 1</b>	<b>Group C – Group # 2</b>
Normal service retirement eligibility (no reduction)	Age 60 or 30 years of service	Age 62 or with 30 years of service	Age 65 or when the sum of age and service equals 90
Average Final Compensation (AFC)	Highest 3 consecutive years, including unused annual leave, sick leave, and bonus/incentives	Highest 3 consecutive years, excluding all payments for anything other than service actually performed	Highest 3 consecutive years, excluding all payments for anything other than service actually performed
Benefit formula – normal service retirement	1.67% x creditable service x AFC	1.25% x service prior to 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
Earl 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

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

**Contributions**

VSTRS is a cost-sharing public employee retirement system with one exception: all risks and costs are not shared by the Supervisory Union but are the liability of the State of Vermont. VSTRS is funded through State and employee contributions and trust fund investment earnings; and the Supervisory Union has no legal obligation for paying benefits. Required contributions to the System are made by the State of Vermont based upon a valuation report prepared by the System's actuary, which varies by plan group. The Vermont State Teachers Retirement System estimates the contributions on behalf of the Supervisory Union's employees included in the teacher's retirement plan which approximates \$434,385 or 12.84% of total payroll for employees covered under the plan.

Employee contribution rates by plan group follow:

<b>VSTRS</b>	<b>Group A</b>	<b>Group C – Group # 1</b>	<b>Group C – Group # 2</b>
Employee Contributions	2.5% 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 \$177,763 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 \$3,383,059 for the year ended June 30, 2016.

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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.

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 & Management website at:

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

**Benefits Provided**

The pension plan is divided into four membership groups:

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



ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

The Supervisory Union does not participate in any Group. Benefits available to each group are based on average final compensation (AFC) and years of creditable service, and are summarized below:

<b>VMERS</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>	<b>Group D</b>
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 55 with 20 years of service
Early Retirement Eligibility	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.

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

**Contributions**

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

<b>VMERS</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>	<b>Group D</b>
Employee Contributions	2.5% of gross salary	4.75% of gross salary to 6/30/15; 4.875% of gross salary after 7/1/15	9.625% of gross salary to 12/31/14; 9.75% of gross salary to 6/30/15; 9.875% of gross salary after 7/1/15	11.125% of gross salary to 6/30/15; 11.35% of gross salary after 7/1/15
Employer Contributions	4% of gross salary	5.375% of gross salary to 6/30/15; 5.50% of gross salary after 7/1/15	6.875% of gross salary to 12/31/14; 7% of gross salary to 6/30/15; 7.125% of gross salary after 7/1/15	9.75% of gross salary to 6/30/15; 9.85% of gross salary after 7/1/15

Employee contributions are withheld pre income tax by the Supervisory Union and are remitted to the State of Vermont. Such withholdings for the years ended June 30, 2016 and 2015 totaled \$0 and \$0, respectively. The Supervisory Union contributed \$0 and \$0 for the years ended June 30, 2016 and 2015, respectively. The Supervisory Union's total payroll for the year ended June 30, 2016 for all employees covered under this plan was \$0.

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

**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, 2016. The State's portion of the collective net pension liability that was associated with the Supervisory Union was as follows:

Supervisory Union's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Supervisory Union		<u>5,989,956</u>
Total	\$	<u><u>5,989,956</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, 2015, 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, 2015, the Supervisory Union's proportion was 0.050484% which was an increase of 0.19731% from its proportion measured as of June 30, 2014.

*VMERS Plan*

At June 30, 2016, the Supervisory Union reported a liability of \$0 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2015, 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, 2015, the Supervisory Union's proportion was 0% for VMERS, which remained unchanged from its proportion measured as of June 30, 2014 for VMERS.

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

For the year ended June 30, 2016, the Supervisory Union recognized total pension expense \$1,083,126 and revenue of \$1,083,126 for support provided by the State of Vermont for the VSTRS plan. In the same period, the Supervisory Union recognized pension expense of \$0. At June 30, 2016, 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	\$ -	\$ -	\$ -	\$ -
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>	<u>\$ -</u>	<u>\$ -</u>

\$0 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	VSTRS	VMERS
Year ended June 30:		
2016	\$ -	\$ -
2017	-	-
2018	-	-
2019	-	-
2020	-	-
2021	-	-
Thereafter	-	-

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

**Significant Actuarial Assumptions and Methods**

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using the actuarial assumptions outlined below. These assumptions were selected on the basis of the experience study that was performed for the five-year period ending June 30, 2010:

*Investment Rate of Return:* For both plans, a select-and-ultimate interest rate set is used, specified below. The interest rate is restarted every year:

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

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

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

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

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

*Deaths After Retirement:* For the VSTRS plan, the 1995 Buck Mortality Tables are used, with a three-year set-back for males and one-year for females, for retirees, terminated vested members and beneficiaries; the RP-2000 Disabled Life Table with projection to 2016 using Scale AA for disabled retirees. The tables used contain a margin to reflect anticipated mortality improvement after the valuation date.

Mortality rates for active participants in the VMERS plan were based on 50% of the probabilities in the 1995 Buck Mortality Tables for males and females, non-disabled retirees and terminated vested participants were based on the 1995 Buck Mortality Tables with no set-back for males and a one-year set-back for females, disabled retirees were based on the RP-2000 Disabled Life Tables, and the 1995 Buck Mortality Tables for males and females was applied to beneficiaries.

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

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

*Cost-of-Living Adjustments:* For the VSTRS plan, adjustments are assumed to occur on January 1 following one year of retirement at the rate of 3% per annum for Group A members and 1.5% per annum for Group C members (beginning at age 62 for Group C members who elect reduced early retirement).

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

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

A smoothing *asset valuation method* was used for funding purposes in both plans, 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%.

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

The *long-term expected rate of return* on both plan investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variable and the asset classes. These best estimate ranges were combined to produce forecasts of the short, intermediate, and longer term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles. To reflect this in the rate-of-return assumption, a Select and Ultimate assumption setting approach, which is cited in Section 3.8.4 of Actuarial Standard of Practice No. 27 as an alternative to a single assumed rate of return, is employed.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equity	32.00%	8.61%
Fixed income	35.00%	1.91%
Alternative	17.00%	6.93%
Multi-strategy	16.00%	4.88%
Total	100.00%	

Nominal long-term expected rates of return for these asset classes are equal to the sum of the above expected long-term real rates and the expected long-term inflation rate of 3.0%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.95% for the VSTRS plan and 7.95% for the VMERS plan. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

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

	1% Decrease	Discount Rate	1% Increase
<u>VSTRS:</u>			
Discount rate	6.95%	7.95%	8.95%
Supervisory Union's proportionate share of the net pension liability	\$ -	\$ -	\$ -
<u>VMERS:</u>			
Discount rate	6.95%	7.95%	8.95%
Supervisory Union's proportionate share of the net pension liability	\$ -	\$ -	\$ -

**Pension Plan Fiduciary Net Position**

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



ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 14 - DEFINED CONTRIBUTION RETIREMENT PLAN

A. Plan Description

The Addison Central Supervisory Union offers its employees (plan members) a defined contribution retirement plan (the plan), created in accordance with Internal Revenue Service Code Section 403(b), which is administered through the Supervisory Union. The plan is available to central office support staff and administrators are ineligible for the Vermont State Teachers Retirement System and who work at least 20 hours per week in a year-round position. The plan benefits are not available to employees until termination, retirement, death, unforeseen emergency or at age 59 ½ for annuity contracts only where distributions may be made from the plan while the plan member is still employed by the Supervisory Union.

All contributions and earnings are 100% vested immediately. All amounts of compensation contributed under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights (until paid or made available to the employee or other beneficiary) are held by funding agents for the exclusive benefit of participants and their beneficiaries. All amounts of the plan are not subject to the claims of the Supervisory Union's general creditors.

B. Funding Policy

The contribution requirements of plan members and the Supervisory Union are established and may be amended by the Superintendent and the Supervisory Union Board. The Supervisory Union's employees who participate in the defined contribution retirement plan are required to contribute a minimum of \$200 annually. After two years of credited service, the Supervisory Union is required to match the plan member contributions. The Supervisory Union required match, which is dependent on plan member's years of credited service, ranges up to 4.5% of the plan member's annual covered payroll. The Supervisory Union's contributions to the plan, including plan member contributions, for the years ended June 30, 2016 and 2015 were \$75,735, and \$60,699, respectively.

NOTE 15 - RISK MANAGEMENT

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

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 15 - RISK MANAGEMENT (CONTINUED)

Based on the coverage provided by the insurance purchased, the Supervisory Union is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2016. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

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

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

The School District self-funds unemployment compensation. The School District reimburses the State of Vermont, who pays the former School District employees while employed, for all valid unemployment claims. While the amount cannot be determined in advance, the School District has paid claims of \$4,690 in 2016 and \$4,690 in 2015.

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.

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 15 - RISK MANAGEMENT (CONTINUED)

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

NOTE 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 Supervisory Union's financial position.

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

NOTE 17 - RELATED ORGANIZATIONS

Addison Central Supervisory Union entered into an agreement dated May 3, 2013 with Student Transportation of Vermont (dba Bet-Cha Transit) for busing services. This agreement was extended three additional years through June 30, 2016. Addison Central Supervisory Union entered into this contract on behalf of Bridport School District, Cornwall School District, Middlebury Incorporated School District #4, Middlebury Union School District #3, Ripton School District, Salisbury School District, Shoreham School District, and Weybridge School District. Annually, Addison Central Supervisory Union charges each School District for their share of the transportation expenditure.

ADDISON CENTRAL SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 17 - RELATED ORGANIZATIONS (CONTINUED)

Addison Central Supervisory Union provides services to the following School Districts: Bridport School District, Cornwall School District, Middlebury Incorporated School District #4, Middlebury Union School District #3, Ripton School District, Salisbury School District, Shoreham School District, and Weybridge School District. Each School District has an ongoing financial responsibility to the Supervisory Union as defined in GASB 14, paragraph 71.

NOTE 18 - COMPARATIVE DATA/RECLASSIFICATIONS

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

NOTE 19 - RESTATEMENTS

The beginning net position of the governmental activities was restated, resulting in a decrease of \$53,178. This decrease was due to increases in the retirement incentive payable and accumulated depreciation of \$55,021 and \$19,286, respectively, which was partially offset by an increase in capital assets of \$21,129. The retirement incentive payable, accumulated depreciation, capital asset balances were restated to adjust balances to actual at the beginning of the year.

NOTE 20 - SUBSEQUENT EVENTS

In fiscal year 2016 the voters in all of the School Districts of the Addison Central Supervisory Union (ACSU) voted to approve forming a Unified Union School District, to be known as the Addison Central School District. On July 1, 2017 the new governance structure will become fully operational; in addition, the nine School Boards of ACSU will be replaced with one 13-member School Board, which will oversee the Unified Union School District.

There are areas related to capital assets that require additional time by management to adequately address inquiries brought up during the fiscal year 2016 audit. These areas will be discussion points that are addressed during the fiscal year 2017 audit.

## Required Supplementary Information

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

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

## ADDISON CENTRAL SUPERVISORY UNION

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
 BUDGET AND ACTUAL – GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 245,648	\$ 245,648	\$ 245,648	\$ -
Resources (Inflows):				
Intergovernmental:				
Assessments	2,562,323	2,562,323	2,535,233	(27,090)
Other	792,691	792,691	824,017	31,326
Interest income	-	-	846	846
Miscellaneous	18,000	18,000	1,897	(16,103)
Transfers from other funds	-	-	28,097	28,097
Amounts Available for Appropriation	<u>3,618,662</u>	<u>3,618,662</u>	<u>3,635,738</u>	<u>17,076</u>
Charges to Appropriations (Outflows):				
Current:				
Regular programs	450,825	450,825	458,865	(8,040)
Student information management system	14,430	14,430	8,730	5,700
Guidance	141,544	141,544	120,405	21,139
Health	114,756	114,756	96,280	18,476
Professional development	36,466	36,466	34,302	2,164
Supervisory Union	1,118,548	1,118,548	1,043,660	74,888
Professional services	-	-	42,325	(42,325)
District wide	20,000	20,000	31,024	(11,024)
Finance	62,875	62,875	70,955	(8,080)
Technology	22,500	22,500	22,760	(260)
Technology - shared personnel	523,051	523,051	417,412	105,639
Operations and maintenance	114,734	114,734	114,489	245
Transportation	783,276	783,276	741,899	41,377
Transportation - other	-	-	39,793	(39,793)
Transportation - field trip	9,415	9,415	-	9,415
Transfers to other funds	-	-	10,732	(10,732)
Total Charges to Appropriations	<u>3,412,420</u>	<u>3,412,420</u>	<u>3,253,631</u>	<u>158,789</u>
Budgetary Fund Balance, June 30	<u>\$ 206,242</u>	<u>\$ 206,242</u>	<u>\$ 382,107</u>	<u>\$ 175,865</u>
Utilization of assigned fund balance	<u>\$ 39,406</u>	<u>\$ 39,406</u>	<u>\$ -</u>	<u>\$ (39,406)</u>

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

## ADDISON CENTRAL SUPERVISORY UNION

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

	<u>2016</u>	<u>2015</u>
<u>VSTRS:</u>		
Proportion of the net pension liability	0.00%	0.00%
Proportionate share of the net pension liability	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Supervisory Union	<u>5,989,956</u>	<u>2,947,466</u>
Total	<u>\$ 5,989,956</u>	<u>\$ 2,947,466</u>
Covered-employee payroll	\$ 3,383,059	\$ 3,479,774
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	58.22%	64.02%
<u>VMERS:</u>		
Proportion of the net pension liability	0.00%	0.00%
Proportionate share of the net pension liability	\$ -	\$ -
Covered-employee payroll	\$ -	\$ -
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	87.42%	98.32%

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

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

## ADDISON CENTRAL SUPERVISORY UNION

SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS\*

	<u>2016</u>	<u>2015</u>
<u>VSTRS:</u>		
Contractually required contribution	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 3,383,059	\$ 3,479,774
Contributions as a percentage of covered- employee payroll	0.00%	0.00%
<u>VMERS:</u>		
Contractually required contribution	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ -	\$ -
Contributions as a percentage of covered- employee payroll	0.00%	0.00%

\* 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.



ADDISON CENTRAL SUPERVISORY UNION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016

**Changes of Assumptions**

The discount rate used to measure the net pension liability was lowered from 8.15% to 7.95%, due to the adoption by the Board of Trustees of a 7.95% expected future rate of return on assets for funding purposes.

## 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
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

ADDISON CENTRAL SUPERVISORY UNION

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
 BUDGET AND ACTUAL – GENERAL FUND REVENUES  
 FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Intergovernmental Revenues:				
ACSU Administrative Assessment	\$ 1,190,107	\$ 1,190,107	\$ 1,190,108	\$ 1
ACSU Professional Development Assessment	36,466	36,466	36,465	(1)
District Advertising Assessment	10,594	10,594	10,593	(1)
Facilities Assessment	80,550	80,550	80,550	-
ITIN Assessment	707,125	707,125	680,034	(27,091)
SIMS Assessment	14,430	14,430	14,431	1
Tech ITIN Assessment	523,051	523,051	523,052	1
Audit	-	-	42,325	42,325
Transportation - Regular	783,276	783,276	741,899	(41,377)
Transportation - Other	9,415	9,415	39,793	30,378
Interest Income	-	-	846	846
Miscellaneous:				
Administrative fees	18,000	18,000	800	(17,200)
Miscellaneous	-	-	1,097	1,097
Transfer From Other Funds	-	-	28,097	28,097
Amounts Available for Appropriation	<u>\$ 3,373,014</u>	<u>\$ 3,373,014</u>	<u>\$ 3,390,090</u>	<u>\$ 17,076</u>

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

## ADDISON CENTRAL SUPERVISORY UNION

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Regular programs -				
Salary	\$ 339,208	\$ 339,208	\$ 346,701	\$ (7,493)
Health insurance	67,758	67,758	69,803	(2,045)
Social security	25,949	25,949	24,155	1,794
Life insurance	218	218	265	(47)
Health care assessment	-	-	1,097	(1,097)
Worker's compensation	-	-	2,794	(2,794)
Course reimbursement	5,319	5,319	1,500	3,819
Dental insurance	2,280	2,280	2,199	81
Disability insurance	1,138	1,138	1,116	22
ELL Interpreters/Translators	3,000	3,000	1,994	1,006
Travel	3,315	3,315	1,781	1,534
Supplies	2,640	2,640	3,664	(1,024)
Conferences and dues	-	-	1,796	(1,796)
	<u>450,825</u>	<u>450,825</u>	<u>458,865</u>	<u>(8,040)</u>
Student information management system -				
Power School Maintenance/Support	8,400	8,400	8,460	(60)
Pearson Training Bundle	4,000	4,000	-	4,000
Software	500	500	-	500
Equipment	250	250	-	250
SSI Certificates	80	80	270	(190)
Professional development	1,200	1,200	-	1,200
	<u>14,430</u>	<u>14,430</u>	<u>8,730</u>	<u>5,700</u>
Guidance -				
Salary	110,449	110,449	98,177	12,272
Health insurance	19,082	19,082	13,425	5,657
Social security	8,449	8,449	6,775	1,674
Life insurance	65	65	80	(15)
Worker's compensation	-	-	934	(934)
Course reimbursement	1,207	1,207	99	1,108
Dental insurance	684	684	542	142
Disability insurance	432	432	373	59
Travel	1,176	1,176	-	1,176
	<u>141,544</u>	<u>141,544</u>	<u>120,405</u>	<u>21,139</u>
Health -				
Salary	85,023	85,023	68,263	16,760
Health insurance	19,148	19,148	16,823	2,325
Social security	6,504	6,504	5,003	1,501
Life insurance	68	68	57	11
Health care assessment	-	-	786	(786)
Worker's compensation	-	-	756	(756)
Course reimbursement	1,252	1,252	150	1,102
Dental insurance	507	507	535	(28)
Disability insurance	333	333	257	76
Repair and maintenance	-	-	487	(487)
Travel	-	-	281	(281)
Supplies	1,921	1,921	1,925	(4)
Equipment	-	-	957	(957)
	<u>114,756</u>	<u>114,756</u>	<u>96,280</u>	<u>18,476</u>

SCHEDULE B (CONTINUED)  
ADDISON CENTRAL SUPERVISORY UNION

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Professional development -				
Salary stipends	3,025	3,025	16,311	(13,286)
Salary - substitutes	-	-	385	(385)
Health insurance	-	-	943	(943)
Social security	231	231	1,260	(1,029)
Life insurance	-	-	2	(2)
Worker's compensation	160	160	181	(21)
Dental insurance	-	-	23	(23)
Disability insurance	-	-	14	(14)
Professional service	8,100	8,100	6,042	2,058
Travel	-	-	121	(121)
Supplies	18,700	18,700	3,008	15,692
Refreshments	1,850	1,850	2,580	(730)
Books	2,200	2,200	103	2,097
Conferences and dues	2,200	2,200	3,329	(1,129)
	<u>36,466</u>	<u>36,466</u>	<u>34,302</u>	<u>2,164</u>
Supervisory Union -				
Salary	762,811	762,811	644,007	118,804
Salary - substitutes	-	-	85	(85)
Health insurance	160,928	160,928	146,399	14,529
Social security	57,476	57,476	48,012	9,464
Life insurance	4,724	4,724	2,072	2,652
Retirement	22,940	22,940	17,086	5,854
Worker's compensation	5,983	5,983	6,800	(817)
Unemployment compensation	2,000	2,000	-	2,000
Dental insurance	11,614	11,614	8,279	3,335
Disability insurance	2,963	2,963	2,413	550
Professional service	6,500	6,500	7,120	(620)
Payroll service	1,330	1,330	1,053	277
Professional services - strategic planning	-	-	84,976	(84,976)
Professional service - tech itinerary	10,572	10,572	10,572	-
Legal fees	6,000	6,000	1,138	4,862
Audit	3,676	3,676	4,225	(549)
Equipment repair	200	200	327	(127)
Copier lease	5,354	5,354	5,661	(307)
Postage meter rental	1,604	1,604	2,000	(396)
Telephone	7,493	7,493	7,614	(121)
Postage	3,617	3,617	3,835	(218)
Travel	9,123	9,123	4,053	5,070
Office supplies	7,655	7,655	7,378	277
Refreshments/flowers	2,882	2,882	3,372	(490)
Books and periodicals	1,000	1,000	578	422
Software	1,000	1,000	-	1,000
Equipment	5,000	5,000	893	4,107
Conferences and dues	13,103	13,103	23,712	(10,609)
Contingency	1,000	1,000	-	1,000
	<u>1,118,548</u>	<u>1,118,548</u>	<u>1,043,660</u>	<u>74,888</u>

SCHEDULE B (CONTINUED)  
ADDISON CENTRAL SUPERVISORY UNION

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Professional services -				
Audit	-	-	42,325	(42,325)
	-	-	42,325	(42,325)
District Wide -				
Advertising	20,000	20,000	31,024	(11,024)
	20,000	20,000	31,024	(11,024)
Finance -				
Professional services	4,692	4,692	4,600	92
Accounting system support	28,129	28,129	29,173	(1,044)
Software	14,605	14,605	14,605	-
Equipment	11,949	11,949	11,950	(1)
Training/conferences	3,500	3,500	10,627	(7,127)
	62,875	62,875	70,955	(8,080)
Technology -				
Professional services	4,000	4,000	6,582	(2,582)
Equipment repair	1,000	1,000	552	448
Supplies	2,500	2,500	998	1,502
Books and periodicals	1,000	1,000	32	968
Software	2,000	2,000	10,157	(8,157)
Equipment	10,000	10,000	4,275	5,725
Conferences and dues	2,000	2,000	164	1,836
	22,500	22,500	22,760	(260)
Technology - shared personnel -				
Salary	354,767	354,767	274,716	80,051
Health insurance	94,550	94,550	67,590	26,960
Social security	27,140	27,140	20,415	6,725
Life insurance	2,183	2,183	884	1,299
Retirement	14,725	14,725	7,013	7,712
Worker's compensation	2,385	2,385	2,704	(319)
Course reimbursement	1,000	1,000	12	988
Dental insurance	6,384	6,384	2,276	4,108
Disability insurance	1,369	1,369	1,036	333
Repairs	800	800	-	800
Liability insurance	948	948	919	29
Supplies	-	-	1,926	(1,926)
Software	14,300	14,300	609	13,691
Equipment	2,500	2,500	37,312	(34,812)
	523,051	523,051	417,412	105,639

SCHEDULE B (CONTINUED)  
ADDISON CENTRAL SUPERVISORY UNION

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operations and maintenance -				
Water and sewer	490	490	466	24
Professional services	12,087	12,087	13,799	(1,712)
Repairs and maintenance	1,500	1,500	846	654
Building rent	4,000	4,000	4,000	-
Building upgrade	1,000	1,000	-	1,000
Monitoring system	230	230	246	(16)
Errors and Omissions liability insurance	3,113	3,113	4,729	(1,616)
Supplies	-	-	42	(42)
Electricity	11,014	11,014	8,600	2,414
Equipment	750	750	308	442
Furniture and fixtures	-	-	980	(980)
Salary	51,500	51,500	51,705	(205)
Health insurance	20,167	20,167	19,409	758
Social security	3,940	3,940	3,815	125
Life insurance	321	321	236	85
Worker's compensation	124	124	142	(18)
Dental insurance	1,296	1,296	1,156	140
Disability insurance	202	202	168	34
Travel	3,000	3,000	3,842	(842)
	<u>114,734</u>	<u>114,734</u>	<u>114,489</u>	<u>245</u>
Transportation -				
Fuel surcharges	41,375	41,375	-	41,375
Contracted services - regular	741,901	741,901	741,899	2
	<u>783,276</u>	<u>783,276</u>	<u>741,899</u>	<u>41,377</u>
Transportation - other -				
Contracted services	-	-	39,793	(39,793)
	<u>-</u>	<u>-</u>	<u>39,793</u>	<u>(39,793)</u>
Transportation - field trip -				
Purchased Services - Middlebury Incorporated School District #4	9,415	9,415	-	9,415
	<u>9,415</u>	<u>9,415</u>	<u>-</u>	<u>9,415</u>
Transfers to other funds -				
Special revenue funds	-	-	10,732	(10,732)
	<u>-</u>	<u>-</u>	<u>10,732</u>	<u>(10,732)</u>
<b>TOTAL DEPARTMENTAL OPERATIONS</b>	<u><u>\$ 3,412,420</u></u>	<u><u>\$ 3,412,420</u></u>	<u><u>\$ 3,253,631</u></u>	<u><u>\$ 158,789</u></u>

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

## ADDISON CENTRAL SUPERVISORY UNION

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016

	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Due from other governments	\$ 388,010	\$ 388,010
Due from other funds	394,728	394,728
<b>TOTAL ASSETS</b>	<u><u>\$ 782,738</u></u>	<u><u>\$ 782,738</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$ 46,639	\$ 46,639
Due to other governments	209,117	209,117
Due to other funds	318,035	318,035
<b>TOTAL LIABILITIES</b>	<u>573,791</u>	<u>573,791</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred revenue	<u>22,747</u>	<u>22,747</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>22,747</u>	<u>22,747</u>
<b>FUND BALANCES (DEFICITS)</b>		
Nonspendable	-	-
Restricted	186,288	186,288
Committed	-	-
Assigned	-	-
Unassigned	<u>(88)</u>	<u>(88)</u>
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>186,200</u>	<u>186,200</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<u><u>\$ 782,738</u></u>	<u><u>\$ 782,738</u></u>

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



## ADDISON CENTRAL SUPERVISORY UNION

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES		
Intergovernmental	\$ 2,325,736	\$ 2,325,736
Charges for services	1,108,169	1,108,169
Other income	106,452	106,452
TOTAL REVENUES	3,540,357	3,540,357
EXPENDITURES		
Other	3,191,293	3,191,293
Capital outlay	19,243	19,243
TOTAL EXPENDITURES	3,210,536	3,210,536
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	329,821	329,821
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers (out)	(424,248)	(424,248)
TOTAL OTHER FINANCING SOURCES (USES)	(424,248)	(424,248)
NET CHANGE IN FUND BALANCES	(94,427)	(94,427)
FUND BALANCES (DEFICITS) - JULY 1	280,627	280,627
FUND BALANCES (DEFICITS) - JUNE 30	\$ 186,200	\$ 186,200

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.

ADDISON CENTRAL SUPERVISORY UNION

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2016

	Speech Pathologists	Managed Environment Regular Education	Regular Education Billed to Schools	Special Education Billed to Schools	D.O. Current Events	D.O. Science II
<b>ASSETS</b>						
Due from other governments	\$ -	\$ 2,798	\$ 44,832	\$ 96,939	\$ -	\$ -
Due from other funds	301	2	-	-	15	-
<b>TOTAL ASSETS</b>	<b>\$ 301</b>	<b>\$ 2,800</b>	<b>\$ 44,832</b>	<b>\$ 96,939</b>	<b>\$ 15</b>	<b>\$ -</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 301	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	2,800	2,582	-	-	-
Due to other funds	-	-	42,248	96,939	-	-
<b>TOTAL LIABILITIES</b>	<b>301</b>	<b>2,800</b>	<b>44,830</b>	<b>96,939</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenue	-	-	-	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	2	-	15	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>15</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 301</b>	<b>\$ 2,800</b>	<b>\$ 44,832</b>	<b>\$ 96,939</b>	<b>\$ 15</b>	<b>\$ -</b>

ADDISON CENTRAL SUPERVISORY UNION

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2016

	D.O. Explorations	Addison Rutland Consortium	Preschool Collaborative	Community Foundation ACEEF	VEHI Pathpoints	Diversified Occupations
<b>ASSETS</b>						
Due from other governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	646	203	179	15,490	14,721	55,726
<b>TOTAL ASSETS</b>	<b>\$ 646</b>	<b>\$ 203</b>	<b>\$ 179</b>	<b>\$ 15,490</b>	<b>\$ 14,721</b>	<b>\$ 55,726</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 50	\$ -	\$ -	\$ 333	\$ 6,987	\$ 27,968
Due to other governments	-	-	-	-	-	769
Due to other funds	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>333</b>	<b>6,987</b>	<b>28,737</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenue	-	203	179	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>203</b>	<b>179</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	596	-	-	15,157	7,734	26,989
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>596</b>	<b>-</b>	<b>-</b>	<b>15,157</b>	<b>7,734</b>	<b>26,989</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 646</b>	<b>\$ 203</b>	<b>\$ 179</b>	<b>\$ 15,490</b>	<b>\$ 14,721</b>	<b>\$ 55,726</b>

ADDISON CENTRAL SUPERVISORY UNION

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2016

	Diversified Occupations - Science	North Country Credit Union Bird Banding	Medicaid EPSDT	E-Rate for Technology	Secondary Transformation Grant	Local Standards Board
<b>ASSETS</b>						
Due from other governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	100	65	135,046	5,613	4,000	1
<b>TOTAL ASSETS</b>	<b>\$ 100</b>	<b>\$ 65</b>	<b>\$ 135,046</b>	<b>\$ 5,613</b>	<b>\$ 4,000</b>	<b>\$ 1</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	7,095	-	4,000	-
Due to other funds	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>7,095</b>	<b>-</b>	<b>4,000</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenue	-	-	-	-	-	1
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	100	65	127,951	5,613	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>100</b>	<b>65</b>	<b>127,951</b>	<b>5,613</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 100</b>	<b>\$ 65</b>	<b>\$ 135,046</b>	<b>\$ 5,613</b>	<b>\$ 4,000</b>	<b>\$ 1</b>

ADDISON CENTRAL SUPERVISORY UNION

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2016

	Tobacco Grant	Merger Study Committee	Best Grant	ACT 230	Early Essential Education
<b>ASSETS</b>					
Due from other governments	\$ -	\$ 7,512	\$ -	\$ -	\$ -
Due from other funds	7,943	-	4,000	2,500	2,567
<b>TOTAL ASSETS</b>	<b>\$ 7,943</b>	<b>\$ 7,512</b>	<b>\$ 4,000</b>	<b>\$ 2,500</b>	<b>\$ 2,567</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 105
Due to other governments	7,197	-	2,000	917	2,550
Due to other funds	-	7,512	-	-	-
<b>TOTAL LIABILITIES</b>	<b>7,197</b>	<b>7,512</b>	<b>2,000</b>	<b>917</b>	<b>2,655</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue	746	-	2,000	1,583	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>746</b>	<b>-</b>	<b>2,000</b>	<b>1,583</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	(88)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(88)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>					
	<b>\$ 7,943</b>	<b>\$ 7,512</b>	<b>\$ 4,000</b>	<b>\$ 2,500</b>	<b>\$ 2,567</b>

ADDISON CENTRAL SUPERVISORY UNION

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2016

	I Team	EEE Bright Futures	EEE Stars	Preschool Development and Expansion Grant	Title I
<b>ASSETS</b>					
Due from other governments	\$ -	\$ -	\$ -	\$ -	\$ 138,497
Due from other funds	922	358	1,702	42,708	-
<b>TOTAL ASSETS</b>	<b>\$ 922</b>	<b>\$ 358</b>	<b>\$ 1,702</b>	<b>\$ 42,708</b>	<b>\$ 138,497</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	26,648	10,519
Due to other funds	-	-	-	-	127,978
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,648</b>	<b>138,497</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue	922	-	-	16,060	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>922</b>	<b>-</b>	<b>-</b>	<b>16,060</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable	-	-	-	-	-
Restricted	-	358	1,702	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>-</b>	<b>358</b>	<b>1,702</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 922</b>	<b>\$ 358</b>	<b>\$ 1,702</b>	<b>\$ 42,708</b>	<b>\$ 138,497</b>

ADDISON CENTRAL SUPERVISORY UNION

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2016

	Title II A	Title IV Drug Free Schools	Title V	IDEA-B	IDEA-B Preschool
<b>ASSETS</b>					
Due from other governments	\$ 16,097	\$ -	\$ -	\$ 59,333	\$ 736
Inventory	-	-	-	-	-
Due from other funds	7,395	15	122	-	-
<b>TOTAL ASSETS</b>	<u>\$ 23,492</u>	<u>\$ 15</u>	<u>\$ 122</u>	<u>\$ 59,333</u>	<u>\$ 736</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 9,501	\$ -	\$ -	\$ 1,119	\$ -
Due to other governments	13,991	-	-	14,986	606
Due to other funds	-	-	-	43,228	130
<b>TOTAL LIABILITIES</b>	<u>23,492</u>	<u>-</u>	<u>-</u>	<u>59,333</u>	<u>736</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue	-	15	122	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>15</u>	<u>122</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 23,492</u>	<u>\$ 15</u>	<u>\$ 122</u>	<u>\$ 59,333</u>	<u>\$ 736</u>



ADDISON CENTRAL SUPERVISORY UNION

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2016

	IDEA-B Proportional Share	Food Service Program	Fresh Fruit and Vegetable Grant August - September	Fresh Fruit and Vegetable Grant October - June	Total
<b>ASSETS</b>					
Due from other governments	\$ -	\$ 13,726	\$ -	\$ 7,540	\$ 388,010
Inventory	-	-	-	-	-
Due from other funds	1,191	86,529	-	4,668	394,728
<b>TOTAL ASSETS</b>	<u>\$ 1,191</u>	<u>\$ 100,255</u>	<u>\$ -</u>	<u>\$ 12,208</u>	<u>\$ 782,738</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 275	\$ -	\$ -	\$ -	\$ 46,639
Due to other governments	-	100,249	-	12,208	209,117
Due to other funds	-	-	-	-	318,035
<b>TOTAL LIABILITIES</b>	<u>275</u>	<u>100,249</u>	<u>-</u>	<u>12,208</u>	<u>573,791</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue	916	-	-	-	22,747
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>916</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,747</u>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable	-	-	-	-	-
Restricted	-	6	-	-	186,288
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	(88)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>-</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>186,200</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 1,191</u>	<u>\$ 100,255</u>	<u>\$ -</u>	<u>\$ 12,208</u>	<u>\$ 782,738</u>

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

ADDISON CENTRAL SUPERVISORY UNION

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Speech Pathologists	Managed Environment Regular Education	Regular Education Billed to Schools	Special Education Billed to Schools	D.O. Current Events	D.O. Science II
REVENUES						
Intergovernmental	\$ -	\$ -	\$ 11,485	\$ 96,939	\$ -	\$ -
Charges for services	-	47,712	-	-	-	-
Other income	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>47,712</b>	<b>11,485</b>	<b>96,939</b>	<b>-</b>	<b>-</b>
EXPENDITURES						
Other	12,275	47,712	11,485	96,939	9,519	1,102
Capital outlay	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>12,275</b>	<b>47,712</b>	<b>11,485</b>	<b>96,939</b>	<b>9,519</b>	<b>1,102</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(12,275)	-	-	-	(9,519)	(1,102)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
NET CHANGE IN FUND BALANCES	(12,275)	-	-	-	(9,519)	(1,102)
FUND BALANCES (DEFICITS) - JULY 1	12,275	-	2	-	9,534	1,102
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ -	\$ 2	\$ -	\$ 15	\$ -

ADDISON CENTRAL SUPERVISORY UNION

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	D.O. Explorations	Addison Rutland Consortium	Preschool Collaborative	Community Foundation ACEEF	VEHI Pathpoints	Diversified Occupations
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	875,296
Other income	1,914	-	-	11,765	5,820	11,797
TOTAL REVENUES	<u>1,914</u>	<u>-</u>	<u>-</u>	<u>11,765</u>	<u>5,820</u>	<u>887,093</u>
EXPENDITURES						
Other	1,876	-	-	12,621	21,780	893,828
Capital outlay	-	-	-	-	-	19,243
TOTAL EXPENDITURES	<u>1,876</u>	<u>-</u>	<u>-</u>	<u>12,621</u>	<u>21,780</u>	<u>913,071</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>38</u>	<u>-</u>	<u>-</u>	<u>(856)</u>	<u>(15,960)</u>	<u>(25,978)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	38	-	-	(856)	(15,960)	(25,978)
FUND BALANCES (DEFICITS) - JULY 1	<u>558</u>	<u>-</u>	<u>-</u>	<u>16,013</u>	<u>23,694</u>	<u>52,967</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 596</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,157</u>	<u>\$ 7,734</u>	<u>\$ 26,989</u>

ADDISON CENTRAL SUPERVISORY UNION

COMBINING SCHEDULE OF REVEUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Diversified Occupations - Science	North Country Credit Union Bird Banding	Medicaid EPSDT	E-Rate for Technology	Secondary Transformation Grant	Local Standards Board
REVENUES						
Intergovernmental	\$ -	\$ -	\$ 50,757	\$ -	\$ 4,000	\$ 749
Charges for services	-	-	-	-	-	-
Other income	250	-	-	73,369	-	-
<b>TOTAL REVENUES</b>	<b>250</b>	<b>-</b>	<b>50,757</b>	<b>73,369</b>	<b>4,000</b>	<b>749</b>
EXPENDITURES						
Other	572	-	55,189	67,850	4,000	749
Capital outlay	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>572</b>	<b>-</b>	<b>55,189</b>	<b>67,850</b>	<b>4,000</b>	<b>749</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(322)	-	(4,432)	5,519	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
NET CHANGE IN FUND BALANCES	(322)	-	(4,432)	5,519	-	-
FUND BALANCES (DEFICITS) - JULY 1	422	65	132,383	94	-	-
<b>FUND BALANCES (DEFICITS) - JUNE 30</b>	<b>\$ 100</b>	<b>\$ 65</b>	<b>\$ 127,951</b>	<b>\$ 5,613</b>	<b>\$ -</b>	<b>\$ -</b>

ADDISON CENTRAL SUPERVISORY UNION

COMBINING SCHEDULE OF REVEUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Tobacco Grant	Merger Study Committee	Best Grant	ACT 230	Early Essential Education
REVENUES					
Intergovernmental	\$ 10,304	\$ 9,934	\$ 2,000	\$ 917	\$ 116,911
Charges for services	-	-	-	-	185,161
Other income	-	-	-	-	-
TOTAL REVENUES	<u>10,304</u>	<u>9,934</u>	<u>2,000</u>	<u>917</u>	<u>302,072</u>
EXPENDITURES					
Other	10,304	9,934	2,000	917	332,538
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	<u>10,304</u>	<u>9,934</u>	<u>2,000</u>	<u>917</u>	<u>332,538</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,466)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	(30,466)
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,378</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (88)</u>

ADDISON CENTRAL SUPERVISORY UNION

COMBINING SCHEDULE OF REVEUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	I Team	EEE Bright Futures	EEE Stars	Preschool Development and Expansion Grant	Title I
REVENUES					
Intergovernmental	\$ 108,595	\$ -	\$ 920	\$ 59,692	\$ 564,853
Charges for services	-	-	-	-	-
Other income	-	-	-	-	-
TOTAL REVENUES	<u>108,595</u>	<u>-</u>	<u>920</u>	<u>59,692</u>	<u>564,853</u>
EXPENDITURES					
Other	108,595	-	-	59,692	176,427
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	<u>108,595</u>	<u>-</u>	<u>-</u>	<u>59,692</u>	<u>176,427</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>920</u>	<u>-</u>	<u>388,426</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	(388,426)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(388,426)</u>
NET CHANGE IN FUND BALANCES	-	-	920	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>358</u>	<u>782</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ 358</u>	<u>\$ 1,702</u>	<u>\$ -</u>	<u>\$ -</u>

ADDISON CENTRAL SUPERVISORY UNION

COMBINING SCHEDULE OF REVEUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Title II A	Title IV Drug Free Schools	Title V	IDEA-B	IDEA-B Preschool
REVENUES					
Intergovernmental	\$ 269,220	\$ -	\$ -	\$ 567,325	\$ 15,842
Charges for services	-	-	-	-	-
Other income	588	-	-	949	-
TOTAL REVENUES	<u>269,808</u>	<u>-</u>	<u>-</u>	<u>568,274</u>	<u>15,842</u>
EXPENDITURES					
Other	240,749	-	-	561,511	15,842
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	<u>240,749</u>	<u>-</u>	<u>-</u>	<u>561,511</u>	<u>15,842</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>29,059</u>	<u>-</u>	<u>-</u>	<u>6,763</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	(29,059)	-	-	(6,763)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(29,059)</u>	<u>-</u>	<u>-</u>	<u>(6,763)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ADDISON CENTRAL SUPERVISORY UNION

COMBINING SCHEDULE OF REVEUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	IDEA-B Proportional Share	Food Service Program	Fresh Fruit and Vegetable Grant August - September	Fresh Fruit and Vegetable Grant October - June	Total
REVENUES					
Intergovernmental	\$ 1,475	\$ 394,932	\$ 2,874	\$ 36,012	\$ 2,325,736
Charges for services	-	-	-	-	1,108,169
Other income	-	-	-	-	106,452
TOTAL REVENUES	<u>1,475</u>	<u>394,932</u>	<u>2,874</u>	<u>36,012</u>	<u>3,540,357</u>
EXPENDITURES					
Other	1,475	394,926	2,874	36,012	3,191,293
Capital outlay	-	-	-	-	19,243
TOTAL EXPENDITURES	<u>1,475</u>	<u>394,926</u>	<u>2,874</u>	<u>36,012</u>	<u>3,210,536</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>329,821</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	(424,248)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(424,248)</u>
NET CHANGE IN FUND BALANCES	-	6	-	-	(94,427)
FUND BALANCES (DEFICITS) - JULY 1	-	-	-	-	280,627
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 186,200</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.

ADDISON CENTRAL SUPERVISORY UNION

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
 JUNE 30, 2016

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
Direct services	\$ -	\$ -	\$ 38,919	\$ -	\$ 38,919
Support services - fiscal	-	-	93,961	-	93,961
Support services - general admin.	-	23,560	159,734	-	183,294
Support services - staff	-	-	20,916	-	20,916
Support services - students	-	-	7,155	-	7,155
Transportation	-	-	64,823	-	64,823
Total General Capital Assets	-	23,560	385,508	-	409,068
Less: Accumulated Depreciation	-	(6,283)	(342,937)	-	(349,220)
Net General Capital Assets	\$ -	\$ 17,277	\$ 42,571	\$ -	\$ 59,848

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

ADDISON CENTRAL SUPERVISORY UNION

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED JUNE 30, 2016

	General Capital Assets 7/1/15 (Restated)	Additions	Deletions	General Capital Assets 6/30/16
Direct services	\$ 38,919	\$ -	\$ -	\$ 38,919
Support services - fiscal	93,961	-	-	93,961
Support services - general admin.	183,294	-	-	183,294
Support services - staff	20,916	-	-	20,916
Support services - students	7,155	-	-	7,155
Transportation	45,580	19,243	-	64,823
<b>Total General Capital Assets</b>	<b>389,825</b>	<b>19,243</b>	<b>-</b>	<b>409,068</b>
Less: Accumulated Depreciation	(335,367)	(13,853)	-	(349,220)
<b>Net General Capital Assets</b>	<b>\$ 54,458</b>	<b>\$ 5,390</b>	<b>\$ -</b>	<b>\$ 59,848</b>

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

ADDISON CENTRAL SUPERVISORY UNION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Thru Grantor Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Agriculture				
Passed through State of Vermont - Department of Education and Cultural Services:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	4452	\$ 104,738	\$ -
National School Lunch Program	10.555	4448 & 4450	271,144	-
Subtotal Child Nutrition Cluster			<u>375,882</u>	<u>-</u>
Other Programs:				
Fresh Fruit and Vegetable Program	10.582	4449	<u>38,885</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>414,767</u>	<u>-</u>
U.S. Department of Education				
Passed through State of Vermont - Department of Education and Cultural Services:				
Special Education Cluster (IDEA):				
Special Education_Grants to States	84.027	4223 & 4226	568,800	-
Special Education_Preschool Grants	84.173	4228	15,842	-
Subtotal Special Education Cluster (IDEA)			<u>584,642</u>	<u>-</u>
Other Programs:				
Title I Grants to Local Educational Agencies	84.010	4250	564,943	-
Improving Teacher Quality State Grants	84.367	84.367A	269,220	-
Preschool Development Grants	84.419	4505	<u>59,692</u>	<u>-</u>
Total U.S. Department of Education			<u>1,478,497</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 1,893,264</u>	<u>\$ -</u>

## ADDISON CENTRAL SUPERVISORY UNION

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2016

#### 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Addison Central Supervisory Union under programs of the federal government for the year ended June 30, 2016. 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 Addison Central Supervisory Union, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Addison Central Supervisory Union.

#### 2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Addison Central Supervisory Union has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.



*Proven Expertise and 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 School Directors  
Addison Central Supervisory Union  
Middlebury, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Addison Central Supervisory Union, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Addison Central Supervisory Union's basic financial statements, and have issued our report thereon dated January 11, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these

limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

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

### Purpose of this Report

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

*RHR Smith & Company*

Buxton, Maine  
Vermont Registration No. 092.0000697  
January 11, 2017



*Proven Expertise and Integrity*

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

Board of School Directors  
Addison Central Supervisory Union  
Middlebury, Vermont

Report on Compliance for Each Major Federal Program

We have audited Addison Central Supervisory Union's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Addison Central Supervisory Union's major federal programs for the year ended June 30, 2016. Addison Central Supervisory Union's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Addison Central Supervisory Union's major federal programs based on our audit of the type of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and 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 Addison Central Supervisory Union's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



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

### Opinion on Each Major Federal Program

In our opinion, Addison Central Supervisory Union, complied in all material respects, with the type 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, 2016.

### Report on Internal Control Over Compliance

Management of Addison Central Supervisory Union is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Addison Central Supervisory Union internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Addison Central Supervisory Union's internal control over compliance.

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

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

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

*RHR Smith & Company*

Buxton, Maine  
Vermont Registration No. 092.0000697  
January 11, 2017

ADDISON CENTRAL SUPERVISORY UNION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016

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

• *Financial Statements*

Type of auditor's report issued : Unmodified

Internal control over financial reporting:

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

• *Federal Awards*

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported  
In accordance with § 200.516 of Uniform Guidance? yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.027	Special Education Grants to States - IDEA Cluster
84.173	Special Education Preschool Grants - IDEA Cluster

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