

Lamoille North Supervisory Union

FINANCIAL STATEMENTS

June 30, 2023

Lamoille North Supervisory Union
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Kittell Branagan & Sargent

Certified Public Accountants

Vermont License #167

INDEPENDENT AUDITOR'S REPORT

To the School Board
Lamoille North Supervisory Union
Hyde Park, Vermont

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lamoille North Supervisory Union as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Lamoille North Supervisory Union's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lamoille North Supervisory Union, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lamoille North Supervisory Union's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on page 31, the schedule of proportionate share of the net pension liability on page 32, the schedule of proportionate changes of the net OPEB liability on page 33 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lamoille North Supervisory Union's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2023, on our consideration of Lamoille North Supervisory Union's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lamoille North Supervisory Union's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lamoille North Supervisory Union's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "K. Stettin Brannigan". The signature is written in a cursive, flowing style.

St. Albans, Vermont
December 18, 2023

Lamoille North Supervisory Union
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

Our discussion and analysis of Lamoille North Supervisory Union financial performance provides an overview of the Supervisory Union's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the Supervisory Union's financial statements.

Brief Discussion of the Basic Financial Statements:

Using This Annual Report

This annual Report consists of a series of financial statements. The Statement of Net Position, Statement of Activities, and the Balance Sheet—Governmental Funds provide information about the activities of the Supervisory Union as a whole and present a longer-term view of the Supervisory Union's finances. Fund financial statements such as the Statement of Revenues, Expenditures and Changes in Fund Balance tell how these activities and services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Supervisory Union's operations in more detail than the government-wide statements by providing information about the Supervisory Union's most significant funds. The Supervisory Union Administration is responsible for establishing an accounting and internal control structure designed to ensure that the physical, data, informational, intellectual, and human resource assets of the Supervisory Union are protected from loss, theft, and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). Additionally, management strives to ensure that these assets are put to good and effective use. The internal control structure is designed to provide reasonable, but not absolute, assurances that these objectives are attained. The concept of reasonable assurance recognizes that: (1) the cost of any control should not exceed the benefit likely to be derived; (2) the valuation of cost and benefits requires judgments by management.

Reporting the Supervisory Union as a Whole

One of the most important questions asked about the Supervisory Union's finances is, "Is the Supervisory Union as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenditures and Changes in Fund Balance report information about the Supervisory Union as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position reports on the Supervisory Union's net position and changes thereof. You can think of the Supervisory Union's net position - the difference between assets and liabilities - as one way to measure the Supervisory Union's financial health, or financial position. Over time, increases or decreases in the Supervisory Union's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Supervisory Union's student enrollment and the condition of the Supervisory Union's infrastructure, to assess the overall health of the Supervisory Union.

Lamoille North Supervisory Union
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

In the Statement of Net Position and the Statement of Revenues, Expenditures and Changes in Fund Balance, the Supervisory Union's activities are classified solely as governmental activities:

- Governmental activities - The Supervisory Union's basic services are reported here, including instruction-regular education and special education; supporting education services; operation and maintenance; transportation; and administration. These activities are further broken down between the General Fund and Special Revenue.
 - General Fund activities – These are the basic core management activities of the Supervisory Union, including: curriculum, human resources, student special services and business services. These activities are also supported primarily by member school district assessments.
 - Special Revenue activities – These are special purpose activities that are supported by grant funds. These activities may support the core mission of the Supervisory Union, but the activities are being provided because other funds are available to pay for them. In most cases, special revenue activities would not be provided if grant funding were not available.

Reporting the Supervisory Union's Most Significant Funds

The fund financial statements provide detailed information about the most significant grant funds - not the Supervisory Union as a whole. Some funds are required to be established by State law. However, the Supervisory Union's Board of Directors establish many other funds to help them control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain grants, and other money (like grants received from the U.S. Department of Education). The Supervisory Union uses only one kind of fund - governmental funds.

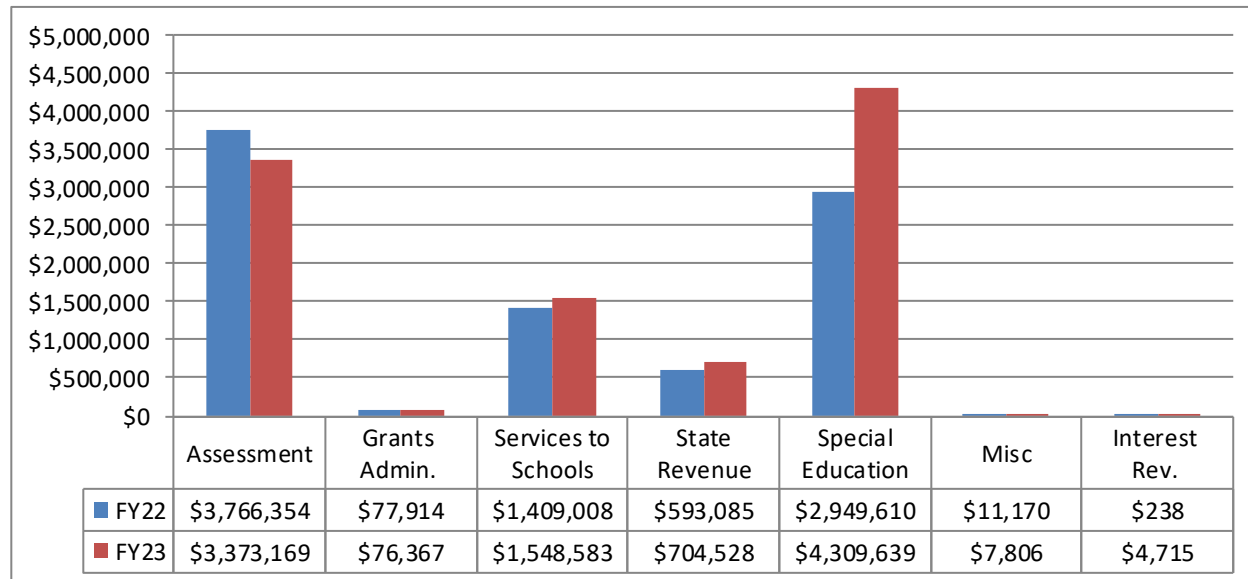
- Governmental funds - Most of the Supervisory Union's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Supervisory Union's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Supervisory Union's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Revenues, Expenditures and Changes in Fund Balance) and governmental funds in reconciliation at the bottom of the fund financial statements.

Amounts reported for governmental activities in this statement of net position differ from the Statement of Revenues, Expenditures and Changes in Fund Balance because: capital (non-current) assets used in governmental activities are not financial resources and therefore, are deferred in the funds; non-current liabilities - consisting of bonds payable, accrued interest on bonds, capital leases payable, compensated absences, and post employment benefits payable (early retirees) - are not due and payable in the current period and therefore are not reported in the funds. Interfund receivables and payables are reported in the fund statements, but not included in the amounts reported for governmental activities.

Lamoille North Supervisory Union
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

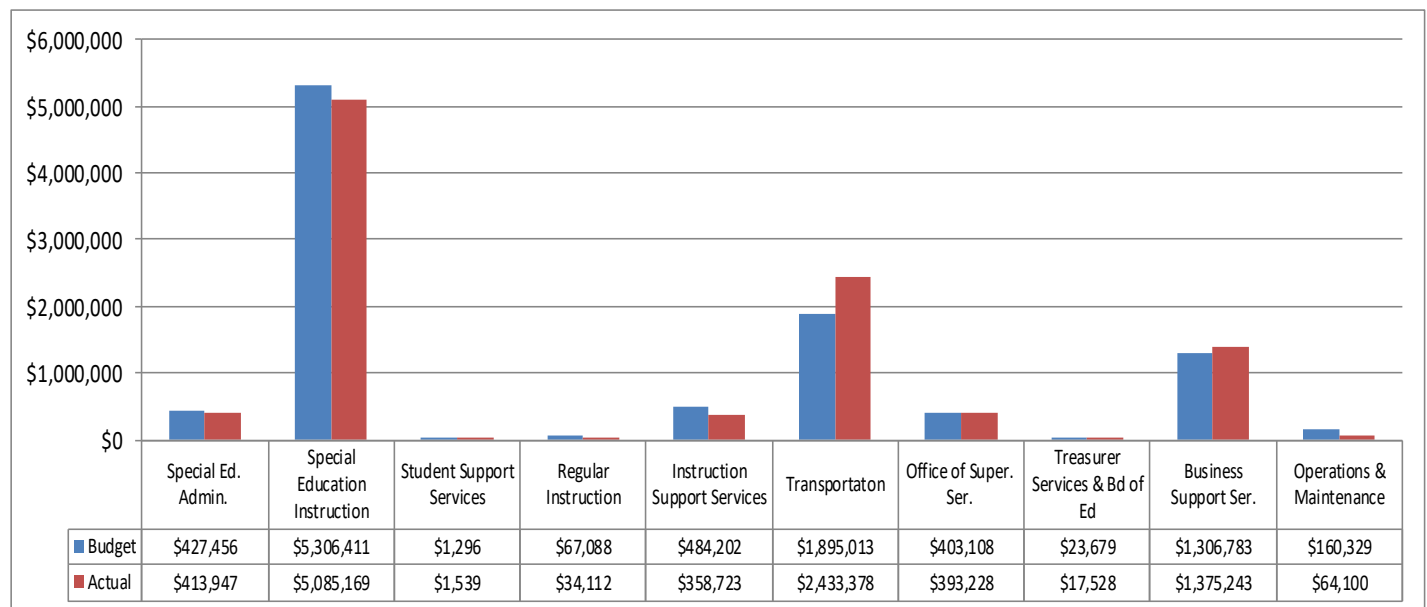
Analysis of Overall Financial Information – General Services – Revenue

General Fund revenues totaled \$10,024,807 which is \$1,217,428 higher than FY22. While services to schools and state revenues both went up and assessment went down, it is Special Education revenues that represent the biggest difference, coming in \$1.3 million higher than last fiscal year.



General Services: Expense

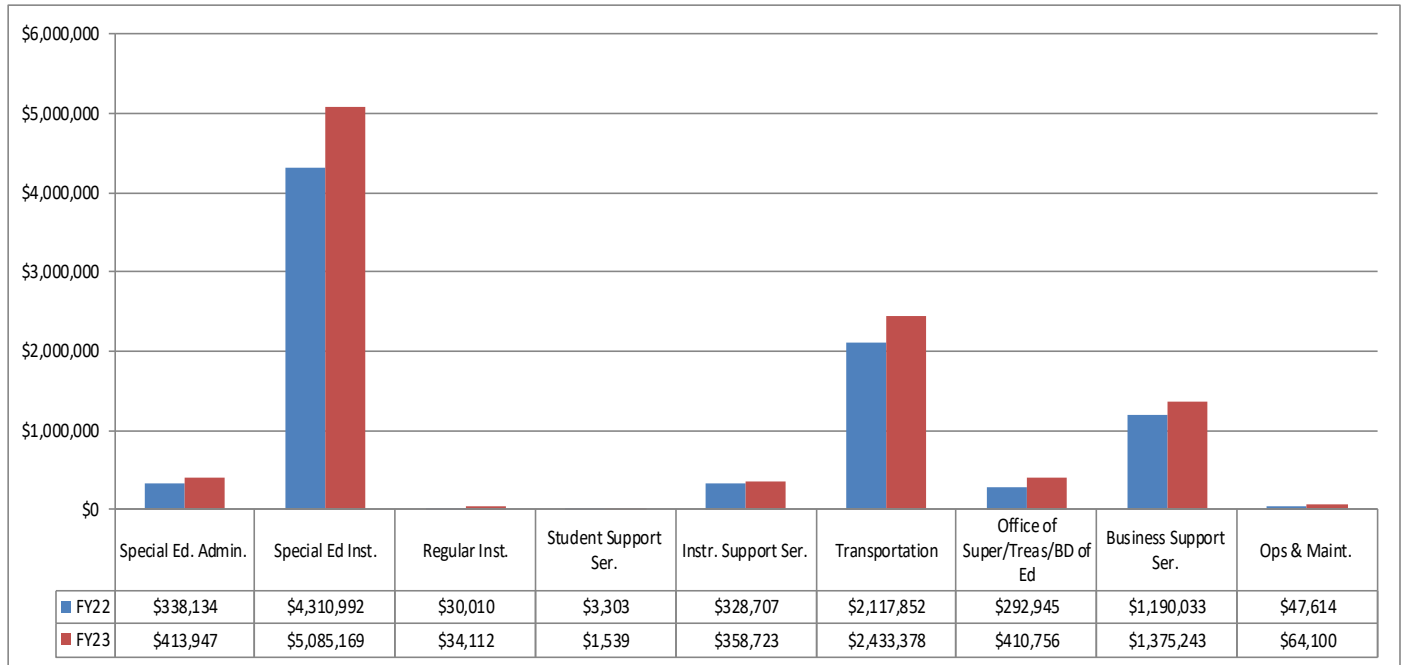
General Fund expenditures in FY 23 totaled \$10,176,967 which was higher than FY22 by \$1,517,377. Special education was higher in FY 23 versus FY 22 by \$774,177. Transportation, office of superintendent and business support services were also higher in FY 23.



Lamoille North Supervisory Union
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

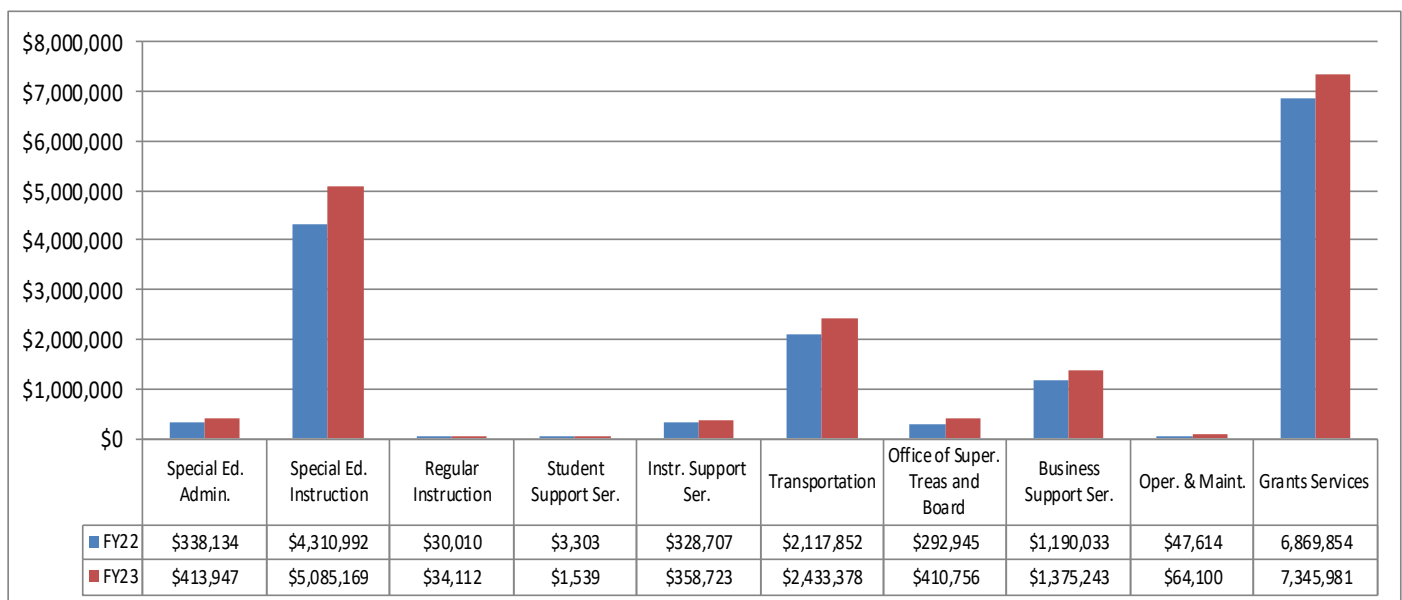
Analysis of Overall Financial Information - All Services: Revenue

Revenues in FY 23 totaled \$17,365,605; up by \$1,679,989 as compared to FY 22. The following chart reflects differences in overall revenues between fiscal years.



All Services – Expense

Expenses in FY 23 totaled \$17,522,948; up by \$1,993,504 as compared to FY 22. The following chart reflects differences in overall revenues between fiscal years.



Lamoille North Supervisory Union
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

Change in General Fund Balance:

Under Governmental Accounting Standards Board #54, the district is reporting fund balances classified: Restricted, Committed, Assigned, Non-spendable or Unassigned.

Fund Balance – 7/1/22	Excess of Expenditures Over Revenue	Fund Balance – 6/30/23
\$1,875,355	(\$157,343)	\$1,718,012

The total accumulated fund balance reflects the following:

\$ 8,301 Non-spendable Fund Balance – Prepaid expenses
\$ 188,712 Restricted for Future Special Revenue Fund – Grants & GMATV funds
\$ 810,522 Committed Fund Balance – committed for FY24 expenses.
\$ 141,229 Committed Fund Balance – committed for General Local Use
\$ 40,222 Committed for HRA and HSA unanticipated expenditures.
\$ 529,026 Unassigned fund balance

Capital Assets:

As required under Governmental Accounting Standards Board #34, the Supervisory Union is reporting its capital assets as part of the financial statements. The Supervisory Union maintains historical costs of the various assets owned by the Supervisory Union and applies appropriate charges against the cost to record depreciation. Note 3 of the Report details the status of the Supervisory Union's net capital assets.

	Balance 7/1/23	Increases (Depreciation) of Assets	Balance 6/30/23
Net Capital Assets	\$85,493	\$87,693	\$173,186

Retirement Benefits:

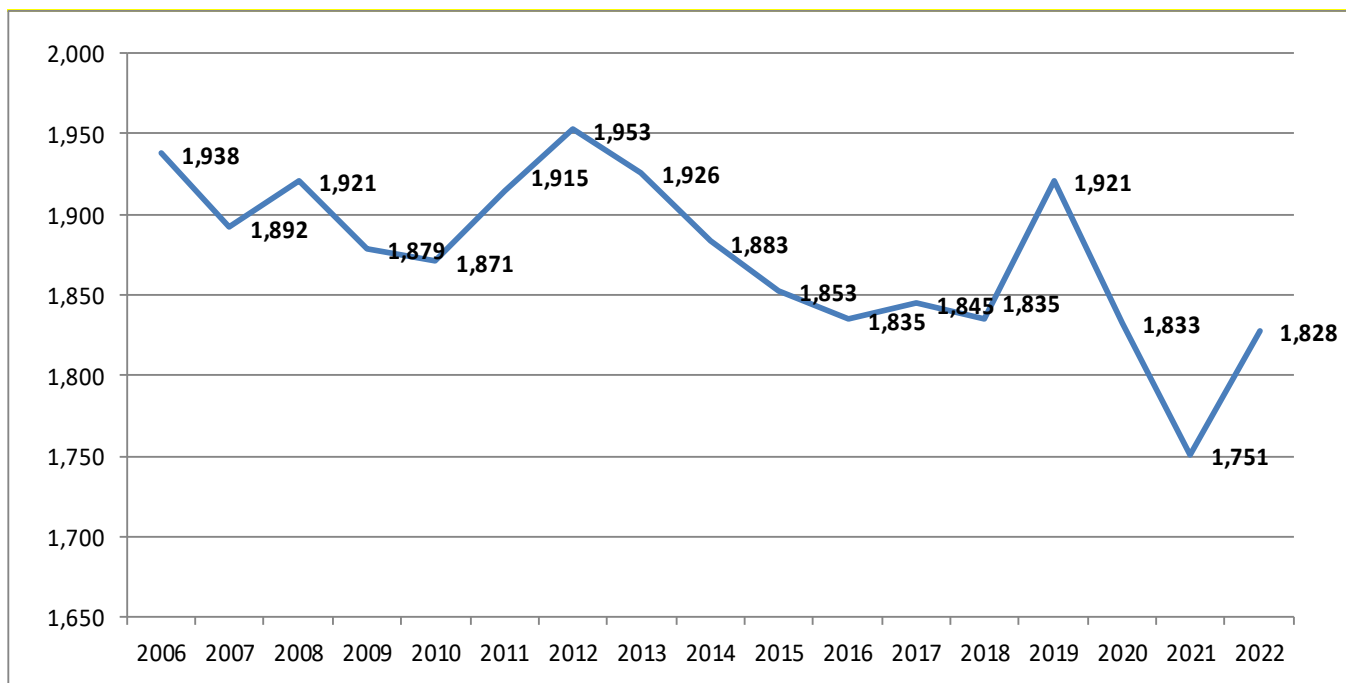
The Lamoille North Supervisory Union (LNSU) allows for employer retirement match in 403(b) contributions as well as special sick day benefit pay of unused sick days upon retirement. Accrued liability at year-end for both combined was \$39,767.

Current Issues:

- Collective Bargaining Agreements: The Support Staff master agreement is set to expire June of 2024. The Teachers master agreement is set to expire June 30, 2025.

Lamoille North Supervisory Union
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

- Physical Space: LNSU rents space from LNMUUSD on Cricket Hill Rd., Hyde Park. The physical space no longer meets basic office space safety standards and has never met minimum ADA standards. Only nineteen of the twenty-four Central Office staff can be housed at Cricket Hill, this often interferes with cohesive operations. The Supervisory Union has postponed the need to renovate or move into adequate office space. Recent developments regarding deteriorating air quality in the building and the failure to meet minimum ADA standards has the Supervisory Union exploring appropriate space elsewhere within the Supervisory Union.
- Enrollment: Enrollment has fluctuated over the last sixteen years, as depicted in the graph below, from a high of 1,964 students in fall 2004, 1,953 in fall 2012 and recently 1,921 students in fall 2019. The COVID-19 pandemic has set enrollment numbers back, though recent enrollment numbers are showing a modest turnaround.



Contact for Further Information:

This financial Report is designed to provide citizens, taxpayers, and creditors with a general overview of the Supervisory Union's finances and to reflect the Supervisory Union's accountability for the monies it receives. Questions about this Report or additional financial information needs should be directed to Catherine Gallagher, Superintendent of Schools, 96 Cricket Hill Road, Hyde Park, VT 05655, at 802-851-1174, or at cgallagher@lnsd.org.

Lamoille North Supervisory Union
DISTRICT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
For the Year Ended June 30, 2023

ASSETS

	<u>Governmental Activities</u>
CURRENT ASSETS	
Cash	\$ 848,127
Restricted Cash	237,212
Due from state of Vermont	2,076,934
Other receivables	159,660
Prepaid expenses	<u>8,301</u>
TOTAL CURRENT ASSETS	<u>3,330,234</u>
CAPITAL ASSETS, net	<u>173,186</u>
TOTAL ASSETS	<u>\$ 3,503,420</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES	
Accounts payable	\$ 200,632
Accrued salaries and benefits	153,284
Due to member schools	1,145,718
Unearned Revenue	<u>112,586</u>
TOTAL CURRENT LIABILITIES	<u>1,612,220</u>
LONG-TERM LIABILITIES	
Accrued vacation	4,477
Retirement benefits payable	<u>39,767</u>
TOTAL LONG-TERM LIABILITIES	<u>44,244</u>
TOTAL LIABILITIES	<u>1,656,464</u>
NET POSITION	
Net investment in capital assets	173,186
Restricted for Grant Related Expenses	188,712
Unrestricted	<u>1,485,058</u>
TOTAL NET POSITION	<u>1,846,956</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 3,503,420</u>

See Accompanying Notes to Basic Financial Statements.

Lamoille North Supervisory Union
DISTRICT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Revenues	Revenue and Changes in Net Position
				Governmental Activities
Governmental activities:				
Regular instructional programs	\$ 5,718,020	\$ 1,778,379	\$ 6,065,123	\$ 2,125,482
Support services students:	1,369,395	-	552,991	(816,404)
Support services instructional:		-	-	
Improvement of instruction	1,080,146	-	-	(1,080,146)
Instruction development services		-	1,100,324	1,100,324
Pupil transportation	2,339,905	-	-	(2,339,905)
Support services general administration:				
Board of Education services	11,381	-	-	(11,381)
Office of Superintendent services	302,989	3,375,209	-	3,072,220
Supervisory Union Treasurer services	6,147	-	-	(6,147)
Special education administration	4,933,576	-	4,157,117	(776,459)
Support services business:				
Legal services	1,716	-	-	(1,716)
Fiscal services	690,013	-	-	(690,013)
Personnel services	246,307	-	-	(246,307)
Technology services	531,266	-	-	(531,266)
Operation and maintenance	48,557	-	219,948	171,391
Depreciation - unallocated	37,737	-	-	(37,737)
Total governmental activities	<u>\$ 17,317,155</u>	<u>\$ 5,153,996</u>	<u>\$ 12,095,503</u>	<u>(67,656)</u>
General revenues:				
Unrestricted investment earnings				5,500
Miscellaneous				<u>9,491</u>
Total general revenues				<u>14,991</u>
Change in net position				(52,665)
Net position, beginning				<u>1,899,621</u>
Net position, ending				<u>\$ 1,846,956</u>

See Accompanying Notes to Basic Financial Statements.

Lamoille North Supervisory Union
FUND FINANCIAL STATEMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

		Governmental Funds								
		Special Revenue Fund								
		General Fund	Title I	IDEA-B	Consolidated Federal Grants	Food Service	EPSDT & Medicaid	ESSER	Other Special Revenue	Totals
<u>ASSETS</u>										
ASSETS										
Cash	\$ 517,326	\$ -	\$ -	\$ -	\$ 167,234	\$ 163,567	\$ -	\$ -	\$ 848,127	
Restricted Cash	-	-	-	-	-	-	-	237,212	237,212	
Due from State of Vermont	731,272	253,152	249,207	-	75,797	40,907	388,525	338,074	2,076,934	
Due from member schools	-	-	-	-	-	-	-	-	-	
Other receivables	159,660	-	-	-	-	-	-	-	159,660	
Prepaid expense	8,301	-	-	-	-	-	-	-	8,301	
Due from other funds	471,886	-	-	223,714	-	46,001	-	48,629	790,230	
TOTAL CURRENT ASSETS		\$ 1,888,445	\$ 253,152	\$ 249,207	\$ 223,714	\$ 243,031	\$ 250,475	\$ 388,525	\$ 623,915	\$ 4,120,464
<u>LIABILITIES AND FUND BALANCE</u>										
LIABILITIES										
Accounts payable	\$ 170,139	\$ 411	\$ 814	\$ -	\$ -	\$ -	\$ -	\$ 29,269	\$ 200,633	
Unearned Revenue	-	-	-	-	-	112,586	-	-	-	
Accrued payroll and related liabilities	142,204	-	727	-	-	80	6,449	3,825	153,285	
Due to member school districts	87,024	14,427	67,912	223,714	239,121	100,267	318,768	94,485	1,145,718	
Due to other funds	-	238,314	179,754	-	3,099	3,979	63,308	301,776	790,230	
TOTAL LIABILITIES		399,367	253,152	249,207	223,714	242,220	216,912	388,525	429,355	2,402,452
FUND BALANCE										
Nonspendable	8,301	-	-	-	-	-	-	-	8,301	
Restricted	-	-	-	-	811	33,563	-	154,338	188,712	
Committed	951,751	-	-	-	-	-	-	40,222	991,973	
Unassigned	529,026	-	-	-	-	-	-	-	529,026	
TOTAL FUND BALANCE		1,489,078	-	-	-	811	33,563	194,560	1,718,012	
TOTAL LIABILITIES AND FUND BALANCE		\$ 1,888,445	\$ 253,152	\$ 249,207	\$ 223,714	\$ 243,031	\$ 250,475	\$ 388,525	\$ 623,915	\$ 4,120,464

See Accompanying Notes to Basic Financial Statements.

Lamoille North Supervisory Union
FUND FINANCIAL STATEMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

Total fund balances - governmental funds	\$ 1,718,012
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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 as assets in governmental funds.

Capital Assets	498,455
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Accumulated Depreciation	(325,269)
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Long-term liabilities, including bonds payable, are not due and payable in
the current period and therefore are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of termination benefits and accrued vacation.	<u>(44,242)</u>
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Total net position - governmental activities	<u>\$ 1,846,956</u>
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See Accompanying Notes to Basic Financial Statements.

LAMOILLE NORTH SUPERVISORY UNION
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TYPES
For the Year Ended June 30, 2023

	Governmental Funds							
	Special Revenue Fund							
	General Fund	Title I	IDEA-B	Consolidated Federal Grants	Food Service	EPSDT & Medicaid	ESSER	Other Special Revenue
REVENUES								
Assessments	\$ 3,373,169	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant administration	76,367	-	-	-	-	-	-	-
Federal revenue	-	752,354	607,756	-	772,593	-	3,481,390	746,525
State revenue	704,528	-	-	-	597,922	195,133	-	13,950
Local revenue	-	-	-	-	5,570	-	-	167,173
Services to District Schools	1,548,583	-	-	-	-	-	-	-
Special Education	4,309,639	-	-	-	-	-	-	-
Interest income	4,715	-	-	-	151	281	-	-
Miscellaneous	7,806	-	-	-	-	-	-	-
TOTAL REVENUES	10,024,807	752,354	607,756	-	1,376,236	195,414	3,481,390	927,648
EXPENDITURES								
Special education administration	413,947	-	-	-	-	-	-	-
Special education instruction	4,069,801	-	-	-	-	-	-	-
Support services students	-	-	-	-	-	-	-	138,379
Support services instructional:								
Improvement of instruction	358,723	-	-	-	-	-	-	-
Instruction development services	-	46,956	43,839	-	-	-	-	345,585
Regular Instruction	34,112	15,815	289,277	646,017	-	-	3,481,390	316,842
Student Support	-	8,566	99,827	20,033	1,376,085	170,446	-	121,062
Psychological Services	78,683	-	-	-	-	-	-	-
OT Services	165,041	-	-	-	-	-	-	-
PT Services	107,977	-	-	-	-	-	-	-
Speech Services	588,695	-	-	-	-	-	-	-
Health Services	-	-	-	-	-	-	-	-
Essential Early Ed. & Early Ed. Initiative	74,972	-	-	-	-	-	-	-
Guidance Services	1,539	-	-	-	-	-	-	-
Transportation:								
Special Education Transportation	537,809	-	-	-	-	-	-	-
Regular Transportation	1,895,564	-	-	-	-	-	-	-
Co-Curricular Transportation	5	-	-	-	-	-	-	-

See Accompanying Notes to Basic Financial Statements.

LAMOILLE NORTH SUPERVISORY UNION
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TYPES
For the Year Ended June 30, 2023

	Governmental Funds								
	Special Revenue Fund								
	General Fund	Title I	IDEA-B	Consolidated Federal Grants	Food Service	EPSDT & Medicaid	ESSER	Other Special Revenue	Total
Support services general administration:									
Board of Education services	17,528	-	-	-	-	-	-	-	17,528
Office of Superintendent services	302,989	25,000	174,813	-	-	9,317	-	16,732	528,851
Public Information Services	88,523	-	-	-	-	-	-	-	88,523
Support services business:									
Legal services	1,716	-	-	-	-	-	-	-	1,716
Audit services	94,126	-	-	-	-	-	-	-	94,126
Fiscal services	584,603	-	-	-	-	-	-	-	584,603
Personnel services	246,307	-	-	-	-	-	-	-	246,307
Technology services	450,207	-	-	-	-	-	-	-	450,207
Operation and maintenance	64,100	-	-	-	-	-	-	-	64,100
TOTAL EXPENDITURES	10,176,967	96,337	607,756	666,050	1,376,085	179,763	3,481,390	938,600	17,522,948
EXCESS OF REVENUES OVER EXPENDITURES	(152,160)	656,017	-	(666,050)	151	15,651	-	(10,952)	(157,343)
OTHER FINANCING (USES)									
Interfund Transfers	-	(656,017)	-	666,050	-	-	-	(10,033)	-
NET CHANGE IN FUND BALANCE	(152,160)	-	-	-	151	15,651	-	(20,985)	(157,343)
FUND BALANCE, Beginning of Year	1,641,238	-	-	-	660	17,912	-	215,545	1,875,355
FUND BALANCE, End of Year	\$ 1,489,078	\$ -	\$ -	\$ -	\$ 811	\$ 33,563	\$ -	\$ 194,560	\$ 1,718,012

See Accompanying Notes to Basic Financial Statements.

Lamoille North Supervisory Union
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TYPES
For the Year Ended June 30, 2023

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES

Total net change in fund balances - governmental funds	\$ (157,343)
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Amounts reported for governmental activities in the statement of activities
are different because:

Capital outlays are reported in governmental funds as expenditures. However,
in the statement of activities, the cost of those assets is allocated over
their estimated useful lives as depreciation expense.

Depreciation Expense	(37,737)
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Repayment of long-term debt is an expenditure in the governmental funds, but
the repayment reduces long-term liabilities in the statement of net position:

Increase in retirement benefits	10,163
Decrease in accrued vacation	<u>(8,162)</u>

Change in net position of governmental activities	<u>\$ (52,665)</u>
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See Accompanying Notes to Basic Financial Statements.

Lamoille North Supervisory Union
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Lamoille North Supervisory Union is organized under Title 16, Chapter 7, Section 261, of Vermont Statutes Annotated, in “the interest of convenience and efficiency” to provide services to seven School Districts in Vermont: Belvidere, Cambridge, Eden, Hyde Park, Johnson, Waterville and the Lamoille Union High School District #18. All operations of the Supervisory Union are controlled by a twelve-member Board of Directors, all of which are appointed by the School Boards of each member District, and responsible for all of the Supervisory Union’s activities. The financial statements include all of the Supervisory Union’s operations controlled by the Board of Directors. Based on criteria for determining the reporting entity (separate legal entity and fiscal or financial dependency on other governments), the Supervisory Union is considered to be an independent reporting entity and has no component units.

District-wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the Supervisory Union. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expense of a given program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Lamoille North Supervisory Union
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Supervisory Union considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post-employment healthcare benefits, are recorded only when payment is due.

Assessments and grant revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the Supervisory Union receives cash.

The Supervisory Union reports the following major governmental funds:

- The Title I fund is a special revenue fund that accounts for Title I grant proceeds from the State of Vermont. Spending is restricted to program-specific individual plans submitted to the State of Vermont.
- The IDEA-B fund is a special revenue fund that accounts for IDEA-B grant proceeds from the State of Vermont. Spending is restricted to providing special education and related services to eligible children with disabilities.
- The Consolidated Federal Grants fund is a special revenue fund that accounts for School wide program funds from the State of Vermont. Spending is restricted to program-specific costs.
- The Food Service fund is a special revenue fund that accounts for the food service program. Lamoille North Supervisory Union receives funding for the food service program from the State of Vermont. Spending is restricted to food service costs.
- The EPSDT & Medicaid fund is a special revenue fund that accounts for EPSDT & Medicaid funds from the State of Vermont. Spending is restricted to providing screening, diagnostic and treatment of children.
- The ESSER fund is a special revenue fund that accounts for significant funding for educational entities to respond to the COVID-19 pandemic. Spending is restricted to providing educational needs excluding bonuses, salaries for non-LEA employees and expenses related to state or local unions or associations.
- The Other special revenue fund accounts are non-major funds. They include special revenue funds that account for various state and federal grants that are restricted for specific purposes.

Lamoille North Supervisory Union
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- The general fund is the Supervisory Union's primary operating fund. It accounts for all financial resources of the Supervisory Union, except those required to be accounted for in another fund.

Private-sector standards of accounting, and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts reported as program revenues include 1) fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all interest income and miscellaneous.

Budgetary Data

Budgets are presented on the modified accrual basis of accounting for the general fund. Budgets are not adopted on a Supervisory Union level for the financial funds or the student activities agency fund. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance reserve. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- * During November of each year, the Supervisory Union Business Manager submits to the Board a proposed operating budget for the next fiscal year, commencing July 1st. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30th.
- * The budget is voted on by the Lamoille North Supervisory Union Executive Board, in the month of December.
- * Once adopted, the budget can be amended by subsequent Board action. The Board, upon the recommendation of the Business Manager, can approve reductions in appropriations but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Vermont State law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.
- * Expenditures may not legally exceed budgeted appropriations at the fund level.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Negative variances in total revenues and the positive variances in total expenditures are largely a result of federal and state program revenues and related expenditures that do not have a direct impact on the undesignated fund balance. Budgets generally assume the expenditure of all available resources. Therefore, when the budget is prepared, it is assumed these funds will not have a carryover of revenue to a subsequent year. Program revenue received but not spent is restricted and deferred to the subsequent fiscal year. As a result, overall fund revenues variances will be negative and overall fund expenditures variances will be positive.

Lamoille North Supervisory Union
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deposits and Investments

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

Investments are reported at fair value. Changes in the fair value of investments are recorded as investment income. The reported value is basically the same as the fair value of the Fund's shares.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., current portion of inter-fund loans) or "advances from/to other funds" (i.e., the non-current portion of inter-fund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Capital Assets

Capital assets are property owned by the Supervisory Union and include computers, computer equipment, software, and peripherals: equipment such as vehicles, machinery, copiers, and office equipment; buildings and land: and infrastructure such as roads, bridges, tunnels, rights of way, and culverts.

General capital assets should be capitalized and recorded when all of the following criteria are met:

- (1) The asset is tangible and complete.
- (2) The asset is used in the operation of the Supervisory Union's activities.
- (3) The asset has a value equal to or greater than \$5,000 and a useful life of more than one year, at the date of acquisition.

All general capital assets must be recorded at either historical cost or estimated historical cost. Assets acquired through donation will be recorded at their estimated fair market value on the date of donation. In addition to purchase price or construction cost, costs of capitalization may include incidental costs, such as bond interest and issuance cost, insurance during transit, freight, duties, title search, title registration, installation, and breaking-in costs.

The straight-line depreciation method will be used with lives as recommended by the Association of School Business Officials (ASBO).

Long-term Obligations

In the district-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position.

Lamoille North Supervisory Union
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assessments

Assessments are due and payable on a quarterly basis. The Supervisory Unions prepares the bills to the member School District's and collects them.

Government-Wide Net Position

Government-wide Net Position are divided into three components:

Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted net position – consists of net position that are restricted by the Supervisory Union's creditors, by enabling legislation, by grantors (both federal and state), and/or by creditors.

Unrestricted – all other net position reported in this category.

When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts that can be spent only for specific purposes because of laws, regulations, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by a formal action by the School Board.

Assigned – Amounts that are designated by management for a particular purpose.

Unassigned – All amounts not included in other classifications.

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

For unrestricted amounts of fund balance, it is the Lamoille North Supervisory Union's policy to use the fund balance in the following order, (1) Committed, (2) Assigned, (3) Unassigned.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Lamoille North Supervisory Union
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 2 CASH

The cash deposits in the Supervisory Union accounts as of June 30, 2023 consisted of the following:

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 250,000	\$ 250,000
Petty Cash	50	-
Collateralized	<u>835,289</u>	<u>1,185,987</u>
 TOTAL	 <u>\$ 1,085,339</u>	 <u>\$ 1,435,987</u>

The difference between the book balance and the bank balance is due to reconciling items such as deposits in transit and outstanding checks.

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Capital assets, being depreciated				
Land Improvements	\$ 24,186	\$ -	\$ -	\$ 24,186
Buildings and Improvements	18,447	14,440	-	32,887
Furniture and Equipment	<u>370,106</u>	<u>125,974</u>	<u>(54,698)</u>	<u>441,382</u>
 Total capital assets, being depreciated	 <u>412,739</u>	 <u>140,414</u>	 <u>(54,698)</u>	 <u>498,455</u>
 Accumulated depreciation for				
Land Improvements	(44,731)	(1,209)	-	(45,940)
Buildings and Improvements	(19,170)	(241)	-	(19,411)
Furniture and Equipment	<u>(263,345)</u>	<u>(36,287)</u>	<u>39,714</u>	<u>(259,918)</u>
 Total accumulated depreciation	 <u>(327,246)</u>	 <u>(37,737)</u>	 <u>39,714</u>	 <u>(325,269)</u>
 Total capital assets, being depreciated, net	 <u>85,493</u>	 <u>102,677</u>	 <u>(14,984)</u>	 <u>173,186</u>
 Governmental activities capital assets, net	 <u>\$ 85,493</u>	 <u>\$ 102,677</u>	 <u>\$ (14,984)</u>	 <u>\$ 173,186</u>

Lamoille North Supervisory Union
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 4 FUND BALANCES/NET POSITION

Nonspendable Fund Balances at June 30, 2023 are as follows:

General Fund:	
Nonspendable for Prepaid Expenses	\$ 8,301

Fund Financial Statements:

Committed Fund Balances at June 30, 2023 are as follows:

General Fund:	
Committed for FY24 Expenditures	\$ 810,522
Committed for General Local Use	<u>141,229</u>

Total Committed Fund Balances	\$ 951,751
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Special Revenue Fund:	
Committed for HRA and HSA	\$ 40,222

Restricted Fund Balances at June 30, 2023 are as follows:

Special Revenue Fund:	
Restricted for Future Special Revenue Expenditures	\$ 188,712

District-Wide Financial Statements:

Restricted Net Position at June 30, 2023 are as follows:

Governmental Activities	
Restricted for Future Special Revenue Expenditures	\$ 188,712

NOTE 5 UNEARNED REVENUE

Unearned revenue consists of the following at June 30, 2023.

Special Revenue Fund:	
EPSDT	\$ 112,586

The Medicaid program will reimburse Lamoille North Supervisory Union for services provided to Medicaid eligible special education students.

Lamoille North Supervisory Union
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 6 DEFINED CONTRIBUTION PLAN

The LNSU Retirement Plan is a defined contribution plan. Employees not participating in the Vermont State Teachers' Retirement Plan, who are at least 21 years of age and have completed one year of service (defined as 1,000 hours of service in a plan year) are eligible to participate in the plan. Employer contributions to the plan are discretionary and allocated among participants as a uniform percent of pay.

Lamoille North Supervisory Union began a new retirement plan on July 1, 2008. Under this new plan, employees hired prior to July 1, 2008, will receive an employer match of up to 4% of eligible wages. Employees hired after July 1, will receive an employer match of up to 3% of eligible employee wages. Covered wages under the plan were \$1,295,282. Contributions by the district during fiscal year June 30, 2023 were \$41,561.

NOTE 7 TEACHERS RETIREMENT - VSTRS

Information Required Under GASB Statement No. 68

Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions requires employers participating in a cost-sharing, multiple-employer defined benefit pension plan to recognize their proportional share of total pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The schedules below have been prepared to the Lamoille North Supervisory Union's proportional share of the overall amounts of the Vermont State Teachers' Retirement System (VSTRS) plan. Lamoille North Supervisory Union's portion has been allocated based on Lamoille North Supervisory Union's proportional share of employer contributions to the total contributions to VSTRS during the fiscal year.

Reporting Date, Measurement Date, and Valuation Date

Net pension liabilities, deferred pension outflows of resources, deferred pension inflows of resources, and pension expense are all presented as of the Lamoille North Supervisory Union's reporting date June 30, 2023 and for the Lamoille North Supervisory Union's reporting period (the year ended June 30, 2023). These amounts are measured as of the measurement date and for the measurement period (the period between the prior and current measurement dates). GASB Statement No. 68 requires that the current measurement date be no earlier than the end of the employer's prior fiscal year. For the reporting date of June 30, 2023, the State has chosen to use the end of the prior fiscal year (June 30, 2021) as the measurement date, and the year ended June 30, 2022 as the measurement period.

The total pension liability is determined by an actuarial valuation performed as of the measurement date, or by the use of update procedures to roll forward to the measurement date amounts from an actuarial valuation as of a date no more than 30 months and 1 day earlier than the employer's most recent fiscal year-end. The State has elected to apply update procedures to roll forward amounts from an actuarial valuation performed as of June 30, 2021, to the measurement date of June 30, 2022.

Lamoille North Supervisory Union
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 7 TEACHERS RETIREMENT - VSTRS (continued)

Schedule A – Employers’ Allocation as of June 30, 2021

Fiscal Year Ended June 30, 2021						
2020 Allocated Contribution	Employer Proportion	Net Pension Liability	Total Deferred Outflows	Total Deferred Inflows	Net Pension Liability 1% Decrease (6.00% Disc Rate)	Net Pension Liability 1% Increase (8.00% Disc Rate)
\$ 2,309,622	0.31844%	\$ 5,399,065	\$ 951,671	\$ 859,947	\$ 7,071,748	\$ 4,015,552

Schedule B – Employers’ Allocation as of June 30, 2022

Fiscal Year Ended June 30, 2022						
Portion of State Contribution	Employer Proportion	Net Pension Liability	Total Deferred Outflows	Total Deferred Inflows	Net Pension Liability 1% Decrease (6.00% Disc Rate)	Net Pension Liability 1% Increase (8.00% Disc Rate)
\$ 2,403,439	0.31839%	\$ 6,140,405	\$ 1,093,022	\$ 24,230	\$ 7,817,308	\$ 4,747,202

Schedule C- Employer’s Allocation as of June 30, 2022

Deferred Outflows of Resources								
Employer Proportion	Net Pension Liability	Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes in Assumptions	Changes in Benefits	Difference Between Projected and Actual Investment Earnings	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows
0.31839%	\$ 6,140,405	\$ 351,975	\$ 384,210	\$ 247,525	\$ -	\$ 109,312	\$ -	\$ 1,093,022
Deferred Inflows of Resources								
Difference Between Expected and Actual Experience	Changes in Assumptions	Changes in Benefits		Difference Between Projected and Actual Investment Earnings	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows		
\$ -	\$ -	\$ -		\$ -	\$ 24,230	\$ 24,230		

Lamoille North Supervisory Union
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 7 TEACHERS RETIREMENT - VSTRS (continued)

Pension Expense Recognized		
Proportionate Share of Pension Plan Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total
\$ 749,775	\$ 16,362	\$ 766,137

Schedule D – Employer's Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 2022

Fiscal Year Ending June 30,					
2023	2024	2025	2026	2027	Thereafter
\$ 418,329	\$ 152,293	\$ 115,119	\$ 355,202	\$ 27,849	\$ -

Schedule E – Covered Payroll

FY 2022	FY 2021	FY 2020
\$ 2,403,439	\$ 2,309,622	\$ 2,200,632

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 VSTRS or its participating employers. VSTRS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Comprehensive Annual Financial Report (CAFR). The CAFR can be viewed on the State's Department of Finance & Management website at:

<https://finance.vermont.gov/reports-and-publications/annual-comprehensive-financial-report>

Plan Description

The Vermont State Teachers' Retirement System is a cost-sharing, multiple-employer defined benefit pension plan with a special funding situation. It covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2022, the retirement system consisted of 136 participating employees.

The plan was created in 1947, and is governed by Title 16, V.S.A. Chapter 555.

Lamoille North Supervisory Union
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 7 TEACHERS RETIREMENT - VSTRS (continued)

Management of the plan is vested in the VSTRS Board of Trustees, which consists of the Secretary of Education (ex-officio); the State Treasurer (ex-officio); the Commissioner of Financial Regulation (ex-officio); two trustees and one alternate who are members of the system (each elected by the system under rules adopted by the Board) and one trustee and one alternate who are retired members of the system receiving retirement benefits (who are elected by the Association of Retired Teachers of Vermont).

The Pension Plan is divided into the following membership groups:

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

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

VSTRS	GROUP A	GROUP C - GROUP #1*	Group C - Group #2++
Normal service retirement eligibility (no reduction)	Age 60 or with 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)	Average annual compensation during highest 3 consecutive years	Average annual compensation during highest 3 consecutive years	Average annual compensation during highest 3 consecutive years
Benefit formula - normal service retirement	1.67% x creditable service x AFC	1.25% x creditable service prior to 6/30/90 x AFC + 1.67% x creditable service after 7/1/90 x AFC	1.25% x creditable service prior to 6/30/90 x AFC + 1.67% x service after 7/1/90 x AFC, 2.0% x AFC 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 normal retirement	50% CPI, up to a maximum of 4% after 12 months of normal retirement	50% CPI, up to a maximum of 5%, after 12 months of normal retirement
Early Retirement Eligibility	Age 55	Age 55 with 5 years of service	Age 55 with 5 years of service
Early Retirement Reduction	Actuarial	6% per year from age 62	Actuarial reduction
Disability Benefits	Unreduced, accrued benefit minimum of 25% of AFC	Unreduced, accrued benefit minimum of 25% of AFC	Unreduced, accrued benefit minimum of 25% of AFC
Death-in-Service Benefit	Accrued retirement benefit with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	Accrued retirement benefit with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	Accrued retirement benefit with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently

Lamoille North Supervisory Union
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 7 TEACHERS RETIREMENT - VSTRS (continued)

* Group #1 are members who were within 5 years of normal retirement (age 62 or 30 years of service) on June 30, 2010

++ Group #2 are members who were less than 57 years of age or had less than 25 years of service on June 30, 2010

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

Significant Actuarial Assumptions and Methods

The total pension liability as of June 30, 2022, was determined by an actuarial valuation as of June 30, 2021, using the following assumptions:

Investment rate of return: 7.00%

Salary Increases: Ranging from 3.30% to 10.50%.

Mortality:

Pre-retirement: PubT-2010 Teacher Employee Amount-Weighted Table with generational projection using scale MP-2019

Retiree Healthy Post-retirement: PubT-2010 Teacher Healthy Retiree Amount-Weighted Table with generational projection using scale MP-2019

Beneficiary Healthy Post-Retirement: 109% of the Pub-2010 Contingent Survivor Table with the generational projection using scale MP-2019

Disabled Post-retirement: PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2019

Inflation: 2.30%

Spouse's Age: Females three years younger than males

Cost-of-Living Adjustments: 2.4% (4.6% for 2022 and 5.00% for 2023) for Group A members and 1.35% (2.30% for 2022 and 2.50% for 2023) for Group B & C members.

Actuarial Cost Method: Entry age Actuarial Cost Method. Entry Age is the age at date of employment or, if date is unknown, current age minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by salary, with Normal Cost determined using the plan of benefits applicable to each participant.

Actuarial Value of Asset: The valuation is based on the market value of assets as of the valuation date, as provided by the System. The System uses an "actuarial value of assets" that differs from market value to gradually reflect year-to-year changes in the market value of assets in determining the contribution requirements.

Lamoille North Supervisory Union
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 7 TEACHERS RETIREMENT - VSTRS (continued)

Long-term expected rate of return

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

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2022, are summarized in the following table:

Asset Class	Target Asset Allocation	Real Rate of Return
Passive Global Equity	24.00%	4.30%
Active Global Equities	5.00%	4.30%
Large Cap US Equities	4.00%	3.25%
Small/Mid Cap US Equities	3.00%	3.75%
Non-US Developed Market Equities	7.00%	5.00%
Private Equity	10.00%	6.50%
Emerging Market Debt	4.00%	3.50%
Private & Alternative Credit	10.00%	4.75%
Non-Core Real Estate	4.00%	6.00%
Core Fixed Income	19.00%	0.00%
Core Real Estate	3.00%	3.50%
US TIPS	3.00%	-0.50%
Infrastructure/Farmland	4.00%	4.25%

Discount rate

The discount rate used to measure the total pension liability was 7.00%. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the System's projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectation that employers will contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is compromised on an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Lamoille North Supervisory Union
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 7 TEACHERS RETIREMENT - VSTRS (continued)

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.00%) or one percent higher (8.00%) than the current rate:

1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
\$ 7,817,308	\$ 6,140,405	\$ 4,747,202

During the year ended June 30, 2023 the state of Vermont contributed \$475,693 on behalf of the Lamoille North Supervisory Union.

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (OPEB)

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

Schedule A – Employers' Allocation

2021 Employer Proportion	2022 Employer Proportion	Net OPEB Liability	Total Deferred Outflows	Total Deferred Inflows	Net OPEB Liability - 1% Decrease in Discount Rate (6%)	Net OPEB Liability - 1% Increase in Discount Rate (8%)	Net OPEB Liability - 1% Decrease in Healthcare Cost Trend Rates	Net OPEB Liability - 1% Increase in Healthcare Cost Trend Rates
0.33141%	0.33255%	\$ 2,387,207	\$ 379,412	\$ 1,764,976	\$ 2,721,176	\$ 2,109,444	\$ 2,075,990	\$ 2,773,373

Schedule B – Employers Allocation of OPEB Amounts as of June 30, 2022

Deferred Outflows of Resources						
Employer Proportion	Net OPEB Liability	Difference Between Expected and Actual Experience	Difference Between Projected and Actual Investment Earnings	Changes in Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows
0.33255%	\$ 2,387,207	\$ 162,300	\$ 6,524	\$ 199,327	\$ 11,261	\$ 379,412

Lamoille North Supervisory Union
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Deferred Inflows of Resources				
Difference Between Expected and Actual Experience	Difference Between Projected and Actual Investment Earnings	Changes in Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows
\$ -	\$ -	\$ 1,694,228	\$ 70,748	\$ 1,764,976

Pension Expense Recognized		
Proportionate Share of OPEB Expense	Net Amortization of Deferred Amounts from Change in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Employer OPEB Expense
\$ 215,476	\$ (37,960)	\$ 177,516

Schedule C – Employers’ Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 2023

Fiscal Year					
2023	2024	2025	2026	2027	Thereafter
\$ (132,207)	\$ (265,267)	\$ (293,309)	\$ (293,816)	\$ (302,849)	\$ (98,114)

Plan Description

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

Lamoille North Supervisory Union
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

The plan covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2022, the plan consisted of 144 participating employees.

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

All assets of the Plan are held in a single trust and are available to pay OPEB benefits to all members.

Summary of Plan

Eligibility:

VSTRS retirees and their spouses are eligible for health coverage if the retiree is eligible for pension benefits. Pension eligibility requirements are below:

Group A – Public school teachers employed within the State of Vermont prior to July 1, 1981, and elected to remain in Group A

- Retirement: Attainment of 30 years of creditable service, or age 55

Group C – Public school teachers employed within the State of Vermont on or after July 1, 1990. Teachers hired before July 1, 1990, and were Group B members in service on July 1, 1990, are now Group C members. Grandfathered participants are Group C members who were within five years of normal retirement eligibility as defined prior to July 1, 2010.

- Retirement Group C Grandfathered: Attainment of age 62-, or 30-years' creditable service, or age 55 with 5 years of creditable service.
- Retirement Group C Non-grandfathered: Attainment of age 65, or age plus creditable service equal to 90, or age 55 with 5 years of creditable service.

Vesting and Disability: 5 years of creditable service. Participants who terminate with 5 years of service under the age of 55 may elect coverage upon receiving pension benefits.

Benefit Types: Medical and prescription drug. Retirees pay the full cost for dental benefits.

Duration of Coverage: Lifetime.

Lamoille North Supervisory Union
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Spousal Benefits: Same benefits as for retirees.

Spousal Coverage: Lifetime.

Retiree Contributions:

Retired before June 30, 2010:

Retirees with at least 10 years of service pay premium costs in excess of an 80% VSTRS subsidy. Retirees with less than 10 years of service do not receive any premium subsidy. Spouses do not receive any premium subsidy, regardless of the retiree's service.

Retired after June 30, 2010:

Retirees pay premium costs in excess of the following VSTRS subsidy, based on service:

<u>Retiree Subsidy Level</u>	<u>Subsidy</u>
Years of Service at June 30, 2010	
10 years or more	80%
Less than 10 years	
Less than 15 years at retirement	0%
15-19.99 years at retirement	60%
20-24.99 years at retirement	70%
25 or more years at retirement	80%

Spouses of retirees can receive an 80% subsidy, if they meet the following requirements:

Spouse Coverage with 80% Subsidy

<u>Years of Service at June 30, 2010</u>	<u>Required Years of Service at Retirement</u>
Less than 10 years	25 years of service at retirement
Between 10 and 14.99 years	25 years of service at retirement
Between 15 and 24.99 years	10 additional years from June 30, 2010
Between 25 and 29.99 years	35 years of service at retirement
30 or more years	5 additional years from June 30, 2010

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

Premium Reduction Option:

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

Lamoille North Supervisory Union
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Actuarial assumptions

The Total OPEB Liability used the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate: 7.00%

Salary Increase Rate: Varies by age. Representative values of the assumed annual interest rates of future salary increases as follows:

Age	Annual Rate of Salary Increase
20	10.50%
25	9.50%
30	6.50%
35	5.95%
40	5.30%
45	4.50%
50	4.20%
55	3.80%
60	3.55%
65	3.40%
70	3.30%

Retiree Contributions: Retiree contributions were assumed to increase with health trend. Retiree contribution rates were based on premiums effective January 1, 2023, trended back to the valuation date.

Mortality Rates: *Pre-retirement mortality:*
PubT-2010 Teacher Employee Headcount-Weighted Table with generational projection using scale MP-2019

Post-retirement mortality:
Retirees: PubT-2010 Teacher Healthy Retiree Headcount-Weighted Table with generational projection using scale MP-2019

Spouses: 109% of the Pub-2010 Contingent Survivor Headcount-Weighted Table with generational projection using scale MP-2019

Disabled mortality:
PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Morality Table with generational projection using scale MP-2019

Lamoille North Supervisory Union
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

The tables with the generational projection to the ages of members as of the measurement date reasonably reflect the mortality experience of the Plan as of the measurement date. The mortality tables were then adjusted to future years using a generational projection with Scale SSA-2017 to reflect future mortality improvement.

Actuarial Cost Method: Entry-Age Normal, Level Percentage of Pay

Asset Valuation Method: Market Value

Measurement Date: June 30, 2022

Actuarial Valuation Date: June 30, 2021

Per Capita Cost Development:

Non-Medicare Medical and Prescription Drug

Per capita claims costs were based on a weighted average of the margin-free pro forma premium rates effective January 1, 2023. Actuarial factors were then applied to the weighted average cost to estimate individual retiree and spouse costs by age and by gender.

Medicare Medical and Prescription Drug \$300 Comprehensive and JY Plan:

Per capita claims costs were based on a weighted average of the premium rates effective January 1, 2023. Actuarial factors were then applied to the weighted average cost to estimate individual retiree and spouse costs by age and by gender.

Medicare Medical VSTRS 65:

Per capita claims costs were based on a weighted average of the premium rates effective January 1, 2023. Actuarial factors were then applied to the weighted average cost to estimate individual retiree and spouse costs by age and by gender.

Administrative Expenses

Per capita expenses were based on expenses effective for calendar year 2022.

Per Capita Health Costs:

Medical and prescription drug claims for the year beginning July 1, 2022, are shown in the table below for retirees and for spouses at selected ages. These costs are net of deductibles and other benefit plan cost sharing provisions.

Lamoille North Supervisory Union
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Non-Medicare Medical					Prescription Drugs			
Age	Retiree		Spouse		Retiree		Spouse	
	Male	Female	Male	Female	Male	Female	Male	Female
50	\$12,150	\$ 13,839	\$ 8,487	\$11,112				
55	14,430	14,898	11,356	12,862				
60	17,136	16,058	15,203	14,918				
64	19,660	17,035	19,192	16,790				
Medicare \$300 Comprehensive and JY Plan								
65	4,092	3,478	4,092	3,478	\$ 1,658	\$ 1,409	\$ 1,658	\$ 1,409
70	4,743	3,748	4,743	3,748	1,922	1,519	1,922	1,519
75	5,111	4,035	5,111	4,035	2,071	1,635	2,071	1,635

Administrative Expenses:

For participants under age 65 with health and welfare coverage, an annual administrative expense of \$93 for the year beginning July 1, 2022, was added to projected incurred claim costs in developing the benefit obligations. The annual administrative expenses are projected to increase at 3.0% per year thereafter.

Health Care Cost Trend Rates:

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The rates shown below are "net" and are applied to the net per capita costs shown above. The trend shown for a particular plan year is the rate that is applied to that year's cost to yield the next year's projected cost.

Year Ending June 30,	Rate (%)		
	Non-Medicare	Medicare \$300 Comprehensive and JY Plan	Medicare VSTRS 65
2023	7.120	6.500	4.5
2024	6.900	6.330	4.5
2025	6.680	6.160	4.5
2026	6.460	5.990	4.5
2027	6.240	5.820	4.5
2028	6.020	5.650	4.5
2029	5.800	5.480	4.5
2030	5.580	5.310	4.5
2031	5.360	5.140	4.5
2032	5.140	4.970	4.5
2033	4.920	4.800	4.5
2034	4.700	4.630	4.5
2035 & Later	4.500	4.500	4.5

Lamoille North Supervisory Union
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

The trend rate assumptions were developed using Segal's internal guidelines, which are established each year using data sources such as the Segal Health Trend Survey, internal client results, trends from other published surveys prepared by the S&P Dow Jones Indices, consulting firms and brokers, and CPI statistics published by the Bureau of Labor Statistics.

Retiree Contribution Increase Rate:

Retiree contributions were assumed to increase with health trend. Retiree contribution rates were based on premiums effective January 1, 2023, trended back to the valuation date.

Health Care Reform Assumption:

The valuation does not reflect the potential impact of any future changes due to prior or pending legislation.

During the year ended June 30, 2023, the State of Vermont contributed \$215,476 on behalf of Lamoille North Supervisory Union.

NOTE 9 CONTINGENCY

The Supervisory Union receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the Supervisory Union's Independent Auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable fund. Based on prior experience, the Supervisory Union Administration believes such disallowance, if any, would be immaterial.

NOTE 10 RISK MANAGEMENT

The Supervisory Union is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and injuries to employees. The Supervisory Union maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to Supervisory Union. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Lamoille North Supervisory Union
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 11 INTERFUND RECEIVABLE AND PAYABLE BALANCES

Individual Fund Interfund Receivable and Payable balances are as follows at June 30, 2023:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 471,886	\$ -
Title I Fund	-	(238,314)
Title II-A Fund	-	(95,389)
Title IV	-	(39,972)
IDEA-B Fund	-	(179,754)
Consolidated Federal Grants	223,714	-
21st Century Learning	-	(11,882)
Food Service	-	(3,099)
ESSER	-	(63,308)
CRF	-	-
SIG	-	(67,837)
Other Federal Grants	3,099	-
EPSDT & Medicaid	46,001	(3,979)
Union School Analysis	-	-
Path Points	5,308	-
Special Revenue	40,222	-
Other Grants	-	(149)
GMATV	<u>-</u>	<u>(86,547)</u>
 TOTAL	 <u>\$ 790,230</u>	 <u>\$ (790,230)</u>

The Lamoille North Supervisory Union generally maintains one cash account in the General Fund to pay expenditures and receive payments for efficiency. All interfund balances resulted from the time lag between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) repayments between funds are made.

NOTE 12 RETIREMENT BENEFITS PAYABLE

Upon retirement, an employee who has served the Lamoille North Supervisory Union for a minimum of 10 years and is at least 55 years of age shall be entitled to compensation for unused sick days at a rate of \$50 per unused accumulated sick day. The total liability to the Board per eligible employee will not exceed \$7,500. The benefits accrued at June 30, 2023 are \$39,767.

<u>Balance at 6/30/22</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at 06/30/2023</u>
<u>\$ 49,930</u>	<u>\$ 10,448</u>	<u>\$ (20,611)</u>	<u>\$ 39,767</u>

Lamoille North Supervisory Union
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 13 ASSESSMENTS

The Supervisory Union receives an assessment from each member school district to pay their proportionate share of the Supervisory Union's expenses. The assessments received are as follows:

	<u>Special Education</u>	<u>Other Supervisory Union</u>	<u>Total</u>
LNMUUSD	\$ 1,566,305	\$ 1,204,028	\$ 2,770,333
Cambridge School District	<u>347,582</u>	<u>255,254</u>	<u>602,836</u>
 TOTAL ASSESSMENTS	 <u>\$ 1,913,887</u>	 <u>\$ 1,459,282</u>	 <u>\$ 3,373,169</u>

NOTE 14 EXPENDITURES OVER BUDGET

The General Fund's expenditures exceeded budgeted amounts by \$101,602. The excess was offset by revenues that exceeded the budgeted amounts by \$602,168. The Supervisory Union budgeted for a loss of \$652,726.

NOTE 15 SUBSEQUENT EVENTS

In accordance with professional accounting standards, the Supervisory Union has evaluated subsequent events through December 18, 2023, which is the date the financial statement was available to be issued. All subsequent events requiring recognition as of June 30, 2023, have been incorporated into the basic financial statement herein.

NOTE 16 COLLECTIVE BARGAINING AGREEMENT

The Supervisory Union has entered into two collective bargaining agreements with the Lamoille North Unified Education Association/VT-NEA. The support staff and the para-educator collective bargaining agreements expire on June 30, 2024. The teacher collective bargaining agreements expire on June 30, 2025.

REQUIRED SUPPLEMENTARY INFORMATION

Lamoille North Supervisory Union
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 3,373,169	\$ 3,373,169	\$ 3,373,169	\$ -
Grant administration	45,000	45,000	76,367	31,367
Interest income	1,000	1,000	4,715	3,715
Services to District Schools	1,366,542	1,366,542	1,548,583	182,041
Special Education	4,058,241	4,058,241	4,309,639	251,398
State Revenues	573,187	573,187	704,528	131,341
Miscellaneous	5,500	5,500	7,806	2,306
TOTAL REVENUES	9,422,639	9,422,639	10,024,807	602,168
EXPENDITURES				
Special education administration	427,456	427,456	413,947	13,509
Special Education Instruction	4,360,775	4,360,775	4,069,801	290,974
Support services instructional:				
Improvement of instruction	504,202	484,202	358,723	125,479
Regular Instruction	67,088	67,088	34,112	32,976
Psychological Services	30,000	30,000	78,683	(48,683)
OT Services	139,284	139,284	165,041	(25,757)
PT Services	80,698	80,698	107,977	(27,279)
Speech Services	571,303	571,303	588,695	(17,392)
Essential Early Ed. & Early Ed. Initiative	124,351	124,351	74,972	49,379
Guidance Services	1,296	1,296	1,539	(243)
Transportation:				
Special Education Transportation	255,868	255,868	537,809	(281,941)
Regular Transportation	1,626,284	1,626,284	1,895,564	(269,280)
Co-Curricular Transportation	12,861	12,861	5	12,856
Support services general administration:				
Board of Education services	30,679	23,679	17,528	6,151
Office of Superintendent services	314,608	306,608	302,989	3,619
Public Information Services	-	93,000	88,523	4,477
Support services business:				
Legal services	3,500	3,500	1,716	1,784
Audit services	88,500	88,500	94,126	(5,626)
Fiscal services	573,449	544,949	584,603	(39,654)
Personnel services	262,843	233,343	246,307	(12,964)
Technology services	439,991	439,991	450,207	(10,216)
Operation and maintenance	160,329	160,329	64,100	96,229
TOTAL EXPENDITURES	10,075,365	10,075,365	10,176,967	(101,602)
EXCESS/(DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENDITURES	\$ (652,726)	\$ (652,726)	\$ (152,160)	\$ 703,770

See Accompanying Notes to Basic Financial Statements.

Lamoille North Supervisory Union
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2023

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.31839%	0.31844%	0.30830%	0.3148%	0.3110%	0.3182%	0.0392%	0.03359%	0.0471%	0.0185%
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 6,140,405</u>	<u>\$ 5,399,065</u>	<u>\$ 6,015,415</u>	<u>\$ 4,913,169</u>	<u>\$ 4,698,668</u>	<u>\$ 4,716,783</u>	<u>\$ 513,026</u>	<u>\$ 398,565</u>	<u>\$ 451,428</u>	<u>\$ 187,269</u>
Total	<u>\$ 6,140,405</u>	<u>\$ 5,399,065</u>	<u>\$ 6,015,415</u>	<u>\$ 4,913,169</u>	<u>\$ 4,698,668</u>	<u>\$ 4,716,783</u>	<u>\$ 513,026</u>	<u>\$ 398,565</u>	<u>\$ 451,428</u>	<u>\$ 187,269</u>
District's covered-employee payroll	<u>\$ 2,403,439</u>	<u>\$ 2,309,622</u>	<u>\$ 2,200,632</u>	<u>\$ 2,173,983</u>	<u>\$ 2,102,636</u>	<u>\$ 2,102,581</u>	<u>\$ 2,095,155</u>	<u>\$ 187,343</u>	<u>\$ 266,992</u>	<u>\$ 104,400</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	54.81%	58.83%	50.00%	54.96%	54.81%	53.98%	55.31%	58.22%	64.02%	60.59%

Significant Actuarial Assumptions and methods are described in Note 7 to the financial statements.

See Accompanying Notes to Basic Financial Statements.

Lamoille North Supervisory Union
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
For the Year Ended June 30, 2023

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability (asset)	0.3326%	0.3341%	0.3398%	0.3432%	0.3420%	0.3694%
State's proportionate share of the net OPEB liability (asset) associated with the District	<u>2,387,207</u>	<u>4,227,446</u>	<u>4,279,487</u>	<u>3,571,985</u>	<u>3,264,088</u>	<u>3,444,132</u>
Total	<u>\$ 2,387,207</u>	<u>\$ 4,227,446</u>	<u>\$ 4,279,487</u>	<u>\$ 3,571,985</u>	<u>\$ 3,264,088</u>	<u>\$ 3,444,132</u>
Plan fiduciary net position as a percentage of the total OPEB liability	5.34%	1.13%	0.69%	0.03%	-2.85%	-2.94%

Significant Actuarial Assumptions and methods are described in Note 8 to the financial statements. The following were changes in methods or assumptions during the year ended June 30, 2022:

Benefit Changes:

None.

Changes of Assumptions:

The discount rate was decreased from 2.20% to 7.00%

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

The assumed health trend rates were modified.

The percentage of future retirees at retirement assumed to have an eligible spouse who also opts for health coverage was increased from 40% to 60% for males and 25% to 40% for females.

See Accompanying Notes to Basic Financial Statements.

OTHER SUPPLEMENTARY INFORMATION

LAMOILLE NORTH SUPERVISORY UNION
OTHER SUPPLEMENTARY INFORMATION
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
June 30, 2023

	Federal Grants										State and Local Grants				Non-Grant				Total All Grants
	Title I	Title II-A	Title IV	SIG	IDEA-B	Consolidated Federal Grants	21st Century Learning	Food Service	ESSER	Other Federal	Total Federal	EPSDT & Medicaid	VEHI/ VSBIT	Other Grants	Total State & Local	GMATV	Special Reserve	Eliminations	
<u>ASSETS</u>																			
ASSETS																			
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 167,234	\$ -	\$ -	\$ 167,234	\$ 163,567	\$ -	\$ -	\$ 163,567	\$ -	\$ -	\$ -	\$ 330,801
Restricted cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	237,212
Due from State of Vermont	253,152	104,156	60,687	76,908	249,207	-	91,358	75,797	388,525	4,816	1,304,606	40,907	-	149	41,056	-	-	-	1,345,662
Due from other funds	-	-	-	-	-	223,714	-	-	-	3,099	226,813	46,001	5,308	-	51,309	-	40,222	(318,344)	-
TOTAL ASSETS	\$ 253,152	\$ 104,156	\$ 60,687	\$ 76,908	\$ 249,207	\$ 223,714	\$ 91,358	\$ 243,031	\$ 388,525	\$ 7,915	\$ 1,698,653	\$ 250,475	\$ 5,308	\$ 149	\$ 255,932	\$ 237,212	\$ 40,222	\$ (318,344)	\$ 1,913,675
<u>LIABILITIES AND FUND BALANCE</u>																			
<u>LIABILITIES</u>																			
Accounts payable	\$ 411	\$ -	\$ 20,198	\$ 9,071	\$ 814	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,494	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,494
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	112,586	-	-	-	-	-	-	112,586
Accrued payroll and related liabilities	-	195	-	-	727	-	1,995	-	6,449	-	9,366	80	-	-	80	1,635	-	-	11,081
Due to member school districts	14,427	8,572	517	-	67,912	223,714	77,481	239,121	318,768	7,915	958,427	100,267	-	-	100,267	-	-	-	1,058,694
Due to other funds	238,314	95,389	39,972	67,837	179,754	-	11,882	3,099	63,308	-	699,555	3,979	-	149	4,128	86,547	-	(318,344)	471,886
TOTAL LIABILITIES	253,152	104,156	60,687	76,908	249,207	223,714	91,358	242,220	388,525	7,915	1,697,842	216,912	-	149	\$ 217,061	88,182	-	(318,344)	1,684,741
<u>FUND BALANCE</u>																			
Restricted	-	-	-	-	-	-	-	811	-	-	811	33,563	5,308	-	38,871	149,030	-	-	188,712
Committed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	40,222	-	40,222
TOTAL FUND BALANCE	-	-	-	-	-	-	-	811	-	-	811	33,563	5,308	-	38,871	149,030	40,222	-	228,934
TOTAL LIABILITIES AND FUND BALANCE	\$ 253,152	\$ 104,156	\$ 60,687	\$ 76,908	\$ 249,207	\$ 223,714	\$ 91,358	\$ 243,031	\$ 388,525	\$ 7,915	\$ 1,698,653	\$ 250,475	\$ 5,308	\$ 149	\$ 255,932	\$ 237,212	\$ 40,222	\$ (318,344)	\$ 1,913,675

See Accompanying Notes to Basic Financial Statements.

LAMOILLE NORTH SUPERVISORY UNION
OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2023

	Federal Funds										State and Local Grants					Non-Grants			Total All Special Funds
	Consolidated										Total Federal	EPSDT & Medicaid	Union School Analysis	Other Grants	VEHI/ VSBIT	Total State & Local	GMATV	Special Reserve	
	Title I	Title II-A	Title IV	SIG	IDEA-B	Federal Grants	21st Century	Food Service	ESSER	Other Federal									
REVENUES																			
Federal revenue	\$ 752,354	\$ 238,760	\$ 109,210	\$ 219,948	\$ 607,756	\$ -	\$ 153,294	\$ 772,593	3,481,390	\$ 25,313	\$ 6,360,618	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,360,618
State revenue	-	-	-	-	-	-	-	597,922	-	-	597,922	195,133	-	13,950	-	209,083	-	-	807,005
Local sources	-	-	-	-	-	-	-	5,570	-	-	5,570	-	-	-	18,993	18,993	148,180	-	172,743
Interest income	-	-	-	-	-	-	-	151	-	-	151	281	-	-	-	281	-	-	432
TOTAL REVENUES	752,354	238,760	109,210	219,948	607,756	-	153,294	1,376,236	3,481,390	25,313	6,964,261	195,414	-	13,950	18,993	228,357	148,180	-	7,340,798
EXPENDITURES																			
Instruction - services	15,815	-	38,042	61,061	289,277	646,017	153,294	-	3,481,390	3,709	4,688,605	-	-	13,950	-	13,950	-	46,786	4,749,341
Instruction - special programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,439	21,439	116,940	-	138,379
Support services:																			
Students	8,566	-	812	98,646	99,827	20,033	-	1,376,085	-	21,604	1,625,573	170,446	-	-	-	170,446	-	-	1,796,019
Instructional Staff	46,956	219,797	68,425	54,370	43,839	-	-	-	-	-	433,387	-	2,993	-	-	2,993	-	-	436,380
General Administration	25,000	8,930	1,931	5,871	174,813	-	-	-	-	-	216,545	9,317	-	-	-	9,317	-	-	225,862
TOTAL EXPENDITURES	96,337	228,727	109,210	219,948	607,756	666,050	153,294	1,376,085	3,481,390	25,313	6,964,110	179,763	2,993	13,950	21,439	218,145	116,940	46,786	7,345,981
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	656,017	10,033	-	-	-	(666,050)	-	151	-	-	151	15,651	(2,993)	-	(2,446)	10,212	31,240	(46,786)	(5,183)
OTHER FINANCING SOURCES (USES)																			
Interfund Transfers	(656,017)	(10,033)	-	-	-	666,050	-	-	-	-	-	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	-	-	-	-	151	-	-	151	15,651	(2,993)	-	(2,446)	10,212	31,240	(46,786)	(5,183)
FUND BALANCE, Beginning of Year	-	-	-	-	-	-	-	660	-	-	660	17,912	2,993	-	7,754	28,659	117,790	87,008	234,117
FUND BALANCE, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 811	\$ -	\$ -	\$ 811	\$ 33,563	\$ -	\$ -	\$ 5,308	\$ 38,871	\$ 149,030	\$ 40,222	\$ 228,934

See Accompanying Notes to Basic Financial Statements.

Lamoille North Supervisory Union

ADDITIONAL REPORTS REQUIRED BY
THE SINGLE AUDIT ACT

June 30, 2023

LAMOILLE NORTH SUPERVISORY UNION
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended 6/30/2023

Federal Grantor/Pass-Through Grantor/Program Title	Pass Through Grantor Number	Federal Assistance Listing Number	Federal Expenditures	Expenditures to Subrecipients
Child Nutrition Cluster				
United States Department of Agriculture				
Passed through State of Vermont, Department of Education				
School Breakfast Program	4452-S025-23-00	10.553	\$ 145,951	\$ 145,951
Supply Chain Assistance	4462-S025-23-00	10.555	31,389	31,389
Supply Chain Assistance	4462-S025-23-01	10.555	16,791	16,791
National School Lunch Program	4450-S025-23-00	10.555	347,283	347,283
USDA Commodities		10.555	60,001	-
Total National School Lunch Program			455,464	395,463
Summer Food Service Program for Children	4455-S025-22-00	10.559	43,080	43,080
Summer Food Service Program for Children	4455-S025-23-00	10.559	4,883	4,883
Total Summer Food Service Program for Children			47,963	47,963
Fresh Fruit & Vegetable Program	4449-S025-23-00	10.582	21,604	21,604
Total Child Nutrition Cluster			670,982	610,981
Special Education Cluster (IDEA)				
United States Department of Education				
Passed through State of Vermont, Department of Education				
IDEA B	4226-S025-23-01	84.027	575,005	54,597
IDEA B - ARP	4605-S025-23-01	84.027	32,110	-
Total IDEA B			607,115	54,597
Total Special Education Cluster (IDEA)			607,756	54,597
U.S. Department of Agriculture				
Passed through State of Vermont, Department of Education				
Child and Adult Care Food Program	4453-S025-22-00	10.558	631	631
Child and Adult Care Food Program	4453-S025-23-00	10.558	7,906	7,906
Child and Adult Care Food Program	4454-S025-22-00	10.558	8,475	8,475
Child and Adult Care Food Program	4454-S025-23-00	10.558	106,203	106,203
Total Child and Adult Care Food Program			123,215	123,215
U. S. Department of Education				
Passed through State of Vermont, Department of Education				
Title I Grants to Local Educational Agencies	4250-S025-23-01	84.010	752,354	660,444
School Improvement Grant	4255-S025-23-01	84.010	219,948	-
Total Title I Grants			972,302	660,444
Title IV-B 21st Century Learning Communities	4611-S025-23-02	84.287	151,794	77,481
Title II-A	4651-S025-23-01	84.367	238,760	-
Student Support and Academic Enrichment	4570-S025-23-01	84.424	109,210	-
Education Stabilization Fund Under The Coronavirus Aid, Relief, And Economic Security Act (ESSER)	COVID-19 4597-S025-21-01	84.425D	1,475,251	1,475,251
Education Stabilization Fund Under The Coronavirus Aid, Relief, And Economic Security Act (ESSER)	COVID-19 4623-S025-23-01	84.425D	3,709	3,709
Education Stabilization Fund Under The Coronavirus Aid, Relief, And Economic Security Act (ESSER)	COVID-19 4599-S025-21-01	84.425U	2,006,138	1,376,772
Total ESSER			3,485,098	2,855,732
Total Department of Education			4,957,164	3,593,657
Total Expenditures of Federal Awards			\$ 6,359,117	\$ 4,382,450

LAMOILLE NORTH SUPERVISORY UNION
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended 6/30/2023

NOTE A BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of Lamoille North Supervisory Union under programs of the federal government for the year ended June 30, 2023. 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 Lamoille North Supervisory Union, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Lamoille North Supervisory Union.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Lamoille North Supervisory Union has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



Kittell Branagan & Sargent

Certified Public Accountants

Vermont License #167

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

To the School Board
Hyde Park, 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lamoille North Supervisory Union, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Lamoille North Supervisory Union's basic financial statements, and have issued our report thereon dated December 18, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in black ink, reading "K. Stettin Braman & Sargent". The signature is written in a cursive, flowing style.

St. Albans, Vermont
December 18, 2023



Kittell Branagan & Sargent

Certified Public Accountants

Vermont License #167

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

To the School Board
Hyde Park, Vermont

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lamoille North Supervisory Union's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Lamoille North Supervisory Unions major federal programs for the year ended June 30, 2023. Lamoille North 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.

In our opinion, Lamoille North Supervisory Union complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Lamoille North Supervisory Union and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Lamoille North Supervisory Union's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Lamoille North Supervisory Union's federal programs

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Lamoille North Supervisory Union's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Lamoille North Supervisory Union's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Lamoille North Supervisory Union's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Lamoille North Supervisory Union's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Lamoille North Supervisory Union's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

A handwritten signature in black ink, reading "Kittell Brannagan & Sonnet". The signature is written in a cursive, flowing style.

St. Albans, Vermont
December 18, 2023

Lamoille North Supervisory Union
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2023

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Lamoille North Supervisory Union.
2. There were no significant deficiencies disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Lamoille North Supervisory Union were disclosed during the audit.
4. There were no significant deficiencies disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for Lamoille North Supervisory Union expresses an unmodified opinion.
6. There were no audit findings relative to the major federal award programs for Lamoille North Supervisory Union.
7. The programs tested as major programs were:

AL	#84.425 D	Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act
AL	#84.425 U	American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER)
AL	#84.010	Title I Grants to Local Educational Agencies
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Lamoille North Supervisory Union was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

- There were no findings related to the financial statements audit.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

- There were no findings or questioned costs related to the major federal award programs.