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February 16, 2012

Harwood Union School District  
Att: Michelle Baker, Bus. Mgr.  
1673 Main Street, Ste. A  
Waitsfield, VT 05673

Dear Michelle :

I have electronically forwarded the final financial statements for Harwood Union School District as of and for the year ended June 30, 2011. In addition I will be mailing you 13 bound copies.

If you are thinking of putting our audit report into your Town Report, auditing standards provides you with three options:

- You may include the entire audit report from page one through the last page;
- You may include pages 1 through Schedule 1;
- You can put a statement in that you were audited and that the audit is available at \_\_\_\_\_ and omit our audit report completely.

If you have any questions or need assistance, please do not hesitate to call us.

Sincerely,

*Angolano & Company*

Angolano & Company

Enclosures

Harwood Union School District  
Financial Statements  
For The Year Ended June 30, 2011

Harwood Union School District  
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For The Year Ended June 30, 2011

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## Independent Auditors' Report

To The School Board  
Harwood Union School District

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Harwood Union School District, Vermont, as of and for the year ended June 30, 2011, which collectively comprise the Union School District's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Union School District's nonmajor governmental and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of Harwood Union School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Harwood Union School District,

Vermont, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and fiduciary fund of Harwood Union School District, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2012 on our consideration of Harwood Union School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 7 and 45 through 69 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for

purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Angolano & Company*

Angolano & Company  
Shelburne, Vermont  
Firm Registration Number 92-0000141

January 27, 2012



HARWOOD UNION HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2011

**Introduction**

The discussion and analysis of The Harwood Union High School District's ("the District") financial performance provides a narrative introduction and overview of the school District's financial activities for the fiscal year ending June 30, 2011 (FY 11). The District is organized under the guidance of the Board of School Directors to provide public education to the member districts of Duxbury, Fayston, Moretown, Waitsfield, Warren and Waterbury. The Districts of Roxbury, Granville, Hancock and Buels Gore pay tuition to the District for those students who attend Harwood Union High School.

**Financial Highlights**

- Government-wide assets totaled \$9,329,575 and government-wide liabilities totaled \$3,677,833.
- Long-term debt (more than one year) totaled \$2,024,585 at year end, an increase of \$52,289.
- The District's general fund actual revenues were \$12,069,118, while the budgeted revenues were \$12,038,348 an increase of \$30,770 or .25%.
- The District's general fund actual expenditures were \$11,372,440 while the budgeted expenditures were \$11,582,107 a savings of \$209,667 or 1.8%.
- Special Revenue Funds totaling -\$2,355 are held in the District's accounts for various Federal, State and Private Grants.
- The Capital Project Fund represents expenses incurred that will be funded over the long term on various projects including the Wood Chip Plant and Water System Improvements and the Maintenance Reserve Fund. The fund balance at June 30, 2011 is \$62,229.
- The Enterprise Fund represents the food program and had an ending retained earnings balance of \$130,602.
- Agency Funds totaling \$91,708 are held in the District's accounts for various student activities and projects.
- Expendable Trust Funds totaling \$25,567 are held in the District's accounts for student scholarships.
- Nonexpendable Trust Funds totaling \$88,956 are held in the District's accounts for student scholarships.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Harwood Union High School District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements – The first two statements are government-wide financial statements that report information about the District as a whole using accrual accounting methods similar to those used by private sector companies.

The Statement of Net Assets presents information on all of the District assets and liabilities with the difference between the two reported as net assets. Over time increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing or related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and inter-governmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include programs and services such as instruction, support services, and building operation and maintenance. The business-type activities of the District include the Food Service Program.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories – governmental funds, proprietary funds and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The District maintains four (4) governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Special Revenue, Capital Project and Debt Service. Individual fund data for the Proprietary and Fiduciary Funds is provided in the form of combining statements elsewhere in this report. The basic governmental funds financial statements can be found on pages 11-14.

Proprietary Funds – The District maintains proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for its Food Service Program (hot lunch and breakfast) operation. The basic proprietary fund financial statements can be found on pages 15-16 of this report.

Fiduciary Funds – Fiduciary Funds are those for which the District serves as a trustee for the benefit of others, such as scholarship and student activities funds. The District is responsible for ensuring that assets in these funds are used for their intended purposes and cannot use these assets to finance the general operations of the District.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-44.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information including Budget to Actual Reports for the General Fund, Fiduciary, Agency and Trust Fund statements, ADM Audit Report, and a Report on Compliance and Internal Control.

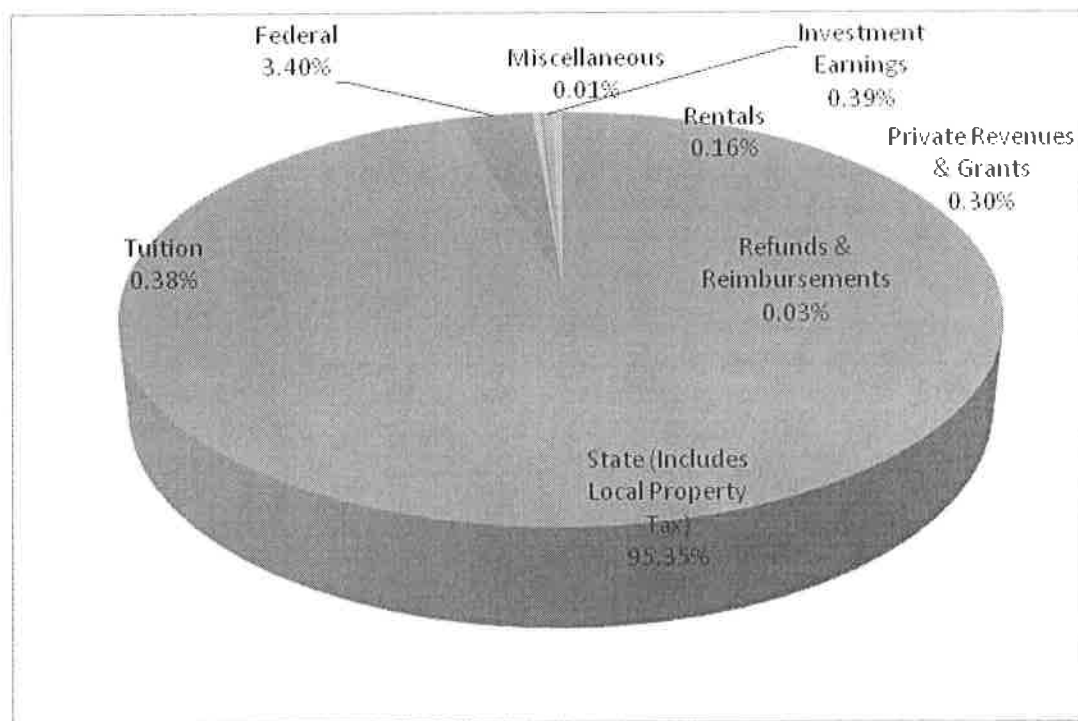
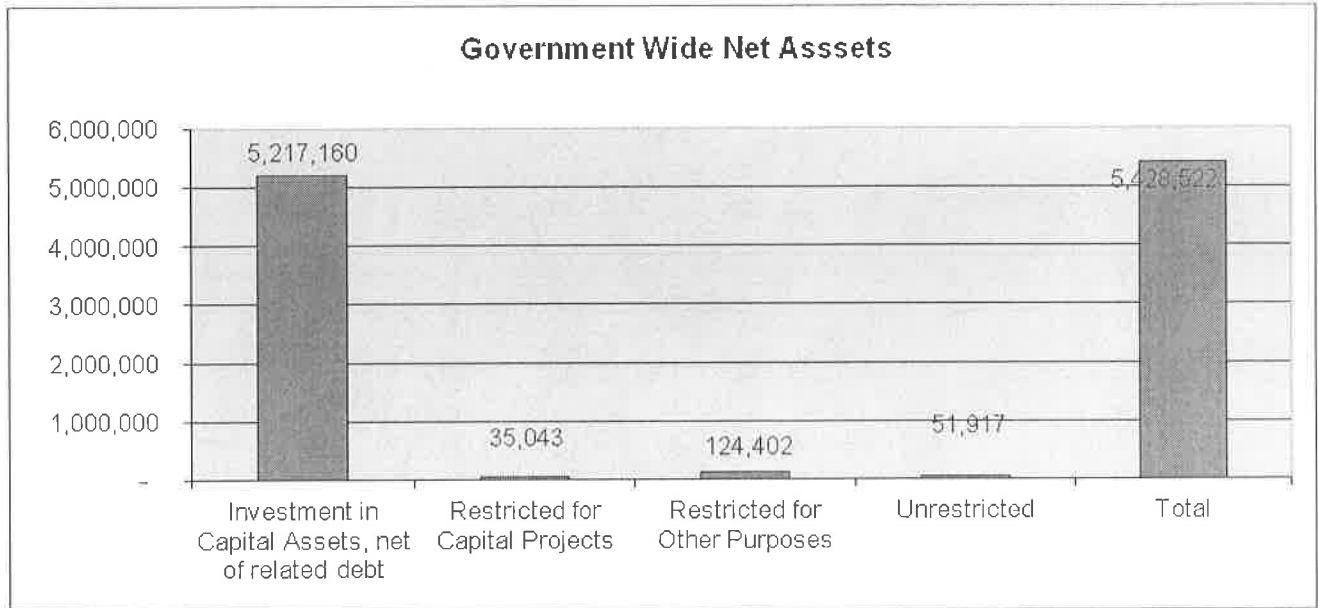
### **Government-Wide Financial Analysis**

Our analysis of the District's major funds begins on Table 1. The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, the District'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.

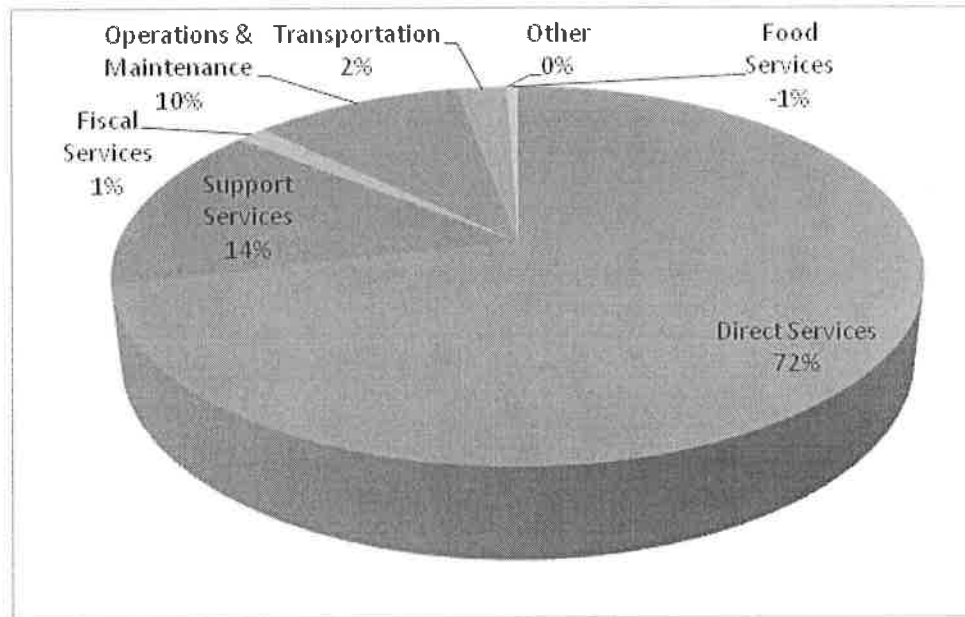
Amounts reported for governmental activities in this statement of net assets differ from the summary of financial operations because: capital (non-current) assets used in governmental activities are not financial resources and therefore, are deferred in the funds; non-current liabilities – consisting of bonds payable (early retirees) – are not due and payable in the current period and therefore are not reported in the funds. Inter-fund receivables and payables are reported in the fund statements, but not included in the amounts reported for governmental activities.

**Harwood Union High School**  
**Statement of Net Assets and Fund Balance Reconciliation**  
**June 30, 2011**

|   | Summary of<br>Financial<br>Operations and<br>Fund Balance | Governmental<br>Activities<br>Government-Wide | Difference         |
|---|---|---|--------------------|
| <b>ASSETS</b>                                     |   |   |                    |
| <u>Current Assets:</u>                            |   |   |                    |
| Cash  | 924,384   | 924,384                                       | -                  |
| Investments                                       | 11,287  | 11,287  | -                  |
| Prepaid Expenses                                  | 5,634   | 5,634   | -                  |
| <u>Accounts Receivable:</u>                       |   |   |                    |
| State   | 1,215,316   | 1,215,316                                     | -                  |
| Supervisory Union                                 | 47,193  | 47,193  | -                  |
| Other LEA's                                       | 389   | 389   | -                  |
| Other   | 13,486  | 13,486  | -                  |
| Total Current Assets                              | 2,217,689   | 2,217,689                                     | -                  |
| <u>Non-current Assets:</u>                        |   |   |                    |
| <u>Capital Assets:</u>                            |   |   |                    |
| Building & Equipment, net of Accum. Depr.         | -   | 7,111,886                                     | (7,111,886)        |
| Total Non-current Assets                          | -   | 7,111,886                                     | (7,111,886)        |
| <b>TOTAL ASSETS</b>                               | <b>2,217,689</b>  | <b>9,329,575</b>                              | <b>(7,111,886)</b> |
| <b>LIABILITIES</b>                                |   |   |                    |
| <u>Current Liabilities:</u>                       |   |   |                    |
| Accounts Payable - Supervisory Union              | 15,808  | 15,808  | -                  |
| Accounts Payable - Other LEA's                    | 11,300  | 11,300  | -                  |
| Accounts Payable - Other                          | 199,466   | 199,466                                       | -                  |
| Accrued Expenses                                  | 13,064  | 13,064  | -                  |
| Due to Other Funds                                | 4,367   | 4,367   | -                  |
| Deferred Revenue                                  | 185,456   | 185,456                                       | -                  |
| Note Payable                                      | 1,184,162   | 1,184,162                                     | -                  |
| Capital Leases                                    | -   | 39,625  | (39,625)           |
| Current Portion of Long-Term Obligations          | -   | 290,961                                       | (290,961)          |
| Total Current Liabilities                         | 1,613,623   | 1,944,209                                     | (330,586)          |
| <u>Non-current Liabilities:</u>                   |   |   |                    |
| Bonds Payable                                     | -   | 1,733,624                                     | (1,733,624)        |
| Total Non-current Liabilities                     | -   | 1,733,624                                     | (1,733,624)        |
| <b>TOTAL LIABILITIES</b>                          | <b>1,613,623</b>  | <b>3,677,833</b>                              | <b>(2,064,210)</b> |
| <b>NET ASSETS</b>                                 |   |   |                    |
| Investment in Capital Assets, net of related Debt | -   | 5,047,676                                     | (5,047,676)        |
| Restricted for Capital Projects                   | 69,529  | 69,529  | -                  |
| Restricted for Debt Services                      | 11,287  | 11,287  | -                  |
| Restricted for Other Purposes                     | 312,075   | 312,075                                       | -                  |
| Unrestricted                                      | 211,175   | 211,175                                       | -                  |
| <b>TOTAL NET ASSETS</b>                           | <b>604,066</b>  | <b>5,651,742</b>                              | <b>(5,047,676)</b> |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>           | <b>2,217,689</b>  | <b>9,329,575</b>                              | <b>(7,111,886)</b> |



Government Wide Revenues consist of state revenues (including property taxes) of \$11,365,635. Federal revenues of \$405,014, private revenues and grants of \$35,578, rentals of \$19,200, investment earnings of \$45,966, tuition of \$45,200, refunds and reimbursements of \$3,280, miscellaneous of \$598 and transfers of -\$97,809



*Governmental Activities:*

Governmental Activities revenues totaled \$11,822,662 and expenses totaled \$11,690,246 resulting in an increase in net assets of \$132,416.

*Business Type Activities:*

Business Type Activities realized an increase in net assets of \$97,863.

**Fund Financial Analysis**

*Governmental Fund Types:*

Fund balances in the Governmental Fund types increased from \$258,799 to \$515,110 an increase of \$256,311. This increase was reflected in the General Fund by an increase of \$113,037, a decrease of \$10,793 in the Special Revenue Funds, an increase of \$142,780 in the Capital Projects Funds and an increase of \$11,287 in Other Governmental Funds.

|   | Summary of<br>Financial<br>Operations and<br>Fund Balance<br>6/30/2011 | Summary of<br>Financial<br>Operations and<br>Fund Balance<br>6/30/2010 | Summary of<br>Financial<br>Operations and<br>Fund Balance<br>6/30/2009 |
|---|--|--|--|
| ASSETS  |  |  |  |
| Current Assets:                                   |  |  |  |
| Cash  | 924,384  | 839,955  | 972,708  |
| Investments                                       | 11,287   | -  | -  |
| Prepaid Expenses                                  | 5,634  | 13,419   | 37,185   |
| Accounts Receivable:                              |  |  |  |
| State   | 1,215,316  | 1,192,908  | 1,373,332  |
| Supervisory Union                                 | 47,193   | 58,818   | 28,520   |
| Other LEA's                                       | 389  | -  | 93,296   |
| Other   | 13,486   | 19,746   | 15,925   |
| Due from Business-Type Activities                 | -  | -  | 16,917   |
| Total Current Assets                              | 2,217,689  | 2,124,846  | 2,537,883  |
| LIABILITIES                                       |  |  |  |
| Current Liabilities:                              |  |  |  |
| Cash Overdraft                                    | -  | 106,889  | 517,585  |
| Accounts Payable - State                          | -  | 172,878  | 178,084  |
| Accounts Payable - Supervisory Union              | 15,808   | -  | -  |
| Accounts Payable - Other LEA's                    | 11,300   | -  | -  |
| Accounts Payable - Other                          | 199,466  | 258,085  | 48,698   |
| Accrued Expenses                                  | 13,064   | 22,494   | 8,862  |
| Deferred Revenue                                  | 185,456  | 106,301  | 61,435   |
| Due to Other Funds                                | 4,367  | 15,238   | -  |
| Note Payable                                      | 1,184,162  | 1,184,162  | 1,513,030  |
| Total Current Liabilities                         | 1,613,623  | 1,866,047  | 2,327,694  |
| NET ASSETS  |  |  |  |
| Investment in Capital Assets, net of related Debt | 69,529   | -  | -  |
| Restricted for Capital Projects                   | 11,287   | -  | -  |
| Restricted for Other Purposes                     | 312,075  | 159,445  | 216,857  |
| Unrestricted                                      | 211,175  | 99,354   | (6,668)  |
| TOTAL NET ASSETS                                  | 604,066  | 258,799  | 210,189  |
| TOTAL LIABILITIES AND NET ASSETS                  | 2,217,689  | 2,124,846  | 2,537,883  |

*Proprietary Fund Type:*

Food service programs are offered to the students for hot lunch and breakfast. This program recognized a net operating income of \$55 during the past year and had a retained earnings balance of \$130,602 as of June 30, 2011.

*Fiduciary Fund Types:*

Agency funds of \$91,708 were being held at the end of the year for student activities and projects.

Expendable Trust Funds for scholarships were being held with a fund balance of \$9,703 at year end.

Nonexpendable Trust Funds for scholarships were being held with a fund balance of \$88,956 at year end, as compared to \$89,123 the prior year.

### **Capital Assets**

As required under GASB34 the District is reporting its' capital assets as part of the financial statements. The District has researched and documented the historical costs of the various assets owned by the District and applied appropriate charges against the cost to record depreciation. Capital assets with a cost of \$5,000 or more are capitalized and depreciated.

Table VI summarizes the state of the District's capital assets.

| <b>Harwood Union High School</b> |                      |                                     |                     | TABLE VI |
|----------------------------------|----------------------|-------------------------------------|---------------------|----------|
| <b>Capital Assets</b>            |                      |                                     |                     |          |
| <b>June 30, 2011</b>             |                      |                                     |                     |          |
|                                  | <u>Cost</u>          | <u>Accumulated<br/>Depreciation</u> | <u>Net Value</u>    |          |
| <b>Governmental Activities:</b>  |                      |                                     |                     |          |
| Construction in Progress         | 112,502              | -                                   | 112,502             |          |
| Land Improvements                | 308,582              | 246,865                             | 61,717              |          |
| Buildings                        | 2,510,412            | 2,169,177                           | 341,235             |          |
| Building Improvements            | \$ 7,131,702         | \$ 2,222,234                        | 4,909,468           |          |
| Infrastructure                   | \$ 1,539,466         | \$ 89,589                           | 1,449,877           |          |
| Furniture and Equipment          | 474,816              | 237,729                             | 237,087             |          |
| Vehicles                         | 43,821               | 43,821                              | -                   |          |
| Total                            | <u>\$ 12,121,301</u> | <u>\$ 5,009,415</u>                 | <u>\$ 7,111,886</u> |          |
| <b>Business Type Activities:</b> |                      |                                     |                     |          |
| Furniture and Equipment          | 202,756              | 84,294                              | 118,462             |          |
| Total                            | <u>\$ 202,756</u>    | <u>\$ 84,294</u>                    | <u>\$ 118,462</u>   |          |

### **Long-Term Debt**

The District has one category of long-term debt, defined as debt due and payable beyond one year. At June 30, 2011, the District had \$2,024,585 in outstanding principal and interest. Bond principal and interest are being paid from the General Fund.

In addition, the district has a note payable associated with funds due from the state for the wood chip plant in the amount of \$1,184,162. This annual note has been renewed three times.



### *Current Issues*

- Harwood facilities are aging and it is reasonable to anticipate an increasing need for capital improvements in the coming years.
- Harwood is experiencing declining student enrollment which is projected to continue and Harwood is experiencing a decline in tuition students.
- Act 153 requires special education, compensatory and remedial services to be provided by the Supervisory Union by July 1, 2013. The effects of this Legislation are unknown at this time as no implementation guidance has been received regarding the new legislation.

### *Contact for Further Information*

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to Michelle J. Baker, Business Manager, Washington West Supervisory Union, 1673 Main Street – Suite A, Waitsfield, Vermont 05673 or at (802) 496-2272 ext. 117.

Harwood Union School District  
Statement of Net Assets  
Government-Wide  
June 30, 2011

EXHIBIT I

|   | Governmental<br>Activities | Business-Type<br>Activities | Total               |
|---|----------------------------|-----------------------------|---------------------|
| <b>ASSETS:</b>                                    |                            |                             |                     |
| Cash and Cash Equivalents                         | \$ 924,384                 |                             | \$ 924,384          |
| Investments                                       | 11,287                     |                             | 11,287              |
| Accounts Receivable - State                       | 1,215,316                  |                             | 1,215,316           |
| Accounts Receivable - Supervisory Union           | 47,193                     |                             | 47,193              |
| Accounts Receivable - Other LEAs                  | 389                        |                             | 389                 |
| Accounts Receivable - Other                       | 13,486                     | \$ 8,663                    | 22,149              |
| Due From Other Funds                              |                            | 10,887                      | 10,887              |
| Prepaid Expenses                                  | 5,634                      |                             | 5,634               |
| Inventory   |                            | 2,029                       | 2,029               |
| Capital Assets, net (Note 5)                      | <u>7,111,886</u>           | <u>118,462</u>              | <u>7,230,348</u>    |
| Total Assets                                      | <u>9,329,575</u>           | <u>140,041</u>              | <u>9,469,616</u>    |
| <b>LIABILITIES:</b>                               |                            |                             |                     |
| Accounts Payable - Supervisory Union              | 15,808                     |                             | 15,808              |
| Accounts Payable - Other LEAs                     | 11,300                     |                             | 11,300              |
| Accounts Payable - Other                          | 199,466                    | 9,439                       | 208,905             |
| Accrued Expenses                                  | 13,064                     |                             | 13,064              |
| Due To Other Funds                                | 4,367                      |                             | 4,367               |
| Deferred Revenue                                  | 185,456                    |                             | 185,456             |
| Note Payable                                      | 1,184,162                  |                             | 1,184,162           |
| Capital Leases Payable (Note 9)                   | 39,625                     |                             | 39,625              |
| Long-Term Liabilities (Note 8):                   |                            |                             |                     |
| Due Within One Year                               | 290,961                    |                             | 290,961             |
| Due in More Than One Year                         | <u>1,733,624</u>           | <u>-</u>                    | <u>1,733,624</u>    |
| Total Liabilities                                 | <u>3,677,833</u>           | <u>9,439</u>                | <u>3,687,272</u>    |
| <b>NET ASSETS:</b>                                |                            |                             |                     |
| Investment in Capital Assets, net of related debt | 5,047,676                  | 118,462                     | 5,166,138           |
| Restricted for Capital Projects                   | 69,529                     |                             | 69,529              |
| Restricted for Debt Services                      | 11,287                     |                             | 11,287              |
| Restricted for Other Purposes                     | 312,075                    |                             | 312,075             |
| Unrestricted                                      | <u>211,175</u>             | <u>12,140</u>               | <u>223,315</u>      |
| Total Net Assets                                  | <u>\$ 5,651,742</u>        | <u>\$ 130,602</u>           | <u>\$ 5,782,344</u> |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Statement of Activities  
Government-Wide  
For The Year Ended June 30, 2011

EXHIBIT II

|   |                      | Program Revenues        |                     | Net (Expense) Revenue<br>and Changes in Net Assets |                             |
|---|----------------------|-------------------------|---------------------|--|-----------------------------|
|   | Expenses             | Charges for<br>Services | Operating<br>Grants | Governmental<br>Activities                         | Business-Type<br>Activities |
| Instructional:                          |                      |                         |                     |  |                             |
| Direct Services                         | \$ 9,001,722         |                         | \$ 556,540          | \$ (8,445,182)                                     | \$ (8,445,182)              |
| Support Services:                       |                      |                         |                     |  |                             |
| Student Services                        | 584,824              |                         | 8,689               | (576,135)  | (576,135)                   |
| Instructional Services                  | 352,306              |                         | 57,055              | (295,251)  | (295,251)                   |
| General Administrative Services         | 288,292              |                         |                     | (288,292)  | (288,292)                   |
| Area Administrative Services            | 536,286              |                         |                     | (536,286)  | (536,286)                   |
| Fiscal Services                         | 166,189              |                         |                     | (166,189)  | (166,189)                   |
| Building Operations and Maintenance     | 1,160,468            |                         | (4,000)             | (1,164,468)  | (1,164,468)                 |
| Transportation                          | 440,230              |                         | 160,124             | (280,106)  | (280,106)                   |
| Other Support Services                  | 224                  |                         |                     | (224)  | (224)                       |
| Operation of Noninstructional Services: |                      |                         |                     |  |                             |
| Food Services                           | 582,190              | \$ 582,245              |                     |  | \$ 55                       |
| Construction Services                   | -                    | -                       | 61,887              | 61,887   | -                           |
| Total                                   | <u>\$ 13,112,731</u> | <u>\$ 582,245</u>       | <u>\$ 840,295</u>   | <u>(11,690,246)</u>                                | <u>55</u>                   |

|  |                     |                   |                     |
|--|---------------------|-------------------|---------------------|
| General Revenues:  |                     |                   |                     |
| Tuition  | 45,200              |                   | 45,200              |
| State Revenues not Restricted to Specific Programs           | 11,365,635          |                   | 11,365,635          |
| Federal Revenues not Restricted to Specific Programs         | 405,014             |                   | 405,014             |
| Grants and Contributions not Restricted to Specific Programs | 1,250               |                   | 1,250               |
| Private Revenues not Restricted to Specific Programs         | 34,328              |                   | 34,328              |
| Investment Earnings  | 45,966              |                   | 45,966              |
| Rentals  | 19,200              |                   | 19,200              |
| Refunds and Reimbursements                                   | 3,280               |                   | 3,280               |
| Miscellaneous  | 598                 |                   | 598                 |
| Transfers  | (97,809)            | 97,808            | (1)                 |
| Total General Revenues                                       | <u>11,822,662</u>   | <u>97,808</u>     | <u>11,920,470</u>   |
| Excess (Deficiency) of Revenues Over Expenses                | 132,416             | 97,863            | 230,279             |
| Net Assets - Beginning                                       | 5,428,522           | 32,739            | 5,461,261           |
| Net Assets - Permanent Fund - Beginning                      | 90,804              | -                 | 90,804              |
| Net Assets - Ending  | <u>\$ 5,651,742</u> | <u>\$ 130,602</u> | <u>\$ 5,782,344</u> |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Combined Balance Sheet  
All Fund Types - Fund Base  
June 30, 2011

EXHIBIT III

|   | Governmental Fund Types |                      |                     |                  |                         | Proprietary Fund Type | Fiduciary Fund Types |                             | Totals (Memorandum Only) |
|---|-------------------------|----------------------|---------------------|------------------|-------------------------|-----------------------|----------------------|-----------------------------|--------------------------|
|   | General Fund            | Special Revenue Fund | Capital Projects    | Permanent Funds  | Other Governmental Fund | Enterprise Fund       | Agency Funds         | Private Purpose Trust Funds |                          |
| ASSETS:                                 |                         |                      |                     |                  |                         |                       |                      |                             |                          |
| Current Assets:                         |                         |                      |                     |                  |                         |                       |                      |                             |                          |
| Cash                                    | \$ 778,129              | \$ 212               | \$ 63,607           | \$ 82,436        |                         |                       | \$ 91,708            | \$ 16,223                   | \$ 1,032,315             |
| Investments                             |                         |                      |                     |                  | \$ 11,287               |                       |                      |                             | 11,287                   |
| Accounts Receivable - State             | 14,392                  | 16,762               | 1,184,162           |                  |                         |                       |                      |                             | 1,215,316                |
| Accounts Receivable - Supervisory Union |                         | 47,193               |                     |                  |                         |                       |                      |                             | 47,193                   |
| Accounts Receivable - Other LEAs        | 389                     |                      |                     |                  |                         |                       |                      |                             | 389                      |
| Accounts Receivable - Other             | 12,373                  | 1,113                |                     |                  |                         | \$ 8,663              |                      |                             | 22,149                   |
| Due From Other Funds                    |                         | 190,035              | 5,922               | 6,646            |                         | 10,887                |                      | 9,344                       | 222,834                  |
| Prepaid Expenses                        | 5,634                   |                      |                     |                  |                         |                       |                      |                             | 5,634                    |
| Inventories                             | -                       | -                    | -                   | -                | -                       | 2,029                 | -                    | -                           | 2,029                    |
| Total Current Assets                    | <u>810,917</u>          | <u>255,315</u>       | <u>1,253,691</u>    | <u>89,082</u>    | <u>11,287</u>           | <u>21,579</u>         | <u>91,708</u>        | <u>25,567</u>               | <u>2,559,146</u>         |
| Other Assets:                           |                         |                      |                     |                  |                         |                       |                      |                             |                          |
| Fixed Assets - net                      | -                       | -                    | -                   | -                | -                       | 118,462               | -                    | -                           | 118,462                  |
| Total Other Assets                      | <u>-</u>                | <u>-</u>             | <u>-</u>            | <u>-</u>         | <u>-</u>                | <u>118,462</u>        | <u>-</u>             | <u>-</u>                    | <u>118,462</u>           |
| TOTAL ASSETS                            | <u>\$ 810,917</u>       | <u>\$ 255,315</u>    | <u>\$ 1,253,691</u> | <u>\$ 89,082</u> | <u>\$ 11,287</u>        | <u>\$ 140,041</u>     | <u>\$ 91,708</u>     | <u>\$ 25,567</u>            | <u>\$ 2,677,608</u>      |
| LIABILITIES AND FUND EQUITIES:          |                         |                      |                     |                  |                         |                       |                      |                             |                          |
| Liabilities:                            |                         |                      |                     |                  |                         |                       |                      |                             |                          |
| Accounts Payable - Supervisory Union    | \$ 15,808               |                      |                     |                  |                         |                       |                      |                             | \$ 15,808                |
| Accounts Payable - Other LEAs           | 11,300                  |                      |                     |                  |                         |                       |                      |                             | 11,300                   |
| Accounts Payable - Other                | 186,648                 | \$ 12,818            |                     |                  |                         | \$ 9,439              |                      |                             | 208,905                  |
| Accrued Expenses                        | 13,064                  |                      |                     |                  |                         |                       |                      |                             | 13,064                   |
| Due to Other Funds                      | 140,148                 | 59,396               | \$ 7,300            | \$ 126           |                         |                       |                      | \$ 15,864                   | 222,834                  |
| Deferred Revenue                        |                         | 185,456              |                     |                  |                         |                       |                      |                             | 185,456                  |
| Loan Payable                            |                         |                      | 1,184,162           |                  |                         |                       |                      |                             | 1,184,162                |
| Amount Held for Agency Funds            | -                       | -                    | -                   | -                | -                       | -                     | \$ 91,708            | -                           | 91,708                   |
| Total Liabilities                       | <u>366,968</u>          | <u>257,670</u>       | <u>1,191,462</u>    | <u>126</u>       | <u>\$ -</u>             | <u>9,439</u>          | <u>91,708</u>        | <u>15,864</u>               | <u>1,933,237</u>         |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Combined Balance Sheet  
All Fund Types - Fund Base  
June 30, 2011

EXHIBIT III

|                                     | Governmental Fund Types |                            |                     |                    | Proprietary<br>Fund Type      | Fiduciary Fund Types |                  | Totals<br>(Memorandum<br>Only)    |
|-------------------------------------|-------------------------|----------------------------|---------------------|--------------------|-------------------------------|----------------------|------------------|-----------------------------------|
|                                     | General<br>Fund         | Special<br>Revenue<br>Fund | Capital<br>Projects | Permanent<br>Funds | Other<br>Governmental<br>Fund | Enterprise<br>Fund   | Agency<br>Funds  | Private<br>Purpose<br>Trust Funds |
| Fund Equity:                        |                         |                            |                     |                    |                               |                      |                  |                                   |
| Fund Balances:                      |                         |                            |                     |                    |                               |                      |                  |                                   |
| Unassigned                          | \$ 231,880              | \$ (13,405)                | \$ (7,300)          |                    |                               |                      |                  | \$ 211,175                        |
| Committed                           | 212,069                 |                            | 69,529              |                    |                               |                      |                  | 281,598                           |
| Restricted                          |                         | 11,050                     |                     |                    | \$ 11,287                     |                      |                  | \$ 9,703                          |
| Spendable                           |                         |                            |                     | \$ (71)            |                               |                      |                  | (71)                              |
| Unspendable                         |                         |                            |                     | 89,027             |                               |                      |                  | 89,027                            |
| Retained Earnings                   | -                       | -                          | -                   | -                  | -                             | \$ 130,602           | -                | -                                 |
| Total Fund Equities                 | <u>443,949</u>          | <u>(2,355)</u>             | <u>62,229</u>       | <u>88,956</u>      | <u>11,287</u>                 | <u>130,602</u>       | <u>\$ -</u>      | <u>9,703</u>                      |
| TOTAL LIABILITIES AND FUND EQUITIES | <u>\$ 810,917</u>       | <u>\$ 255,315</u>          | <u>\$ 1,253,691</u> | <u>\$ 89,082</u>   | <u>\$ 11,287</u>              | <u>\$ 140,041</u>    | <u>\$ 91,708</u> | <u>\$ 25,567</u>                  |
|                                     |                         |                            |                     |                    |                               |                      |                  | <u>\$ 2,677,608</u>               |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Reconciliation of the Balance Sheet to the Statement of Net Assets  
Governmental Funds  
June 30, 2011

|  |            |
|--|------------|
| Fund Balances – total governmental funds | \$ 604,066 |
|--|------------|

Amounts reported for governmental activities in the Statement of  
Net Assets are different because:

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the  
governmental funds:

|                               |             |
|-------------------------------|-------------|
| Governmental capital assets   | 12,121,301  |
| Less accumulated depreciation | (5,009,415) |

Bonds payable and contractual obligations have not been  
included in the governmental fund financial statements.

|                           |                 |
|---------------------------|-----------------|
| Bonds Payable             | (1,684,000)     |
| Notes Payable             | (340,585)       |
| Capital Lease Obligations | <u>(39,625)</u> |

|                                       |                     |
|---------------------------------------|---------------------|
| Net Assets of Governmental Activities | <u>\$ 5,651,742</u> |
|---------------------------------------|---------------------|

Harwood Union School District  
Combined Statement of Revenues, Expenditures and  
Changes in Fund Balances  
All Governmental Fund Types - Fund Base  
For The Year Ended June 30, 2011

EXHIBIT IV

|   | General<br>Fund   | Special<br>Revenue<br>Fund | Capital<br>Projects | Other<br>Governmental<br>Funds | Debt<br>Service<br>Fund | Permanent<br>Funds | Totals<br>(Memorandum<br>Only) |
|---|-------------------|----------------------------|---------------------|--------------------------------|-------------------------|--------------------|--------------------------------|
| REVENUES:   |                   |                            |                     |                                |                         |                    |                                |
| Tuition - Other LEAs  | \$ 45,200         |                            |                     |                                |                         |                    | \$ 45,200                      |
| Investment Income   | 44,294            |                            | \$ 383              | \$ 287                         |                         | \$ 1,002           | 45,966                         |
| Lease Income  | 19,200            |                            |                     |                                |                         |                    | 19,200                         |
| Refunds and Reimbursements  |                   |                            | 3,280               |                                |                         |                    | 3,280                          |
| Donations   |                   | \$ 300                     |                     |                                |                         | 950                | 1,250                          |
| Miscellaneous   | 598               |                            |                     |                                |                         |                    | 598                            |
| Private/Local/Other   | 24,607            | 70,313                     | 20,303              |                                |                         |                    | 115,223                        |
| State   | 11,530,205        | 462,175                    |                     |                                |                         |                    | 11,992,380                     |
| Federal   | 405,014           | 132,655                    | -                   | -                              | -                       | -                  | 537,669                        |
| <b>TOTAL REVENUES</b>   | <b>12,069,118</b> | <b>665,443</b>             | <b>23,966</b>       | <b>287</b>                     | <b>\$ -</b>             | <b>1,952</b>       | <b>12,760,766</b>              |
| EXPENDITURES:   |                   |                            |                     |                                |                         |                    |                                |
| Direct Services   | 8,094,182         | 564,684                    |                     |                                |                         |                    | 8,658,866                      |
| Support Services:   |                   |                            |                     |                                |                         |                    |                                |
| Students  | 573,733           | 8,689                      |                     |                                |                         |                    | 582,422                        |
| Instructional Staff   | 291,989           | 57,055                     |                     |                                |                         |                    | 349,044                        |
| General Administration  | 284,492           |                            |                     |                                |                         | 3,800              | 288,292                        |
| Area Administration   | 539,891           |                            |                     |                                |                         |                    | 539,891                        |
| Fiscal Services   | 166,098           |                            |                     |                                |                         |                    | 166,098                        |
| Operation & Maintenance of Building   | 981,825           |                            | 72,461              |                                |                         |                    | 1,054,286                      |
| Transportation  | 440,230           |                            |                     |                                |                         |                    | 440,230                        |
| Food Services   |                   | 224                        |                     |                                |                         |                    | 224                            |
| Construction Services   |                   | 45,584                     | 210,268             |                                |                         |                    | 255,852                        |
| Debt Service:   |                   |                            |                     |                                |                         |                    |                                |
| Interest Charges  |                   |                            |                     |                                | 125,578                 |                    | 125,578                        |
| Principal Retirement  | -                 | -                          | -                   | -                              | 290,961                 | -                  | 290,961                        |
| <b>TOTAL EXPENDITURES</b>   | <b>11,372,440</b> | <b>676,236</b>             | <b>282,729</b>      | <b>-</b>                       | <b>416,539</b>          | <b>3,800</b>       | <b>12,751,744</b>              |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES                                     | 696,678           | (10,793)                   | (258,763)           | 287                            | (416,539)               | (1,848)            | 9,022                          |
| OTHER FINANCING SOURCES (USES):   |                   |                            |                     |                                |                         |                    |                                |
| Loan/Bond Proceeds  |                   |                            | 343,250             |                                |                         |                    | 343,250                        |
| Transfers In  |                   |                            | 156,102             | 11,000                         | 416,539                 |                    | 583,641                        |
| Transfers Out   | (583,641)         | -                          | (97,809)            | -                              | -                       | -                  | (681,450)                      |
| EXCESS OF REVENUES AND OTHER<br>SOURCES OVER (UNDER)<br>EXPENDITURES AND OTHER USES | 113,037           | (10,793)                   | 142,780             | 11,287                         | -                       | (1,848)            | 254,463                        |
| FUND BALANCE, JULY 1, 2010  | 330,912           | 8,438                      | (80,551)            | -                              | -                       | 90,804             | 349,603                        |
| FUND BALANCE, JUNE 30, 2011   | \$ 443,949        | \$ (2,355)                 | \$ 62,229           | \$ 11,287                      | \$ -                    | \$ 88,956          | \$ 604,066                     |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
For The Year Ended June 30, 2011

Net Changes in fund Balances – total governmental funds \$ 254,463

Amount reported for governmental activities in the Statement of  
Activities are different because:

Governmental funds report capital outlays as expenditures. However,  
in the Statement of Activities, the cost of those assets is  
depreciated over their estimated useful lives:

|                                 |           |
|---------------------------------|-----------|
| Expenditures for capital assets | 216,732   |
| Less current year depreciation  | (294,302) |

Bond proceeds provide current financial resources to governmental  
funds, but issuing debt increases long-term liabilities in the  
statement of Net Assets. Repayment of bond principal is an  
expenditure in the governmental funds, but the repayment  
reduces long-term liabilities in the Statement of Net Assets.

|                                   |           |
|-----------------------------------|-----------|
| Bond proceeds                     | (199,000) |
| Repayment of bonds                | 250,000   |
| Capital lease obligation proceeds | (39,625)  |
| Note proceeds                     | (144,250) |
| Repayment of notes                | 40,961    |

Expense reported in the Statement of Activities does not require  
the use of current financial resources and is therefore not  
reported as expenditures in governmental funds:

|                                |        |
|--------------------------------|--------|
| Accrued Interest Change        | 8,317  |
| Vested Vacation Payable Change | 14,279 |

Current year payments on liabilities for the voluntary exit program  
(early retirement, etc.) are reported as expenditures in  
Governmental fund financial statements and as a reduction  
in debt in the government -wide financial statements.

24,841

Current year granting of voluntary exit programs (early retiremen ts, etc.)  
are not reported as expenditures in governmental fund  
financial statements and are reported as an expense and debt  
in the government -wide financial statements .

0

Change in Net Assets of Governmental Funds \$ 132,416



Harwood Union School District  
Statement of Revenues, Expenditures  
and Changes in Retained Earnings  
Proprietary Fund Type - Enterprise Funds  
For The Year Ended June 30, 2011

EXHIBIT V

|                                  |               |                   |
|----------------------------------|---------------|-------------------|
| Operating Revenues:              |               |                   |
| Sales                            | \$ 460,498    |                   |
| Miscellaneous                    | <u>9,788</u>  |                   |
| Total Operating Revenues         |               | \$ 470,286        |
| Operating Expenses:              |               |                   |
| Salaries and Benefits            | 334,897       |                   |
| Repairs and Maintenance          | 3,089         |                   |
| Travel and Consultant            | 496           |                   |
| Utilities                        | 3,954         |                   |
| Food and Supplies                | 228,235       |                   |
| Equipment                        | 2,875         |                   |
| Depreciation                     | <u>8,644</u>  |                   |
| Total Operating Expenses         |               | <u>582,190</u>    |
| Operating Income (Loss)          |               | (111,904)         |
| Non-Operating Revenue:           |               |                   |
| State Sources:                   |               |                   |
| Restricted Grants:               |               |                   |
| State Match                      | 4,019         |                   |
| Child Nutrition Breakfast        | 642           |                   |
| Child Nutrition Other            | 893           |                   |
| Federal Sources:                 |               |                   |
| Restricted Grants:               |               |                   |
| School Breakfast Program         | 17,808        |                   |
| School Lunch Program             | 69,010        |                   |
| Commodities                      | <u>19,587</u> |                   |
| Total Non-Operating Revenue      |               | <u>111,959</u>    |
| Income (Loss) Before Transfers   |               | 55                |
| Operating Transfers In (Out)     |               | <u>97,808</u>     |
| Net Income (Loss)                |               | 97,863            |
| Retained Earnings, July 1, 2010  |               | <u>32,739</u>     |
| Retained Earnings, June 30, 2011 |               | <u>\$ 130,602</u> |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Combined Statement of Cash Flows  
Proprietary Fund Type - Enterprise Funds  
For The Year Ended June 30, 2011

EXHIBIT VI

Cash Flows From Operating Activities:

|   |                  |              |
|---|------------------|--------------|
| Received From Customers/Grantors          | \$ 455,462       |              |
| Payments To Employees and Fringe Benefits | (337,187)        |              |
| Payments To Vendors and Supplies          | <u>(237,947)</u> |              |
| Net Cash Used By Operating Activities     |                  | \$ (119,672) |

Cash Flows From Noncapital Financing Activities:

|  |                |         |
|--|----------------|---------|
| State Aid Received                               | 111,959        |         |
| Support From (To) Other Funds                    | <u>102,159</u> |         |
| Net Cash Used By Noncapital Financing Activities |                | 214,118 |

Cash Flows From Capital and Related Financing Activities:

|                          |  |          |
|--------------------------|--|----------|
| Purchase of Fixed Assets |  | (94,446) |
|--------------------------|--|----------|

Cash Flows From Investing Activities:

|      |          |  |
|------|----------|--|
| None | <u>-</u> |  |
|------|----------|--|

Net Increase (Decrease) in Cash

-

Cash, July 1, 2010

-

Cash, June 30, 2011

\$ -

Reconciliation of Operating Income (Loss) to Net Cash  
Used By Operating Activities:

Cash Provided From Operating Activities:

|   |                |                     |
|---|----------------|---------------------|
| Operating Income (Loss)   |                | \$ (116,511)        |
| Adjustments to Reconcile Net Income to Cash<br>Provided (Used) By Operating Activities: |                |                     |
| Depreciation  | \$ 8,644       |                     |
| (Increase) Decrease in Accounts Receivable - Other                                      | (10,217)       |                     |
| Increase (Decrease) in Accounts Payable - Other   | 702            |                     |
| Increase (Decrease) in Accrued Expenses   | <u>(2,290)</u> |                     |
| Total Adjustments   |                | <u>(3,161)</u>      |
| Net Cash Provided (Used) By Operating Activities  |                | <u>\$ (119,672)</u> |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Combining Balance Sheet  
Fiduciary Fund Type - Private Purpose Trust Funds  
June 30, 2011

EXHIBIT VII  
(page 1 of 2)

|                                   | Burnham<br>Fund  | Koster<br>Scholarship | Hall<br>Award | Eunice B.<br>Farr | Fielder<br>Memorial | Jason<br>Lemery<br>Award | Subtotals        |
|-----------------------------------|------------------|-----------------------|---------------|-------------------|---------------------|--------------------------|------------------|
| ASSETS:                           |                  |                       |               |                   |                     |                          |                  |
| Current Assets:                   |                  |                       |               |                   |                     |                          |                  |
| Cash                              | \$ 16,223        |                       |               |                   |                     |                          | \$ 16,223        |
| Due From Other Funds              | <u>-</u>         | <u>\$ 8</u>           | <u>\$ 27</u>  | <u>\$ 931</u>     | <u>\$ 51</u>        | <u>\$ 1,371</u>          | <u>2,388</u>     |
| Total Current Assets              | <u>16,223</u>    | <u>8</u>              | <u>27</u>     | <u>931</u>        | <u>51</u>           | <u>1,371</u>             | <u>18,611</u>    |
| TOTAL ASSETS                      | <u>\$ 16,223</u> | <u>\$ 8</u>           | <u>\$ 27</u>  | <u>\$ 931</u>     | <u>\$ 51</u>        | <u>\$ 1,371</u>          | <u>\$ 18,611</u> |
| LIABILITIES AND FUND BALANCES:    |                  |                       |               |                   |                     |                          |                  |
| Liabilities:                      |                  |                       |               |                   |                     |                          |                  |
| Due to Other Funds                | \$ 15,864        | -                     | -             | -                 | -                   | -                        | \$ 15,864        |
| Total Liabilities                 | <u>15,864</u>    | <u>\$ -</u>           | <u>\$ -</u>   | <u>\$ -</u>       | <u>\$ -</u>         | <u>\$ -</u>              | <u>15,864</u>    |
| Fund Balances:                    |                  |                       |               |                   |                     |                          |                  |
| Restricted                        | <u>359</u>       | <u>8</u>              | <u>27</u>     | <u>931</u>        | <u>51</u>           | <u>1,371</u>             | <u>2,747</u>     |
| Total Fund Balances               | <u>359</u>       | <u>8</u>              | <u>27</u>     | <u>931</u>        | <u>51</u>           | <u>1,371</u>             | <u>2,747</u>     |
| TOTAL LIABILITIES & FUND BALANCES | <u>\$ 16,223</u> | <u>\$ 8</u>           | <u>\$ 27</u>  | <u>\$ 931</u>     | <u>\$ 51</u>        | <u>\$ 1,371</u>          | <u>\$ 18,611</u> |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Combining Balance Sheet  
Fiduciary Fund Type - Private Purpose Trust Funds  
June 30, 2011

EXHIBIT VII  
(page 2 of 2)

|  | W. Parker<br>Scholarship | Robert<br>Reidy | Robert<br>Koster | Hunter Wright<br>Award | Subtotals       | Totals           |
|--|--------------------------|-----------------|------------------|------------------------|-----------------|------------------|
| <b>ASSETS:</b>                               |                          |                 |                  |                        |                 |                  |
| Current Assets:                              |                          |                 |                  |                        |                 |                  |
| Cash   |                          |                 |                  |                        | \$ -            | \$ 16,223        |
| Due From Other Funds                         | \$ 2,135                 | \$ 6            | \$ 1,511         | \$ 3,304               | 6,956           | 9,344            |
| Total Current Assets                         | <u>2,135</u>             | <u>6</u>        | <u>1,511</u>     | <u>3,304</u>           | <u>6,956</u>    | <u>25,567</u>    |
| <b>TOTAL ASSETS</b>                          | <u>\$ 2,135</u>          | <u>\$ 6</u>     | <u>\$ 1,511</u>  | <u>\$ 3,304</u>        | <u>\$ 6,956</u> | <u>\$ 25,567</u> |
| <b>LIABILITIES AND FUND BALANCES:</b>        |                          |                 |                  |                        |                 |                  |
| Liabilities:                                 |                          |                 |                  |                        |                 |                  |
| Due to Other Funds                           | -                        | -               | -                | -                      | -               | \$ 15,864        |
| Total Liabilities                            | <u>\$ -</u>              | <u>\$ -</u>     | <u>\$ -</u>      | <u>\$ -</u>            | <u>-</u>        | <u>15,864</u>    |
| Fund Balances:                               |                          |                 |                  |                        |                 |                  |
| Restricted                                   | <u>2,135</u>             | <u>6</u>        | <u>1,511</u>     | <u>3,304</u>           | <u>6,956</u>    | <u>9,703</u>     |
| Total Fund Balances                          | <u>2,135</u>             | <u>6</u>        | <u>1,511</u>     | <u>3,304</u>           | <u>6,956</u>    | <u>9,703</u>     |
| <b>TOTAL LIABILITIES &amp; FUND BALANCES</b> | <u>\$ 2,135</u>          | <u>\$ 6</u>     | <u>\$ 1,511</u>  | <u>\$ 3,304</u>        | <u>\$ 6,956</u> | <u>\$ 25,567</u> |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Fiduciary Fund Type - Private Purpose Trust Funds  
For The Year Ended June 30, 2011

EXHIBIT VIII  
(page 1 of 2)

|   | Burnham<br>Fund | Koster<br>Scholarship | Hall<br>Award | Eunice B.<br>Farr | Fielder<br>Memorial | Jason<br>Lemery<br>Award | Subtotals       |
|---|-----------------|-----------------------|---------------|-------------------|---------------------|--------------------------|-----------------|
| REVENUES:                                       |                 |                       |               |                   |                     |                          |                 |
| Investment Income                               | \$ 1            |                       |               | \$ 2              | \$ 1                | \$ 3                     | \$ 7            |
| Donations                                       | <u>-</u>        | <u>-</u>              | <u>-</u>      | <u>-</u>          | <u>-</u>            | <u>-</u>                 | <u>-</u>        |
| TOTAL REVENUES                                  | <u>1</u>        | <u>\$ -</u>           | <u>\$ -</u>   | <u>2</u>          | <u>1</u>            | <u>3</u>                 | <u>7</u>        |
| EXPENDITURES:                                   |                 |                       |               |                   |                     |                          |                 |
| Awards  | <u>-</u>        | <u>-</u>              | <u>-</u>      | <u>-</u>          | <u>-</u>            | <u>-</u>                 | <u>-</u>        |
| TOTAL EXPENDITURES                              | <u>-</u>        | <u>-</u>              | <u>-</u>      | <u>-</u>          | <u>-</u>            | <u>-</u>                 | <u>-</u>        |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | 1               | -                     | -             | 2                 | 1                   | 3                        | 7               |
| FUND BALANCES, JULY 1, 2010                     | <u>358</u>      | <u>8</u>              | <u>27</u>     | <u>929</u>        | <u>50</u>           | <u>1,368</u>             | <u>2,740</u>    |
| FUND BALANCES, JUNE 30, 2011                    | <u>\$ 359</u>   | <u>\$ 8</u>           | <u>\$ 27</u>  | <u>\$ 931</u>     | <u>\$ 51</u>        | <u>\$ 1,371</u>          | <u>\$ 2,747</u> |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Fiduciary Fund Type - Private Purpose Trust Funds  
For The Year Ended June 30, 2011

EXHIBIT VIII  
(page 2 of 2)

|   | W. Parker<br>Scholarship | Robert<br>Reidy | Robert<br>Koster | Hunter Wright<br>Award | Subtotals       | Totals          |
|---|--------------------------|-----------------|------------------|------------------------|-----------------|-----------------|
| REVENUES:                                       |                          |                 |                  |                        |                 |                 |
| Investment Income                               | \$ 4                     |                 | \$ 2             | \$ 20                  | \$ 26           | \$ 33           |
| Donations                                       | <u>-</u>                 | <u>-</u>        | <u>750</u>       | <u>-</u>               | <u>750</u>      | <u>750</u>      |
| TOTAL REVENUES                                  | <u>4</u>                 | <u>\$ -</u>     | <u>752</u>       | <u>20</u>              | <u>776</u>      | <u>783</u>      |
| EXPENDITURES:                                   |                          |                 |                  |                        |                 |                 |
| Awards  | <u>-</u>                 | <u>-</u>        | <u>500</u>       | <u>-</u>               | <u>500</u>      | <u>500</u>      |
| TOTAL EXPENDITURES                              | <u>-</u>                 | <u>-</u>        | <u>500</u>       | <u>-</u>               | <u>500</u>      | <u>500</u>      |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | 4                        | -               | 252              | 20                     | 276             | 283             |
| FUND BALANCES, JULY 1, 2010                     | <u>2,131</u>             | <u>6</u>        | <u>1,259</u>     | <u>3,284</u>           | <u>6,680</u>    | <u>9,420</u>    |
| FUND BALANCES, JUNE 30, 2011                    | <u>\$ 2,135</u>          | <u>\$ 6</u>     | <u>\$ 1,511</u>  | <u>\$ 3,304</u>        | <u>\$ 6,956</u> | <u>\$ 9,703</u> |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Notes to Financial Statements  
For The Year Ended June 30, 2011

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Harwood Union School District ("Union School District") is organized as a public educational district under the applicable laws and regulations of the State of Vermont. It is governed by a Board of School Directors elected by registered voters of the District to provide public education to the residents of the member districts. Except where noted, the accounting policies conform to generally accepted accounting principles, as applicable to governmental units.

The Union School District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in the Statement on Auditing Standards No. 69 of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriated version of the Vermont Department of Education's Handbook for Financial Accounting of Vermont School Systems (The Handbook).

**Reporting Entity:**

The schoolboard is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, Union School District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14. There are no component units included within the reporting entity.

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

The statement of net assets and the statement of activities are government -wide financial statements. They report information on all of the Harwood Union School District's non-fiduciary activities with most of the Interfund activities removed. *Governmental Activities* include programs supported primarily by Taxes (collected by the Town on behalf of the State), State funds, grants and other intergovernmental revenues.

The statement of activities demonstrates how other people or entities that participate in programs the Union School District operates have shared in the payment of the direct costs. The "charges for Services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the Union School District. The "grants and contributions" column includes amounts paid by organizations outside the Union School District to help meet the operational or capital requirements of a given function. If a revenue is not a program revenue, it is a general revenue used to support all of the Union School District's functions. Taxes are always general revenues.

Harwood Union School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2011

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

Interfund activities between governmental funds and proprietary funds appear as due to/due from on the governmental fund balance sheet and proprietary fund statement of net assets and as other resources and other uses on the governmental fund statement of revenues, expenditures and changes in fund balance and on the proprietary fund statement of revenues, expenses and changes in fund net assets. All Interfund transactions between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide statement of activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for Union School District operations, they are not included in the government-wide statements. The Union School District considers some governmental funds major and reports their financial condition and results of operations in a separate column. The major funds are:

Governmental Fund Types:

- General Fund – The general fund is the Union School District’s primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- Special Revenue Funds – The Union School District accounts for resources restricted to, or designated for, specific purposes by the Union School District or a grantor in a special revenue fund. Most federal and some State financial assistance is accounted for in a Special Revenue Fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.
- Capital Project Fund – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.
- Debt Service Fund – The Union School District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Proprietary Fund Types:

Proprietary Fund – The Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund’s principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to



Harwood Union School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2011

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

the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

Fiduciary Funds (Private Purpose Trust and Agency Funds):

Agency Funds and Trust Funds – The Agency and Trust Funds are used to account for assets held by the Union School District in a trustee capacity or as an agent for individuals, private organizations, other funds and/or governmental units.

- Agency funds are custodial in nature and do not involve measurements of results of operations.
- The Expendable Private Purpose Trust Funds (fiduciary funds) account for assets where both principal and interest may be expended. These are accounted for in essentially the same manner as Governmental Fund Types, using the same measurement focus and basis of accounting. The Nonexpendable Private Purpose Trust Funds account for assets of which the principal may not be expended but must be retained.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation:**

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do 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 the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases (revenues and other financing sources) and decreases (expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become available and measurable and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The Union School District considers all revenues available if they are collectible within 60 days after year end

Harwood Union School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2011

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

Revenues received from the State are recognized under the susceptible -to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the Union School District to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The Union School District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

Other Accounting Policies:

Cash and Cash Equivalents:

For purposes of the statement of cash flows for proprietary and similar fund-types, the Union School District considers highly liquid investments to be cash equivalents if they have a maturity of six months or less when purchased.

Interfund Receivables and Payables:

Activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". All other outstanding balances between funds are also reported as "due to/from other funds".

Accounts Receivable:

The accounts receivable balances at year end are from governmental entities, except in the proprietary funds which may have some receivables from individuals, and no allowance for doubtful accounts is considered necessary.

Harwood Union School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2011

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

Inventory:

Inventories consist of expendable items held for consumption. They are valued at cost on a first-in, first-out basis. In the governmental funds, the cost of inventories is recorded as an expenditure when individual items are purchased. Reported inventories are equally offset by a fund balance reserve to indicate that they do not constitute "available spendable resources" even though they are a component of net current assets.

Prepaid Items:

Certain payments to vendors reflect costs applicable to future periods. In the fund based financial statements, the cost of prepaid items is recorded as an expenditure when the payments are made. In the government-wide financial statements and the proprietary funds, these items are recorded as prepaid items.

Capital Assets:

Capital assets, which include land, buildings, furniture, and equipment, are reported in the applicable governmental activities column in the governmental wide financial statements. Capital assets are defined by the Union School District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Land Improvements, buildings, furniture and equipments of the Union School District are depreciated using the straight line method over the estimated useful lives with a full year of depreciation taken in the year acquired and none taken in the year of disposal.

Long-term Debt:

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. The face amount of debt issued is reported as other financing sources.

Budgets:

The Union School District is required by state law to adopt a budget for the General Fund. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles ("GAAP"). The operating budget is prepared by the School District's administration with direction from the School Board and assistance from the Superintendent and Business Manager of the Washington West School District and approved by the Harwood Union School District School Board at a properly warned meeting for presentation

Harwood Union School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2011

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

to the voters. The operating budget includes proposed expenditures by line item and the means of financing them. The budget is approved by Union School District Voters at a properly warned annual meeting. The voters vote on the total expense amount and not on the individual line items presented in these financial statements.

Encumbrances:

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, and Capital Projects Fund. Encumbrances are not liabilities and, therefore, should not be recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Union School District has elected to treat its encumbrances as liabilities for budgetary control purposes.

Net Assets and Fund Balance:

Government -Wide Financial Statements:

When the Union School District incurs an expense for which it may use either restricted or unrestricted net assets, it uses restricted net assets first unless unrestricted net assets will have to be returned because they were not used. Net assets on the Statement of Net Assets include the following:

Investment in Capital Assets, net of Related Debt – The component of net assets reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for Other Purposes – The component of net assets that reports the amount of revenue from a federal, state, or other program in excess of expenditures. These funds are restricted for use of the related federal, state or other program.

Restricted for Capital Projects – The component of net assets that reports the amount of revenue from bond proceeds, grants, and special assessments in excess of expenditures. These funds are restricted for the construction or acquisition of capital assets.

Unrestricted – The difference between the assets and liabilities that is not reported in net Assets Invested in Capital Assets, net of Related Debt, Net Assets Restricted for Other Purposes, or Net Assets Restricted for Capital Projects.

Harwood Union School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2011

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

Fund Based Financial Statements:

In the fund financial statements, governmental funds report fund balances as unassigned, assigned, restricted, or committed fund balance.

Unassigned Fund Balance – That portion of the general fund, fund balance that contains all spendable amounts not contained in the other classifications. It is used in other funds only to report a deficit.

Assigned Fund Balance – Includes amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

Restricted Fund Balance - Includes amounts that can be spent only for the specific Purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed Fund Balance – Includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Function and Object Codes:

Function and object codes refer to the account code structure prescribed by the Vermont Department of Education. The Vermont Department of Education requires Union School District to use these codes in order to insure accuracy in building and maintaining a statewide database for policy development and funding plans.

Memorandum Only Columns:

The total columns are captioned "memorandum only" because they do not represent consolidated financial information and are presented only to make financial analysis easier. Data in these columns do not present financial position, results of operations, or cash flows in accordance with GAAP. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 2 - CASH AND REPURCHASE AGREEMENTS**

Cash deposits with financial institutions at June 30th amounted to \$1,032,315. As major revenues are received during the year bank deposits may temporarily exceed insured limits.

The cash deposits held at financial institutions and cash on hand can be categorized according to four levels of risk.

Harwood Union School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2011

**NOTE 2 - CASH AND REPURCHASE AGREEMENTS (CONTINUED)**

These four levels of risk are as follows:

- Category 1     Deposits which are insured or collateralized with securities held by the Union School District or by its agent in the Union School District's name. (repurchase agreements)
- Category 2     Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Bank's name.
- Category 3     Private commercial insurance protection or letter of credit for funds in excess of FDIC limits.
- Category 4     Deposits which are not collateralized or insured. (includes cash on hand)

The Union School District uses repurchase and collateralization agreements to protect deposits not otherwise insured by the FDIC and/or SIPC.

Balances held in each area are as follows:

|                                | Carrying<br>Amount | Bank<br>Balance    |
|--------------------------------|--------------------|--------------------|
| - Insured (FDIC) and/or (SIPC) | \$ 297,826         | \$ 302,457         |
| - Category 1                   | 734,488            | 2,486,967          |
| - Category 2                   | 0                  | 0                  |
| - Category 3                   | 0                  | 0                  |
| - Category 4                   | 0                  | 0                  |
| Total deposits                 | <u>\$1,032,315</u> | <u>\$2,789,425</u> |

The difference between the book balance and bank balance is due to reconciling items such as deposits in transit and outstanding checks. Due to higher cash flows at certain times during the year, the amount of uninsured and not collateralized cash could have been much higher than at year end.

Repurchase agreements of \$2,486,967 are securities held by the bank's trust department or agent in the bank's name. Securities consist of municipal bonds, U.S. Government obligations and U.S. Government Agency Bonds.

**NOTE 3 – INVESTMENTS**

The Union School District invests its assets in various entities and/or debt instruments as described below. As noted some are insured by the SIPC (Securities Investor Protections

Harwood Union School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2011

**NOTE 3 – INVESTMENTS (CONTINUED)**

Corporation). If the broker-dealer fails, the SIPC provides protection for customer accounts by returning securities registered in the name of the investor, distributing all remaining customer assets on a pro rata basis, and providing SIPC funds for all remaining claims of each customer up to a maximum of \$500,000, including up to \$100,000 on claims for cash.

Investments of the balance sheets of the Union School District are stated at cost plus applicable accrued interest. Market values include applicable accrued interest.

|   | Cost            | Market<br>Value |
|---|-----------------|-----------------|
| Securities held by Union School District registered to<br>Union School District uninsured by SIPC | \$ 0            | \$ 0            |
| Insured (SIPC) and registered held by dealer/broker in<br>Union School District's name            |                 |                 |
| U S Government bonds  | 10,104          | 10,418          |
| Money Market  | 869             | 869             |
| Uninsured, registered held by dealer/broker in Union<br>School District's name                    | 0               | 0               |
| Insured (SIPC) unregistered held by dealer/broker   | 0               | 0               |
| Uninsured, unregistered held by dealer/broker   | <u>0</u>        | <u>0</u>        |
| TOTAL   | <u>\$10,973</u> | <u>\$11,287</u> |

**NOTE 4 - INTERFUND RECEIVABLES**

In compliance with GASB 1300.109 Union School District does not maintain separate bank accounts for each fund, unless it is required by law, or grant agreement. The composition of amounts due to and from other funds as of June 30, 2011 is as follows:

|                            |              |          |
|----------------------------|--------------|----------|
| Fund Financial Statements: |              |          |
| Receivable Fund            | Payable Fund | Amount   |
| Special Revenue Fund:      |              |          |
| Child Care Grant           | General Fund | \$ 2,935 |
| Medicaid                   | General Fund | 161,132  |

Harwood Union School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2011

**NOTE 4 - INTERFUND RECEIVABLES (CONTINUED)**

| Fund Financial Statements:        |                              |          |
|-----------------------------------|------------------------------|----------|
| Receiveable Fund                  | Payable Fund                 | Amount   |
| Special Revenue Fund (continued): |                              |          |
| Air Quality Grant                 | General Fund                 | \$ 2,000 |
| Tobacco Use Grant                 | General Fund                 | 1,416    |
| Next Step – VT Student            | General Fund                 | 3,795    |
| Speak Out Grant                   | General Fund                 | 1,176    |
| CV Food System                    | General Fund                 | 29       |
| SAT Cont. Ed. Course              | General Fund                 | 822      |
| Rowland Grant                     | General Fund                 | 15,967   |
| Rwanda Fund                       | General Fund                 | 503      |
| Center for Health & Learning      | General Fund                 | 260      |
| Capital Project Fund:             |                              |          |
| Property Acquisition              | General Fund                 | 2,698    |
| Renovation Fund                   | General Fund                 | 608      |
| Maintenance Reserve               | General Fund                 | 10       |
| Wood Chip Project                 | General Fund                 | 1,759    |
| Construction Bond FY2011          | General Fund                 | 846      |
| Enterprise Funds:                 |                              |          |
| Food Program                      | General Fund                 | 10,746   |
| Cafeteria Plan                    | General Fund                 | 141      |
|                                   | Capital Project Fund:        |          |
| General Fund                      | Water System Improvement     | 7,300    |
|                                   | Special Revenue Fund:        |          |
| General Fund                      | Care and Custody             | 15,776   |
| General Fund                      | Student Assistance Grant     | 2,670    |
| General Fund                      | Co-Curriculum Sport Camps    | 587      |
| General Fund                      | SCW-ARRA                     | 39,961   |
| General Fund                      | VPA Student Leadership Proj. | 402      |
| Permanent Funds:                  | Private Purpose Trust Funds: |          |
| Joshua Douglass Memorial          | Burnham Fund                 | 5,091    |
| Richard Wein Memorial             | Burnham Fund                 | 506      |
| Harwood Facility                  | Burnham Fund                 | 469      |
| James Izor Memorial               | Burnham Fund                 | 48       |
| Kathy Mackay Award                | Burnham Fund                 | 114      |
| Willis Merusi Trust               | Burnham Fund                 | 202      |
| Rebekah Scholarship               | Burnham Fund                 | 103      |



Harwood Union School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2011

**NOTE 4 - INTERFUND RECEIVABLES (CONTINUED)**

| Fund Financial Statements:             |                       |                  |
|--|-----------------------|------------------|
| Receivable Fund                        | Payable Fund          | Amount           |
| Private Purpose Trust Funds:           |                       |                  |
| Eunice Farr                            | Burnham Fund          | \$ 931           |
| B. Fielder Memorial                    | Burnham Fund          | 51               |
| Robert Reidy                           | Burnham Fund          | 6                |
| W. Parker                              | Burnham Fund          | 2,135            |
| Jason Lemery                           | Burnham Fund          | 1,371            |
| Hunter Wright Award                    | Burnham Fund          | 3,304            |
|  | Permanent Fund:       |                  |
| Burnham Fund                           | Warren Howland        | <u>126</u>       |
| Total                                  |                       | <u>\$287,996</u> |
| Government -Wide Financial Statements: |                       |                  |
| Receivable Fund                        | Payable Fund          | Amount           |
| Business Type                          | Governmental Type     | \$ 10,887        |
| Governmental Type                      | Private Purpose Trust | <u>6,407</u>     |
| Total                                  |                       | <u>\$ 17,294</u> |

**NOTE 5 – CAPITAL ASSETS**

Capital activity for the Union School District for the year ended June 30, 2011 was as follows:

|   | Primary Government   |           |           |                   |
|---|----------------------|-----------|-----------|-------------------|
|   | Beginning<br>Balance | Increases | Decreases | Ending<br>Balance |
| Governmental activities:                      |                      |           |           |                   |
| Capital assets not being depr.                |                      |           |           |                   |
| Construction in Progress                      | \$ 112,502           | \$ 0      | \$ 0      | \$ 112,502        |
| Total capital assets not<br>being depreciated | 112,502              | 0         | 0         | 112,502           |
| Other Capital Assets:                         |                      |           |           |                   |
| Land Improvements                             | 308,582              | 0         | 0         | 308,582           |
| Buildings                                     | 2,510,412            | 0         | 0         | 2,510,412         |
| Building Improvements                         | 7,077,332            | 54,370    | 0         | 7,131,702         |
| Infrastructure                                | 1,469,996            | 69,470    | 0         | 1,539,466         |
| Furniture and Equipment                       | 381,924              | 92,892    | 0         | 474,816           |

Harwood Union School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2011

**NOTE 5 – CAPITAL ASSETS (CONTINUED)**

|   | Primary Government   |             |           |                   |
|---|----------------------|-------------|-----------|-------------------|
|   | Beginning<br>Balance | Increases   | Decreases | Ending<br>Balance |
| Vehicles  | \$ 43,821            | \$ 0        | \$ 0      | \$ 43,821         |
| Total other capital assets<br>at historical costs | 11,792,067           | 216,732     | 0         | 12,008,799        |
| Less accumulated depreciation:                    |                      |             |           |                   |
| Land Improvements                                 | 231,436              | 15,429      | 0         | 246,865           |
| Buildings   | 2,118,969            | 50,208      | 0         | 2,169,177         |
| Building Improvements                             | 2,078,711            | 143,523     | 0         | 2,222,234         |
| Infrastructure                                    | 58,800               | 30,789      | 0         | 89,589            |
| Furniture and Equipment                           | 183,376              | 54,353      | 0         | 237,729           |
| Vehicles  | 43,821               | 0           | 0         | 43,821            |
| Total Accum. Depr.                                | 4,715,113            | 294,302     | 0         | 5,009,415         |
| Other Capital Assets, Net                         | 7,076,954            | (77,570)    | 0         | 6,999,384         |
| Governmental activities                           |                      |             |           |                   |
| Capital Assets, Net                               | \$ 7,189,456         | \$ (77,570) | \$ 0      | \$ 7,111,886      |
| Business -type activities:                        |                      |             |           |                   |
| Furniture and Equipment                           | \$ 103,703           | \$ 99,053   | \$ 0      | \$ 202,756        |
| Less accum. Depr.                                 | 75,650               | 8,644       | 0         | 84,294            |
| Business -type activities                         |                      |             |           |                   |
| Capital Assets, Net                               | \$ 28,053            | \$ 90,409   | \$ 0      | \$ 118,462        |

Depreciation expense was charged to functions as follows:

Governmental activities:

|  |                  |
|--|------------------|
| Direct Services                                    | \$218,081        |
| Support Services:                                  |                  |
| Students   | 1,581            |
| Instructional Staff                                | 3,262            |
| General Administration                             | 0                |
| Area Administration                                | 6,453            |
| Fiscal Services                                    | 91               |
| Operation and Maintenance of Plant                 | 64,834           |
| Transportation                                     | 0                |
| Other Support Services                             | 0                |
| Total governmental activities depreciation expense | <u>\$294,302</u> |

Harwood Union School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2011

**NOTE 6 - DEFERRED REVENUE**

The deferred revenues reported at year end are summarized as following:

|                         |                  |
|-------------------------|------------------|
| Federal funds           | \$ 0             |
| State funds             | 4,022            |
| Other funds             | <u>165,467</u>   |
| Total deferred revenues | <u>\$169,489</u> |

**NOTE 7 - SICK LEAVE**

It is the Union School District's policy to permit employees to accumulate earned but unused sick pay benefits. Such leave benefits do not vest under the Union School District's policy, accordingly benefits must be used during employment. Since the employees' accumulating rights to receive compensation for future absences are contingent upon the absences being caused by future illnesses and such amounts cannot be reasonably estimated, a liability for unused sick leave is not recorded in the financial statements.

Teaching staff earn 20 sick days per year, and may accumulate a maximum of 90 days. Teachers who already had an excess of 90 days as of July 1<sup>st</sup>, 2005 shall be entitled to a maximum of 150 days.

Non-teaching staff earn 12 sick days per year, and may accumulate a maximum of 90 days if they are full year employees. If they are extended year employees they earn 9 sick days per year and can accumulate up to 65. If they are school year staff they earn 8 days per year and can accumulate up to 65 days. Any non-teaching staff who already had an excess of 90 accumulated sick days as of July 1, 2005 shall be entitled to a maximum of 150 sick days.

**NOTE 8 - LONG-TERM DEBT**

The Union School District issues general obligation bonds and notes to finance the acquisition and construction of major capital facilities, renovations, and equipment purchases. General obligation bonds are direct obligations and pledge the full faith and credit of the issuing entity. These bonds are generally issued as 5 to 20-year serial bonds with equal amounts of principal maturing each year.

The following is a summary of general obligation bonds & notes:

Harwood Union School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2011

**NOTE 8 - LONG-TERM DEBT (CONTINUED)**

|  | Balance<br>July 1, 2010 | Borrowings | Retirements | Balance<br>June 30, 2011 |
|--|-------------------------|------------|-------------|--------------------------|
| Vermont Municipal Bond Bank, bond payable, interest at 5.992% interest paid semi-annually, principal of \$250,000 due on December 1 <sup>st</sup> of each year until 2014, then \$245,000 due on December 1 <sup>st</sup> of each year until 2016, originally borrowed \$4,985,000 on July 21, 1996 for an addition.   | \$1,735,000             | \$ 0       | \$250,000   | \$1,485,000              |
| Peoples United Bank, bond anticipation note payable, interest at 2.05% interest paid annually, principal of \$163,846 due on October 1, 2010 at which time it may be refinanced.   | 163,846                 | 0          | 40,961      | 122,885                  |
| Vermont Environmental Protection Agency Drinking Water State Revolving Fund Note Payable (Engineering Phase), interest at 1.00% and Administration fee at 2.00%, paid annually, principal ranging from \$3,005 to \$5,270 due on November 1 <sup>st</sup> of each year from 2010 until 2031. Originally approved to borrow \$80,750 on December 2, 2009. Debt forgiveness from the State of VT is pending. | 73,450                  | 0          | 0           | 73,450                   |
| Vermont Environmental Protection Agency Drinking Water State Revolving Balance Fund Note Payable (Construction Phase), interest at 1.00% and Administration fee at 2.00%, paid annually, Principal ranging from \$1,617 to \$2,835 due on December 1 <sup>st</sup> of each year from 2012 until 2031. Originally approved to borrow \$101,029 on January   |                         |            |             |                          |

Harwood Union School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2011

**NOTE 8 - LONG-TERM DEBT (CONTINUED)**

|  | Balance<br>July 1, 2010 | Borrowings       | Retirements      | Balance<br>June 30, 2011 |
|--|-------------------------|------------------|------------------|--------------------------|
| 2010, increased to \$144,250 on<br>December 14, 2011. Of this amount,<br>\$57,587 is eligible for ARRA loan<br>subsidy and the balance is pending debt<br>forgiveness with the State of VT.  | \$ 0                    | \$144,250        | \$ 0             | \$ 144,250               |
| Vermont Environmental Protection<br>Agency Drinking Water State Revolving<br>Balance Fund Note Payable<br>(Construction Phase), interest at 1.00%<br>and Administration fee at 2.00%, paid<br>annually, principal ranging from \$1,860<br>to \$3,2627 due on December 1st of each<br>year from 2013 until 2032. Originally<br>approved to borrow \$50,000 on July 6th<br>2011. | 0                       | 0                | 0                | 0                        |
| Merchants Bank Sinking Fund<br>(Construction Bond) payable, interest<br>Paid annually t 1%, Principal of<br>\$199,000 due on maturity.   | <u>0</u>                | <u>199,000</u>   | <u>0</u>         | <u>199,000</u>           |
| Total Long-Term Debt   | <u>\$1,972,296</u>      | <u>\$343,250</u> | <u>\$290,961</u> | <u>\$2,024,585</u>       |

The annual debt service requirement to maturity for general obligation bonds and notes including interest are as follows:

|                                     | Principal          | Interest         | Total              |
|-------------------------------------|--------------------|------------------|--------------------|
| During the year ended June 30, 2012 | \$ 290,961         | \$ 86,327        | \$ 377,289         |
| 2013                                | 296,275            | 74,976           | 371,251            |
| 2014                                | 296,434            | 59,057           | 355,491            |
| 2015                                | 250,637            | 28,516           | 279,153            |
| 2016                                | 250,806            | 13,687           | 264,493            |
| Thereafter                          | <u>639,470</u>     | <u>48,332</u>    | <u>687,802</u>     |
| Totals                              | <u>\$2,024,584</u> | <u>\$310,895</u> | <u>\$2,335,479</u> |

Harwood Union School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2011

**NOTE 9 - CAPITAL LEASES**

On September 24, 2010, the Harwood Union School District entered into a noncancellable lease agreement with Apple, Inc. for the lease of two (2) MacBooks and two (2) MacBook Learning Labs. This lease agreement qualifies as a capital lease, for accounting purposes and thus, has been recorded at the present value of the future minimum lease payments at the inception of the lease in the general long-term debt account group. The total amount due is \$51,142, to be paid in annual installments of \$17,047 over three (3) years with a buyout at the end for \$1.

The future minimum lease obligations and the net present value of these minimum lease payments are as follows:

|   |                 |
|---|-----------------|
| During the year ended June 30, 2012     | \$17,047        |
| 2013                                    | <u>17,047</u>   |
| Total minimum lease payments            | 34,094          |
| Less amount representing interest       | <u>3,354</u>    |
| Present value of minimum lease payments | <u>\$30,740</u> |

Interest rate on the capitalized lease is approximately 7.19 percent.

On June 14, 2011, the Harwood Union School District entered into a noncancellable lease agreement with Apple, Inc. for the lease of two (2) iPads, iPad Learning Labs and other accessories. This lease agreement qualifies as a capital lease, for accounting purposes and thus, has been recorded at the present value of the future minimum lease payments at the inception of the lease in the general long-term debt account group. The total amount due is \$15,606, to be paid in annual installments of \$5,202 over three (3) years with a buyout at the end for \$1.

The future minimum lease obligations and the net present value of these minimum lease payments are as follows:

|   |                 |
|---|-----------------|
| During the year ended June 30, 2012     | \$ 5,202        |
| 2013                                    | <u>5,202</u>    |
| Total minimum lease payments            | 10,404          |
| Less amount representing interest       | <u>1,519</u>    |
| Present value of minimum lease payments | <u>\$ 8,885</u> |

Interest rate on the capitalized lease is approximately 11.20 percent.

Harwood Union School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2011

**NOTE 10 – RESTRICTED, COMMITTED AND ASSIGNED FUND BALANCES (Fund Financial Statements)**

Restricted, committed and assigned fund balances represent amounts that must be used for specific purposes within that fund and cannot be spent otherwise without prior approval of funding source. A more detailed explanation is provided in Note 1. Reservations at year end are for the following:

General Fund:

|                 |                  |
|-----------------|------------------|
| FY 11-12 Budget | <u>\$212,069</u> |
|-----------------|------------------|

Special Revenue Funds:

|                                 |                  |
|---------------------------------|------------------|
| Child Care Grant                | \$ 2,935         |
| Air Quality Grant               | 2,000            |
| Care & Custody                  | 986              |
| Speak Out                       | 1,176            |
| Tobacco Use                     | 1,416            |
| CV Food Sys School Grant        | 29               |
| SAT Cont. Ed Course             | 822              |
| Center for Health & Learning    | 260              |
| VPA Standard Leadership Project | 711              |
| Rwanda Fund                     | <u>715</u>       |
| Total                           | <u>\$ 11,050</u> |

Capital Projects Fund:

|                          |                  |
|--------------------------|------------------|
| Property Acquisition     | \$ 2,698         |
| Renovation Fund          | 608              |
| Maintenance Reserve      | 63,617           |
| Wood Chip Project        | 1,759            |
| Construction Bond FY2012 | <u>847</u>       |
| Total                    | <u>\$ 69,529</u> |

Other Governmental Fund:

|                   |                  |
|-------------------|------------------|
| Bond Sinking Fund | <u>\$ 11,287</u> |
|-------------------|------------------|

**NOTE 11 – NET ASSETS RESTRICTED (Government -Wide Financial Statements)**

Restricted net asset balances represent amounts that must be used for specific purposes and cannot be spent otherwise without prior approval of the funding source. Restrictions at year end are for the following:

Harwood Union School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2011

**NOTE 11 – NET ASSETS RESTRICTED (Government -Wide Financial Statements)**  
**(CONTINUED)**

Net Assets Restricted For Capital Projects:

|                          |                  |
|--------------------------|------------------|
| Property Acquisition     | \$ 2,698         |
| Renovation Fund          | 608              |
| Maintenance Reserve      | 63,617           |
| Wood Chip Project        | 1,759            |
| Construction Bond FY2012 | <u>847</u>       |
| Total                    | <u>\$ 69,529</u> |

Net Assets Restricted For Other Purposes:

|                                 |                  |
|---------------------------------|------------------|
| FY 11-12 Budget                 | \$212,069        |
| Child Care Grant                | 2,935            |
| Air Quality Grant               | 2,000            |
| Care & Custody                  | 986              |
| Speak Out                       | 1,176            |
| Tobacco Use                     | 1,416            |
| CV Food Sys School Grant        | 29               |
| SAT Cont. Ed Course             | 822              |
| Center for Health & Learning    | 260              |
| VPA Standard Leadership Project | 711              |
| Rwanda Fund                     | 715              |
| Bond Sinking Fund               | 11,287           |
| Permanent Fund                  | <u>88,956</u>    |
| Total                           | <u>\$323,362</u> |

**NOTE 12 – TRANSFERS IN THE FUND BASED FINANCIAL STATEMENTS**

The Union School District occasionally transfers funds to cover expenditures made in one fund for which the revenues are in another fund. The following transfers were made during the year.

Funds of \$11,000 were transferred from the General Fund to the Other Governmental Fund – Bond Sinking Fund for the purpose of establishing the fund.

Funds of \$125,000 were transferred from the General Fund to the Capital Project Fund – Maintenance Reserve for the purpose of covering voter approved expenses.



Harwood Union School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2011

**NOTE 12 – TRANSFERS IN THE FUND BASED FINANCIAL STATEMENTS  
(CONTINUED)**

Funds of \$31,102 and \$2,370 were transferred from the General Fund to the Capital Project Fund – Water System Improvement and the Special Revenue Fund – SCW ARRA, respectively, for the purpose of supplementing the funds.

Funds of \$23,276 and \$74,533 were transferred from the Capital Project Funds – Maintenance Reserve and Construction Bond FY2012, respectively, to the Food Program for the purpose of assisting with operating expenses.

**NOTE 13 - PENSIONS**

**VERMONT TEACHERS' RETIREMENT SYSTEM**

All of the teachers employed by Union School District participate in the Vermont Teachers' Retirement System ("TRS"), a statewide multiple-employer public employee retirement system covering all teachers in local school districts within the State of Vermont. The Vermont State statutes provide the authority under which benefit provisions and the State's obligation to contribute are established.

Required contributions to the system are made by the State of Vermont based upon a valuation report prepared by the System's actuary. TRS is a cost sharing public employee retirement system with one exception: all risks and costs are not shared by the Union School District but are the liability of the State of Vermont. TRS is funded through state and employee contributions and the Union School District has no legal obligation for paying benefits. The Vermont State Teachers Retirement System estimates the contributions on behalf of the Union School District's employees included in the teacher's retirement plan as required by Government Accounting Standards Board (GASB) Statement 24 to be 7.74% or approximately \$391,363.

Vesting occurs upon reaching five years of creditable service. Normal retirement requires the employee to be either 62 years of age or have 30 years of service. A member may receive a reduced benefit at age 55 with 10 or more years of service. A member that has 10 or more years of service and leaves teaching before age 55 is entitled to a vested retirement benefit payable at age 62 or a reduced amount at age 55.

Contributions by the employees are 5% of gross earnings and are withheld pre income tax by the Union School District. Such withholdings totaled \$252,821 during the year and were paid by the Union School District to the State of Vermont. The Union School District has no other liability

Harwood Union School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2011

**NOTE 13 – PENSIONS (CONTINUED)**

**VERMONT TEACHERS' RETIREMENT SYSTEM (CONTINUED)**

under the plan. The Union School District's total payroll for all employees during the year was \$6,783,753, with \$5,056,366 of such amount related to employees covered by the retirement plan.

Additional information and ten-year historical trend information can be obtained from the separately issued Vermont State Teachers' Retirement System Comprehensive Annual Financial Report.

**VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM**

Employees other than Teachers are eligible to participate in the Vermont Municipal Employees' Retirement System ("VMERS") providing they work a minimum of 30 hours per week for the school year employee or a minimum of 24 hours per week for a calendar year employee. There are three levels of contributions and benefits in the System called Group A, Group B, Group C and Group D. The Union School District participates in Group A and B. Normal retirement for Group A members is age 65 and the completion of 5 years of creditable service, or age 55 and completion of 35 years of creditable service. Normal retirement for Group B members is age 62 and the completion of 5 years of creditable service, or age 55 and completion of 30 years of creditable service. Normal retirement for Group C and D members is age 55 and the completion of 5 years of creditable service. A member may receive reduced benefits at age 55 if they have 5 years of service and have made contributions for at least 2.5 years.

The System is an actuarial reserve, joint-contributory program. Both the members and the Union School District make contributions to the fund according to the following schedule:

|   | Group A | Group B | Group C | Group D |
|---|---------|---------|---------|---------|
| Employees' Contributions (% of gross wages)                     | 2.5%    | 4.5%    | 9.0%    | 11.0%   |
| The Union School District's contributions<br>(% of gross wages) | 4.0%    | 5.0%    | 6.5%    | 9.5%    |

There is a municipal defined contribution plan option with a 5% withholding and a 5.125% match.

Employee contributions are withheld pre income tax by the Union School District and are remitted to the State of Vermont. Such withholdings totaled \$46,404 during the year. The Union School District contributed \$51,849 during the year. The Union School District's total

Harwood Union School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2011

**NOTE 13 – PENSIONS (CONTINUED)**

**VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)**

payroll for all employees during the year was \$6,783,753 , with \$1,041,689 of such amount related to employees covered by the Vermont Municipal Employees' Retirement System.

**NOTE 14 - RISK MANAGEMENT**

The Union School District is exposed to various risks of loss related to limited torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Union School District carries commercial insurance . There have been no significant reductions in coverage from the prior year. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Union School District .

In addition, Harwood Union School District is a member of Vermont School Boards Association (Association). The Association has set up two insurance Trust; Vermont School Board Insurance Trust, Inc. (VSBIT) for Workers Compensation , Multi-Line Intermunicipal School Program, and Unemployment Compensation Program, and the Vermont Education Health Initiative (VEHI) for Medical Benefits. VSBIT and VEHI are nonprofit corporations formed to provide insurance and risk management programs for Vermont school districts and is owned by the participating districts. The Trusts are not licensed insurance carriers and members are not protected by the Vermont Insurance Guaranty Association.

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

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

Harwood Union School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2011

**NOTE 14 - RISK MANAGEMENT (CONTINUED)**

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

Multi-Line Intermunicipal School Program provides coverage for Property; Inland Marine and Boiler & Machinery; Crime; Commercial General Liability; Automobile/Garagekeepers; and Educators legal Liability. Annual contributions are based upon appropriate rates applicable to each Member; such rates are set based on recommendations of a qualified actuary, plus a proportionate share of all operational and administrative cost including excess reinsurance premiums incurred by the trust. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and VSBIT is unable to meet its required obligations, the Program will be terminated with each members assessed their proportionate share of the deficit.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of asset and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 15 - OPERATING LEASES**

On June 14, 2010, Harwood Union School District entered into a lease agreement with Office Systems of VT for the lease of five copiers. The total amount due is \$54,615, to be paid in annual installments of \$18,205 over three (3) years. The following is a schedule of future minimum lease payments under this lease.

|                                     |                 |
|-------------------------------------|-----------------|
| During the year ended June 30, 2012 | \$18,205        |
| 2013                                | 18,205          |
| Thereafter                          | <u>0</u>        |
| Total                               | <u>\$36,410</u> |

Total lease payments made this year were \$18,205.

Harwood Union School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2011

**NOTE 16 - LESSOR CONTRACT**

On April 18, 2011, Harwood Union School District entered into a lease agreement with First Student for the lease of the Bus Barn through June 30, 2012. The total income from this lease is \$19,200 per year to be paid in monthly installments of \$1,600. The following is a schedule of future income generated under this lease.

|                                     |                 |
|-------------------------------------|-----------------|
| During the year ended June 30, 2012 | \$19,200        |
| Thereafter                          | <u>0</u>        |
| Total                               | <u>\$19,200</u> |

**NOTE 17 - SUBSEQUENT EVENTS**

On July 1, 2011, the Union School District took out a revenue anticipation note at Merchants Bank for \$1,000,000 at 1.75% interest. The principal and interest are due at maturity on June 30, 2012.

On June 24, 2011, the Union School District entered into an agreement with SB Collins, Inc. to pre-buy 10,000 gallons of fuel at \$3.298 per gallon. The total cost to the District for June 30, 2012, shall be \$32,980.

**NOTE 18 - COMMITMENTS**

The Union School District participates in various state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Union School District has not complied with the rules and regulations governing the grants, refunds of any money recovered may be required and the collectibility of any related receivable at June 30, 2011 may be impaired. In the opinion of the Union School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

**NOTE 19 - RELATED PARTY**

The Union School District has an ongoing financial responsibility to Washington West School District as defined in GASB 14, paragraph 71. Through Washington West School District's

Harwood Union School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2011

**NOTE 19 - RELATED PARTY (CONTINUED)**

assessment process, the Union School District's assessment can be increased to cover a share of any prior year deficits and decreased to share in any prior year surpluses. Included in the assessment process is a transportation agreement between Washington West Supervisory Union and First Student through June 30, 2012, on behalf of the Harwood Union School District. Separate financial statements on Washington West School District are available from Washington West School District.

Harwood Union School District provides services to the following school and school districts:

Duxbury School District  
Moretown School District  
Warren School District

Fayston School District  
Waitsfield School District  
Waterbury School District

Each District has an ongoing financial responsibility to the Union School District as defined in GASB 14 paragraph 71.

**NOTE 20 - CONTINGENCY**

Annually, before November 1st, the Commissioner of the Vermont Department of Education notifies each school of its net cost per elementary and/or secondary pupil for the previous school year. If the School District received tuition students from other Vermont School Districts it must determine whether it overcharged the sending District. If it did, it must provide the overcharged District with a credit against current tuition or refund the overcharged amount.

The Union School District received State construction aid in the past for various projects. In the event that the school building was to be sold, this construction aid would have to be repaid out of the proceeds. The amount of State construction aid received since July 1970 is available only from the State of Vermont who at this time is unwilling to provide the amount to the School District. The amount of State construction aid is thought to be material.

Harwood Union School District  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
General Fund  
For The Year Ended June 30, 2011

Schedule 1

|                                 | Object | Budget            | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|---------------------------------|--------|-------------------|-------------------|--|
| <b>REVENUES:</b>                |        |                   |                   |  |
| Tuition - Other LEAs            |        | \$ 75,000         | \$ 45,200         | \$ (29,800)                            |
| Investment Income               |        | 80,000            | 44,294            | (35,706)                               |
| Lease Income                    |        | 19,200            | 19,200            | -                                      |
| Miscellaneous                   |        | -                 | 598               | 598                                    |
| Private/Local:                  |        |                   |                   |  |
| Burnham Trust                   |        | 4,500             | 7,749             | 3,249                                  |
| Medicaid IEP                    |        | 17,268            | 16,858            | (410)                                  |
| State:                          |        |                   |                   |  |
| Education Spending Grant        |        | 10,340,729        | 9,812,301         | (528,428)                              |
| Technical Education             |        | -                 | 175,567           | 175,567                                |
| Transportation Aid              |        | 148,065           | 160,124           | 12,059                                 |
| Mainstream Block Grant          |        | 271,251           | 271,251           | -                                      |
| SPED Expenditures Reimbursement |        | 850,255           | 919,867           | 69,612                                 |
| Extraordinary Reimbursement     |        | 43,580            | 92,585            | 49,005                                 |
| Driver Education                |        | 6,500             | 5,215             | (1,285)                                |
| Vocational Transportation       |        | 30,000            | 51,532            | 21,532                                 |
| High School Completion Grant    |        | 1,000             | 41,763            | 40,763                                 |
| Federal:                        |        |                   |                   |  |
| ARRA Education Spending Grant   |        | -                 | 352,861           | 352,861                                |
| IDEA-B                          |        | 151,000           | 52,153            | (98,847)                               |
| <b>TOTAL REVENUES</b>           |        | <u>12,038,348</u> | <u>12,069,118</u> | <u>30,770</u>                          |
| <b>EXPENDITURES:</b>            |        |                   |                   |  |
| Middle School:                  |        |                   |                   |  |
| Regular Instruction 1100:       |        |                   |                   |  |
| Salaries                        | 110    | 70,433            | 89,193            | (18,760)                               |
| Tutor Salaries                  | 112    | 1,467             | -                 | 1,467                                  |
| Aide Salaries                   | 115    | 3,430             | 3,578             | (148)                                  |
| Temporary Salaries              | 120    | 13,137            | 4,425             | 8,712                                  |
| Health Insurance                | 210    | 13,214            | 11,896            | 1,318                                  |
| Social Security                 | 220    | 6,768             | 7,161             | (393)                                  |
| Life Insurance                  | 230    | 355               | 285               | 70                                     |
| Retirement                      | 240    | 172               | 179               | (7)                                    |
| Workers Compensation            | 250    | 353               | 556               | (203)                                  |
| Unemployment Insurance          | 260    | 85                | -                 | 85                                     |
| Professional Development        | 270    | 11,415            | 10,271            | 1,144                                  |
| Dental Insurance                | 280    | 610               | 602               | 8                                      |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
General Fund  
For The Year Ended June 30, 2011

Schedule 1

|                                   | Object | Budget         | Actual         | Variance<br>Favorable<br>(Unfavorable) |
|-----------------------------------|--------|----------------|----------------|--|
| Professional & Technical Services | 330    | \$ 1,500       | \$ -           | \$ 1,500                               |
| Supplies                          | 610    | <u>6,343</u>   | <u>5,422</u>   | <u>921</u>                             |
| Subtotal                          |        | <u>129,282</u> | <u>133,568</u> | <u>(4,286)</u>                         |
| Art Program 1102:                 |        |                |                |  |
| Salaries                          | 110    | 26,516         | 26,516         | -                                      |
| Health Insurance                  | 210    | 2,504          | 2,969          | (465)                                  |
| Social Security                   | 220    | 2,028          | 1,966          | 62                                     |
| Life Insurance                    | 230    | 161            | 116            | 45                                     |
| Workers Compensation              | 250    | 137            | 168            | (31)                                   |
| Unemployment Insurance            | 260    | 58             | -              | 58                                     |
| Dental Insurance                  | 280    | 249            | 238            | 11                                     |
| Equipment Repair                  | 430    | 2,500          | 2,270          | 230                                    |
| Supplies                          | 610    | 2,500          | 2,435          | 65                                     |
| Books and Periodicals             | 640    | 1,500          | 1,606          | (106)                                  |
| Audio Visual Materials            | 650    | 500            | 451            | 49                                     |
| Equipment                         | 730    | <u>2,000</u>   | <u>1,927</u>   | <u>73</u>                              |
| Subtotal                          |        | <u>40,653</u>  | <u>40,662</u>  | <u>(9)</u>                             |
| Business Program 1103:            |        |                |                |  |
| Salaries                          | 110    | 13,088         | 13,088         | -                                      |
| Health Insurance                  | 210    | 2,566          | 2,500          | 66                                     |
| Social Security                   | 220    | 1,001          | 967            | 34                                     |
| Life Insurance                    | 230    | 81             | 58             | 23                                     |
| Workers Compensation              | 250    | 67             | 83             | (16)                                   |
| Unemployment Insurance            | 260    | 29             | -              | 29                                     |
| Dental Insurance                  | 280    | 22             | 128            | (106)                                  |
| Audio Visual Materials            | 650    | <u>600</u>     | <u>299</u>     | <u>301</u>                             |
| Subtotal                          |        | <u>17,454</u>  | <u>17,123</u>  | <u>331</u>                             |
| English Program 1105:             |        |                |                |  |
| Salaries                          | 110    | 100,659        | 101,242        | (583)                                  |
| Health Insurance                  | 210    | 27,106         | 26,596         | 510                                    |
| Social Security                   | 220    | 7,700          | 7,432          | 268                                    |
| Life Insurance                    | 230    | 471            | 460            | 11                                     |
| Workers Compensation              | 250    | 521            | 637            | (116)                                  |
| Unemployment Insurance            | 260    | 58             | -              | 58                                     |
| Dental Insurance                  | 280    | 1,219          | 1,163          | 56                                     |
| Equipment Repair                  | 430    | 650            | -              | 650                                    |
| Supplies                          | 610    | 800            | 2,580          | (1,780)                                |

The accompanying notes are an integral part of these financial statements



Harwood Union School District  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
General Fund  
For The Year Ended June 30, 2011

Schedule 1

|   | Object | Budget         | Actual         | Variance<br>Favorable<br>(Unfavorable) |
|---|--------|----------------|----------------|--|
| Books and Periodicals                   | 640    | \$ 4,300       | \$ 2,542       | \$ 1,758                               |
| Subtotal                                |        | <u>143,484</u> | <u>142,652</u> | <u>832</u>                             |
| Foreign Language Program 1106:          |        |                |                |  |
| Salaries                                | 110    | 61,691         | 61,692         | (1)                                    |
| Health Insurance                        | 210    | 14,115         | 13,803         | 312                                    |
| Social Security                         | 220    | 4,719          | 4,498          | 221                                    |
| Life Insurance                          | 230    | 330            | 273            | 57                                     |
| Workers Compensation                    | 250    | 319            | 390            | (71)                                   |
| Unemployment Insurance                  | 260    | 86             | -              | 86                                     |
| Dental Insurance                        | 280    | 604            | 576            | 28                                     |
| Supplies                                | 610    | 1,000          | 57             | 943                                    |
| Books and Periodicals                   | 640    | 600            | 1,471          | (871)                                  |
| Audio Visual Materials                  | 650    | <u>400</u>     | <u>107</u>     | <u>293</u>                             |
| Subtotal                                |        | <u>83,864</u>  | <u>82,867</u>  | <u>997</u>                             |
| Physical Education Program 1108:        |        |                |                |  |
| Salaries                                | 110    | 58,205         | 46,579         | 11,626                                 |
| Long-Term Substitute Salaries           | 110    | -              | 14,092         | (14,092)                               |
| Health Insurance                        | 210    | 13,163         | 6,048          | 7,115                                  |
| Social Security                         | 220    | 4,453          | 4,562          | (109)                                  |
| Life Insurance                          | 230    | 317            | 204            | 113                                    |
| Workers Compensation                    | 250    | 300            | 368            | (68)                                   |
| Unemployment Insurance                  | 260    | 29             | -              | 29                                     |
| Dental Insurance                        | 280    | 610            | 412            | 198                                    |
| Equipment Repair                        | 430    | 325            | 240            | 85                                     |
| Supplies                                | 610    | 300            | -              | 300                                    |
| Equipment                               | 730    | <u>1,900</u>   | <u>1,734</u>   | <u>166</u>                             |
| Subtotal                                |        | <u>79,602</u>  | <u>74,239</u>  | <u>5,363</u>                           |
| Family & Consumer Science Program 1109: |        |                |                |  |
| Salaries                                | 110    | 40,225         | 21,545         | 18,680                                 |
| Health Insurance                        | 210    | 5,227          | 5,027          | 200                                    |
| Social Security                         | 220    | 3,077          | 1,559          | 1,518                                  |
| Life Insurance                          | 230    | 194            | 94             | 100                                    |
| Workers Compensation                    | 250    | 209            | 255            | (46)                                   |
| Unemployment Insurance                  | 260    | 19             | -              | 19                                     |
| Dental Insurance                        | 280    | 402            | 192            | 210                                    |
| Equipment Repair                        | 430    | 649            | 732            | (83)                                   |
| Supplies                                | 610    | 1,061          | 1,521          | (460)                                  |
| Books and Periodicals                   | 640    | 691            | 433            | 258                                    |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
General Fund  
For The Year Ended June 30, 2011

Schedule 1

|                               | Object | Budget         | Actual         | Variance<br>Favorable<br>(Unfavorable) |
|-------------------------------|--------|----------------|----------------|--|
| Audio Visual Materials        | 650    | \$ 433         | \$ 800         | \$ (367)                               |
| Equipment                     | 730    | <u>690</u>     | <u>705</u>     | <u>(15)</u>                            |
| Subtotal                      |        | <u>52,877</u>  | <u>32,863</u>  | <u>20,014</u>                          |
| Industrial Arts Program 1110: |        |                |                |  |
| Salaries                      | 110    | 15,099         | 15,099         | -                                      |
| Health Insurance              | 210    | 3,485          | 3,409          | 76                                     |
| Social Security               | 220    | 1,155          | 1,073          | 82                                     |
| Life Insurance                | 230    | 89             | 68             | 21                                     |
| Workers Compensation          | 250    | 78             | 95             | (17)                                   |
| Unemployment Insurance        | 260    | 9              | -              | 9                                      |
| Dental Insurance              | 280    | 183            | 174            | 9                                      |
| Equipment Repair              | 430    | 546            | 98             | 448                                    |
| Supplies                      | 610    | 2,893          | 2,893          | -                                      |
| Equipment                     | 730    | <u>906</u>     | <u>678</u>     | <u>228</u>                             |
| Subtotal                      |        | <u>24,443</u>  | <u>23,587</u>  | <u>856</u>                             |
| Math Program 1111:            |        |                |                |  |
| Salaries                      | 110    | 121,882        | 121,882        | -                                      |
| Health Insurance              | 210    | 17,758         | 17,144         | 614                                    |
| Social Security               | 220    | 9,324          | 9,146          | 178                                    |
| Life Insurance                | 230    | 555            | 538            | 17                                     |
| Workers Compensation          | 250    | 622            | 771            | (149)                                  |
| Unemployment Insurance        | 260    | 58             | -              | 58                                     |
| Dental Insurance              | 280    | 1,219          | 1,163          | 56                                     |
| Supplies                      | 610    | 600            | 1,023          | (423)                                  |
| Books and Periodicals         | 640    | 9,750          | 3,778          | 5,972                                  |
| Audio Visual Materials        | 650    | 1,400          | -              | 1,400                                  |
| Equipment                     | 730    | <u>500</u>     | <u>-</u>       | <u>500</u>                             |
| Subtotal                      |        | <u>163,668</u> | <u>155,445</u> | <u>8,223</u>                           |
| Music Program 1112:           |        |                |                |  |
| Salaries                      | 110    | 61,158         | 61,158         | -                                      |
| Health Insurance              | 210    | 8,803          | 8,495          | 308                                    |
| Social Security               | 220    | 4,679          | 4,553          | 126                                    |
| Life Insurance                | 230    | 303            | 270            | 33                                     |
| Workers Compensation          | 250    | 316            | 387            | (71)                                   |
| Unemployment Insurance        | 260    | 58             | -              | 58                                     |
| Dental Insurance              | 280    | 567            | 541            | 26                                     |
| Supplies                      | 610    | 3,354          | 1,333          | 2,021                                  |
| Books and Periodicals         | 640    | 130            | -              | 130                                    |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
General Fund  
For The Year Ended June 30, 2011

Schedule 1

|                               | Object | Budget         | Actual         | Variance<br>Favorable<br>(Unfavorable) |
|-------------------------------|--------|----------------|----------------|--|
| Audio Visual Materials        | 650    | \$ 160         | \$ 183         | \$ (23)                                |
| Equipment                     | 730    | <u>2,200</u>   | <u>139</u>     | <u>2,061</u>                           |
| Subtotal                      |        | <u>81,728</u>  | <u>77,059</u>  | <u>4,669</u>                           |
| Science Program 1113:         |        |                |                |  |
| Salaries                      | 110    | 130,342        | 107,513        | 22,829                                 |
| Health Insurance              | 210    | 27,255         | 15,233         | 12,022                                 |
| Social Security               | 220    | 9,971          | 7,983          | 1,988                                  |
| Life Insurance                | 230    | 597            | 480            | 117                                    |
| Workers Compensation          | 250    | 674            | 825            | (151)                                  |
| Unemployment Insurance        | 260    | 58             | -              | 58                                     |
| Dental Insurance              | 280    | 1,219          | 558            | 661                                    |
| Equipment Repair              | 430    | 600            | -              | 600                                    |
| Supplies                      | 610    | 1,800          | 2,258          | (458)                                  |
| Books and Periodicals         | 640    | 2,000          | 912            | 1,088                                  |
| Audio Visual Materials        | 650    | 618            | 192            | 426                                    |
| Equipment                     | 730    | <u>1,900</u>   | <u>114</u>     | <u>1,786</u>                           |
| Subtotal                      |        | <u>177,034</u> | <u>136,068</u> | <u>40,966</u>                          |
| Social Studies Program 1115:  |        |                |                |  |
| Salaries                      | 110    | 120,210        | 116,498        | 3,712                                  |
| Long-Term Substitute Salaries | 120    | -              | 12,135         | (12,135)                               |
| Health Insurance              | 210    | 21,627         | 30,465         | (8,838)                                |
| Social Security               | 220    | 9,324          | 9,047          | 277                                    |
| Life Insurance                | 230    | 551            | 519            | 32                                     |
| Workers Compensation          | 250    | 622            | 764            | (142)                                  |
| Unemployment Insurance        | 260    | 58             | -              | 58                                     |
| Dental Insurance              | 280    | 1,219          | 582            | 637                                    |
| Equipment Repair              | 430    | 150            | -              | 150                                    |
| Supplies                      | 610    | 350            | 663            | (313)                                  |
| Books and Periodicals         | 640    | 150            | 31             | 119                                    |
| Audio Visual Materials        | 650    | <u>1,157</u>   | <u>182</u>     | <u>975</u>                             |
| Subtotal                      |        | <u>155,418</u> | <u>170,886</u> | <u>(15,468)</u>                        |
| Alternative Programs 1150:    |        |                |                |  |
| Salaries                      | 110    | 45,079         | 46,647         | (1,568)                                |
| Substitute Salaries           | 120    | -              | 8,416          | (8,416)                                |
| Health Insurance              | 210    | 10,734         | 11,959         | (1,225)                                |
| Social Security               | 220    | 3,449          | 3,755          | (306)                                  |
| Life Insurance                | 230    | 236            | 225            | 11                                     |
| Retirement                    | 240    | -              | 53             | (53)                                   |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
General Fund  
For The Year Ended June 30, 2011

Schedule 1

|                               | Object | Budget         | Actual         | Variance<br>Favorable<br>(Unfavorable) |
|-------------------------------|--------|----------------|----------------|--|
| Workers Compensation          | 250    | \$ 233         | \$ 285         | \$ (52)                                |
| Unemployment Insurance        | 260    | 58             | -              | 58                                     |
| Dental Insurance              | 280    | 659            | 582            | 77                                     |
| Equipment Repair              | 430    | 1,400          | 1,131          | 269                                    |
| Transportation                | 519    | 1,300          | 1,362          | (62)                                   |
| Property Insurance            | 521    | 75             | 275            | (200)                                  |
| Telephone                     | 530    | 1,000          | 96             | 904                                    |
| Supplies                      | 610    | 638            | 1,210          | (572)                                  |
| Electricity                   | 622    | 1,500          | -              | 1,500                                  |
| Books and Periodicals         | 640    | 500            | 78             | 422                                    |
| Audio Visual Materials        | 650    | 250            | 120            | 130                                    |
| Equipment                     | 730    | 600            | -              | 600                                    |
| Subtotal                      |        | <u>67,711</u>  | <u>76,194</u>  | <u>(8,483)</u>                         |
| Special Education 1200:       |        |                |                |  |
| Salaries                      | 110    | 131,435        | 129,742        | 1,693                                  |
| Secretary Salaries            | 111    | 6,226          | 5,372          | 854                                    |
| Aide Salaries                 | 115    | 145,410        | 144,391        | 1,019                                  |
| Temporary Salaries            | 120    | -              | 2,151          | (2,151)                                |
| Long-Term Substitute Salaries | 120    | -              | 245            | (245)                                  |
| Health Insurance              | 210    | 81,470         | 90,771         | (9,301)                                |
| Social Security               | 220    | 21,655         | 20,604         | 1,051                                  |
| Life Insurance                | 230    | 1,266          | 1,231          | 35                                     |
| Retirement                    | 240    | 7,832          | 7,533          | 299                                    |
| Workers Compensation          | 250    | 707            | 1,788          | (1,081)                                |
| Unemployment Insurance        | 260    | 866            | -              | 866                                    |
| Workshops                     | 270    | 6,516          | 6,970          | (454)                                  |
| Dental Insurance              | 280    | 5,149          | 4,498          | 651                                    |
| Counseling Services           | 330    | 17,500         | -              | 17,500                                 |
| Testing Services              | 332    | 8,500          | 8,650          | (150)                                  |
| Related Services              | 333    | 12,800         | 574            | 12,226                                 |
| Equipment Repair              | 430    | 100            | -              | 100                                    |
| Advertising                   | 540    | 100            | -              | 100                                    |
| Tuition                       | 561    | 27,000         | 22,601         | 4,399                                  |
| Travel                        | 580    | 200            | -              | 200                                    |
| Supplies                      | 610    | 1,200          | 654            | 546                                    |
| Equipment                     | 730    | 1,500          | 91             | 1,409                                  |
| Subtotal                      |        | <u>477,432</u> | <u>447,866</u> | <u>29,566</u>                          |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
General Fund  
For The Year Ended June 30, 2011

Schedule 1

|                              | Object | Budget        | Actual        | Variance<br>Favorable<br>(Unfavorable) |
|------------------------------|--------|---------------|---------------|--|
| Co-Curricular Programs 1400: |        |               |               |  |
| Salaries                     | 110    | \$ 20,986     | \$ 21,152     | \$ (166)                               |
| Coaching Salaries            | 116    | 27,499        | 32,077        | (4,578)                                |
| Health Insurance             | 210    | 2,063         | 3,949         | (1,886)                                |
| Social Security              | 220    | 3,709         | 4,462         | (753)                                  |
| Life Insurance               | 230    | 284           | 127           | 157                                    |
| Retirement                   | 240    | 355           | 1,058         | (703)                                  |
| Workers Compensation         | 250    | 75            | 307           | (232)                                  |
| Unemployment Insurance       | 260    | 63            | -             | 63                                     |
| Dental Insurance             | 280    | 323           | 219           | 104                                    |
| Transportation               | 519    | 8,000         | 3,772         | 4,228                                  |
| Supplies                     | 610    | -             | 47            | (47)                                   |
| Uniforms                     | 629    | 600           | -             | 600                                    |
| Music Festival               | 930    | 90            | 90            | -                                      |
| Athletics                    | 932    | 4,360         | 3,566         | 794                                    |
| Music Non-Athletics          | 934    | 1,034         | 1,034         | -                                      |
| Non-Athletics                | 935    | 470           | 520           | (50)                                   |
| Partners Club                | 936    | 319           | -             | 319                                    |
| Subtotal                     |        | <u>70,230</u> | <u>72,380</u> | <u>(2,150)</u>                         |
| Guidance 2120:               |        |               |               |  |
| Support Staff Salaries       | 115    | 6,585         | 6,537         | 48                                     |
| Health Insurance             | 210    | 2,637         | 2,245         | 392                                    |
| Social Security              | 220    | 504           | 637           | (133)                                  |
| Life Insurance               | 230    | 29            | 38            | (9)                                    |
| Retirement                   | 240    | 353           | 335           | 18                                     |
| Workers Compensation         | 250    | 1             | 42            | (41)                                   |
| Unemployment Insurance       | 260    | 34            | -             | 34                                     |
| Dental Insurance             | 280    | 98            | 111           | (13)                                   |
| Equipment Repair             | 430    | 175           | 265           | (90)                                   |
| Field Trips                  | 510    | -             | 325           | (325)                                  |
| Supplies                     | 610    | 550           | 221           | 329                                    |
| Books and Periodicals        | 640    | 550           | -             | 550                                    |
| Subtotal                     |        | <u>11,516</u> | <u>10,756</u> | <u>760</u>                             |
| Health Services 2130:        |        |               |               |  |
| Salaries                     | 110    | 12,470        | 12,470        | -                                      |
| Assistant Salaries           | 115    | 1,658         | 2,909         | (1,251)                                |
| Health Insurance             | 210    | 2,280         | 2,170         | 110                                    |
| Social Security              | 220    | 1,081         | 1,147         | (66)                                   |

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Harwood Union School District  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
General Fund  
For The Year Ended June 30, 2011

Schedule 1

|                                     | Object | Budget        | Actual        | Variance<br>Favorable<br>(Unfavorable) |
|-------------------------------------|--------|---------------|---------------|--|
| Life Insurance                      | 230    | \$ 85         | \$ 62         | \$ 23                                  |
| Retirement                          | 240    | 6             | (2)           | 8                                      |
| Workers Compensation                | 250    | 64            | 103           | (39)                                   |
| Unemployment Insurance              | 260    | 38            | -             | 38                                     |
| Professional Development            | 270    | 181           | -             | 181                                    |
| Dental Insurance                    | 280    | 117           | 111           | 6                                      |
| Equipment Repair                    | 430    | 39            | -             | 39                                     |
| Supplies                            | 610    | 197           | 231           | (34)                                   |
| Books and Periodicals               | 640    | 66            | -             | 66                                     |
| Subtotal                            |        | <u>18,282</u> | <u>19,201</u> | <u>(919)</u>                           |
| Student Assistance Counseling 2140: |        |               |               |  |
| Student Assistance Counselor        | 330    | <u>11,227</u> | <u>8,654</u>  | <u>2,573</u>                           |
| Subtotal                            |        | <u>11,227</u> | <u>8,654</u>  | <u>2,573</u>                           |
| Speech Language Pathologist 2150:   |        |               |               |  |
| Salaries                            | 110    | 17,833        | 17,832        | 1                                      |
| Health Insurance                    | 210    | 2,931         | 2,841         | 90                                     |
| Social Security                     | 220    | 1,364         | 1,287         | 77                                     |
| Life Insurance                      | 230    | 98            | 77            | 21                                     |
| Workers Compensation                | 250    | 91            | 113           | (22)                                   |
| Unemployment Insurance              | 260    | 29            | -             | 29                                     |
| Dental Insurance                    | 280    | 153           | 145           | 8                                      |
| Subtotal                            |        | <u>22,499</u> | <u>22,295</u> | <u>204</u>                             |
| Media Center 2220:                  |        |               |               |  |
| Salaries                            | 110    | 13,071        | 13,428        | (357)                                  |
| Aide Salaries                       | 115    | 1,513         | 1,569         | (56)                                   |
| Temporary Salaries                  | 120    | 147           | -             | 147                                    |
| Health Insurance                    | 210    | 4,568         | 4,490         | 78                                     |
| Social Security                     | 220    | 1,116         | 1,112         | 4                                      |
| Life Insurance                      | 230    | 89            | 66            | 23                                     |
| Retirement                          | 240    | 80            | 78            | 2                                      |
| Workers Compensation                | 250    | 68            | 92            | (24)                                   |
| Unemployment Insurance              | 260    | 37            | -             | 37                                     |
| Professional Development            | 270    | 181           | -             | 181                                    |
| Dental Insurance                    | 280    | 168           | 111           | 57                                     |
| Contract Services                   | 330    | 837           | 520           | 317                                    |
| Equipment Repair                    | 430    | 106           | -             | 106                                    |
| Supplies                            | 610    | 296           | 95            | 201                                    |
| Books and Periodicals               | 640    | 4,487         | 4,403         | 84                                     |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Statement of Revenues, Expenditures and Changes  
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Schedule 1

|                                 | Object | Budget        | Actual        | Variance<br>Favorable<br>(Unfavorable) |
|---------------------------------|--------|---------------|---------------|--|
| Audio Visual Materials          | 650    | \$ 907        | \$ 44         | \$ 863                                 |
| Subtotal                        |        | <u>27,671</u> | <u>26,008</u> | <u>1,663</u>                           |
| Audio Visual & Technology 2223: |        |               |               |  |
| Salaries                        | 116    | 9,292         | 9,110         | 182                                    |
| Assistant Salaries              | 118    | 3,410         | 4,871         | (1,461)                                |
| Health Insurance                | 210    | 3,444         | 4,074         | (630)                                  |
| Social Security                 | 220    | 972           | 1,029         | (57)                                   |
| Life Insurance                  | 230    | 59            | 72            | (13)                                   |
| Retirement                      | 240    | 675           | 710           | (35)                                   |
| Workers Compensation            | 250    | 2             | 60            | (58)                                   |
| Unemployment Insurance          | 260    | 66            | -             | 66                                     |
| Dental Insurance                | 280    | 146           | 111           | 35                                     |
| Contract Services               | 300    | -             | 1,387         | (1,387)                                |
| Equipment Repair                | 430    | 970           | -             | 970                                    |
| Supplies                        | 610    | 5,661         | 4,426         | 1,235                                  |
| Equipment                       | 730    | <u>2,803</u>  | <u>515</u>    | <u>2,288</u>                           |
| Subtotal                        |        | <u>27,500</u> | <u>26,365</u> | <u>1,135</u>                           |
| Board of Education 2310:        |        |               |               |  |
| Salaries                        | 110    | 1,597         | 1,200         | 397                                    |
| Social Security                 | 220    | 122           | 85            | 37                                     |
| Retirement                      | 240    | -             | 57            | (57)                                   |
| Unemployment Insurance          | 260    | 1,722         | 1,964         | (242)                                  |
| Board Expenses                  | 310    | 765           | 764           | 1                                      |
| Contract Services               | 330    | 191           | 303           | (112)                                  |
| Legal Services                  | 360    | 4,715         | 1,704         | 3,011                                  |
| Insurance                       | 523    | 1,710         | 1,750         | (40)                                   |
| Advertising                     | 540    | 765           | 374           | 391                                    |
| Printing                        | 550    | 1,339         | 1,004         | 335                                    |
| Travel                          | 580    | 96            | -             | 96                                     |
| Elections                       | 590    | 191           | -             | 191                                    |
| Supplies                        | 610    | 1,500         | 765           | 735                                    |
| VSBA Dues                       | 810    | <u>478</u>    | <u>-</u>      | <u>478</u>                             |
| Subtotal                        |        | <u>15,191</u> | <u>9,970</u>  | <u>5,221</u>                           |
| Board Treasurer 2313:           |        |               |               |  |
| Salaries                        | 110    | 58            | 115           | (57)                                   |
| Travel                          | 580    | <u>58</u>     | <u>-</u>      | <u>58</u>                              |
| Subtotal                        |        | <u>116</u>    | <u>115</u>    | <u>1</u>                               |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Statement of Revenues, Expenditures and Changes  
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For The Year Ended June 30, 2011

Schedule 1

|                          | Object | Budget         | Actual         | Variance<br>Favorable<br>(Unfavorable) |
|--------------------------|--------|----------------|----------------|--|
| Board Auditor 2317:      |        |                |                |  |
| Salaries                 | 110    | \$ 86          | \$ -           | \$ 86                                  |
| Subtotal                 |        | <u>86</u>      | <u>-</u>       | <u>86</u>                              |
| Supervisory Union 2321:  |        |                |                |  |
| Assessment               | 331    | <u>43,258</u>  | <u>43,303</u>  | <u>(45)</u>                            |
| Subtotal                 |        | <u>43,258</u>  | <u>43,303</u>  | <u>(45)</u>                            |
| Administration 2400:     |        |                |                |  |
| Salaries                 | 110    | 97,169         | 107,499        | (10,330)                               |
| Support Staff Salaries   | 111    | 27,844         | 25,343         | 2,501                                  |
| Health Insurance         | 210    | 32,215         | 31,539         | 676                                    |
| Social Security          | 220    | 9,563          | 8,508          | 1,055                                  |
| Life Insurance           | 230    | 1,110          | 830            | 280                                    |
| Retirement               | 240    | 1,422          | 1,300          | 122                                    |
| Workers Compensation     | 250    | 507            | 802            | (295)                                  |
| Unemployment Insurance   | 260    | 226            | -              | 226                                    |
| Professional Development | 270    | 2,172          | 969            | 1,203                                  |
| Dental Insurance         | 280    | 1,298          | 1,330          | (32)                                   |
| Climate                  | 340    | 7,614          | 2,009          | 5,605                                  |
| Equipment Repair         | 430    | 2,114          | -              | 2,114                                  |
| Postage                  | 531    | 3,000          | 2,690          | 310                                    |
| Printing                 | 550    | 2,000          | -              | 2,000                                  |
| Travel                   | 580    | 500            | 487            | 13                                     |
| Supplies                 | 610    | 3,171          | 6,601          | (3,430)                                |
| Equipment                | 730    | 500            | 3,792          | (3,292)                                |
| Copier Lease             | 739    | 6,950          | 5,357          | 1,593                                  |
| VSBA Dues                | 810    | <u>1,881</u>   | <u>2,347</u>   | <u>(466)</u>                           |
| Subtotal                 |        | <u>201,256</u> | <u>201,403</u> | <u>(147)</u>                           |
| Business Manager 2521:   |        |                |                |  |
| Assessment               | 331    | <u>8,590</u>   | <u>8,696</u>   | <u>(106)</u>                           |
| Subtotal                 |        | <u>8,590</u>   | <u>8,696</u>   | <u>(106)</u>                           |
| Fiscal Services 2525:    |        |                |                |  |
| Assessment               | 331    | <u>17,721</u>  | <u>17,937</u>  | <u>(216)</u>                           |
| Subtotal                 |        | <u>17,721</u>  | <u>17,937</u>  | <u>(216)</u>                           |
| Board Audit 2526:        |        |                |                |  |
| Audit Services           | 370    | <u>1,183</u>   | <u>1,070</u>   | <u>113</u>                             |
| Subtotal                 |        | <u>1,183</u>   | <u>1,070</u>   | <u>113</u>                             |

The accompanying notes are an integral part of these financial statements



Harwood Union School District  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
General Fund  
For The Year Ended June 30, 2011

Schedule 1

|  | Object | Budget           | Actual           | Variance<br>Favorable<br>(Unfavorable) |
|--|--------|------------------|------------------|--|
| Buildings/Grounds Maintenance 2600:    |        |                  |                  |  |
| Salaries                               | 110    | \$ 50,620        | \$ 48,931        | \$ 1,689                               |
| Summer Salaries                        | 116    | -                | 173              | (173)                                  |
| Overtime Salaries                      | 130    | 2,037            | 5,069            | (3,032)                                |
| Health Insurance                       | 210    | 10,851           | 10,140           | 711                                    |
| Social Security                        | 220    | 3,238            | 4,093            | (855)                                  |
| Life Insurance                         | 230    | 176              | 228              | (52)                                   |
| Retirement                             | 240    | 2,257            | 2,642            | (385)                                  |
| Workers Compensation                   | 250    | 7                | 301              | (294)                                  |
| Unemployment Insurance                 | 260    | 201              | -                | 201                                    |
| Dental Insurance                       | 280    | 561              | 738              | (177)                                  |
| Contract Services - Maintenance        | 300    | -                | 8,749            | (8,749)                                |
| Contract Services                      | 330    | -                | 2,944            | (2,944)                                |
| Trash Removal                          | 421    | 3,429            | 2,014            | 1,415                                  |
| Snow Removal                           | 422    | 2,851            | 2,572            | 279                                    |
| Equipment Repair                       | 430    | 9,868            | 18,504           | (8,636)                                |
| Repair Materials                       | 431    | 4,879            | 5,604            | (725)                                  |
| Bus Barn Maintenance                   | 433    | -                | 1,646            | (1,646)                                |
| Long-Term Maintenance                  | 445    | 2,009            | 13,123           | (11,114)                               |
| Property Insurance                     | 521    | 5,958            | 5,725            | 233                                    |
| Telephone                              | 530    | 6,888            | 7,246            | (358)                                  |
| Supplies                               | 610    | 8,064            | 8,446            | (382)                                  |
| Electricity                            | 622    | 29,350           | 24,688           | 4,662                                  |
| Gas                                    | 623    | 861              | 259              | 602                                    |
| Oil                                    | 624    | 5,740            | 5,580            | 160                                    |
| Woodchips                              | 625    | 11,384           | 1,117            | 10,267                                 |
| Equipment                              | 730    | 2,813            | 395              | 2,418                                  |
| Subtotal                               |        | <u>164,042</u>   | <u>180,927</u>   | <u>(16,885)</u>                        |
| Special Education Transportation 2700: |        |                  |                  |  |
| Contract Services                      | 519    | <u>5,000</u>     | <u>-</u>         | <u>5,000</u>                           |
| Subtotal                               |        | <u>5,000</u>     | <u>-</u>         | <u>5,000</u>                           |
| Pupil Transportation 2710:             |        |                  |                  |  |
| Contract Services                      | 519    | <u>69,874</u>    | <u>60,069</u>    | <u>9,805</u>                           |
| Subtotal                               |        | <u>69,874</u>    | <u>60,069</u>    | <u>9,805</u>                           |
| Total Middle School                    |        | <u>2,409,892</u> | <u>2,320,228</u> | <u>89,664</u>                          |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
General Fund  
For The Year Ended June 30, 2011

Schedule 1

|                                | Object | Budget         | Actual         | Variance<br>Favorable<br>(Unfavorable) |
|--------------------------------|--------|----------------|----------------|--|
| High School:                   |        |                |                |  |
| Regular Instruction 1100:      |        |                |                |  |
| Salaries                       | 110    | \$ 5,000       | \$ 6,000       | \$ (1,000)                             |
| Consulting Salaries            | 110    | -              | 2,500          | (2,500)                                |
| Mentoring Salaries             | 110    | 6,000          | 6,000          | -                                      |
| Tutor Salaries                 | 112    | 6,050          | 8,040          | (1,990)                                |
| Aide Salaries                  | 115    | 77,739         | 85,590         | (7,851)                                |
| Cafeteria Monitor Salaries     | 115    | -              | 5,774          | (5,774)                                |
| Retirement/Sick Leave Salaries | 116    | 24,841         | 24,841         | -                                      |
| Temporary Salaries             | 120    | 56,006         | 59,640         | (3,634)                                |
| Health Insurance               | 210    | 39,720         | 40,144         | (424)                                  |
| Social Security                | 220    | 11,077         | 14,862         | (3,785)                                |
| Life Insurance                 | 230    | 315            | 285            | 30                                     |
| Retirement                     | 240    | 4,293          | 4,595          | (302)                                  |
| Workers Compensation           | 250    | 13             | 779            | (766)                                  |
| Unemployment Insurance         | 260    | 374            | -              | 374                                    |
| Professional Development       | 270    | 48,082         | 96,470         | (48,388)                               |
| Dental Insurance               | 280    | 1,533          | 1,379          | 154                                    |
| Professional Services          | 330    | 2,500          | 9,984          | (7,484)                                |
| Related Services               | 333    | 1,000          | 3,692          | (2,692)                                |
| Equipment Repair               | 430    | 564            | -              | 564                                    |
| Tuition                        | 560    | -              | 2,735          | (2,735)                                |
| Tuition - In-State             | 565    | -              | 766            | (766)                                  |
| Supplies                       | 610    | 20,637         | 18,661         | 1,976                                  |
| Subtotal                       |        | <u>305,744</u> | <u>392,737</u> | <u>(86,993)</u>                        |
| Drivers Education 1100:        |        |                |                |  |
| Salaries                       | 110    | 63,335         | 63,335         | -                                      |
| Health Insurance               | 210    | 15,553         | 15,233         | 320                                    |
| Social Security                | 220    | 4,845          | 4,604          | 241                                    |
| Life Insurance                 | 230    | 291            | 279            | 12                                     |
| Workers Compensation           | 250    | 326            | 401            | (75)                                   |
| Unemployment Insurance         | 260    | 29             | -              | 29                                     |
| Professional Development       | 270    | 919            | 40             | 879                                    |
| Dental Insurance               | 280    | 610            | 582            | 28                                     |
| Contract Services              | 330    | 16,200         | 16,650         | (450)                                  |
| Equipment Repair               | 430    | 1,350          | 1,321          | 29                                     |
| Supplies                       | 610    | 500            | 608            | (108)                                  |
| Gas/Oil                        | 626    | 1,000          | 1,555          | (555)                                  |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
General Fund  
For The Year Ended June 30, 2011

Schedule 1

|                                    | Object | Budget         | Actual         | Variance<br>Favorable<br>(Unfavorable) |
|------------------------------------|--------|----------------|----------------|--|
| Books and Periodicals              | 640    | <u>\$ 800</u>  | <u>\$ 686</u>  | <u>\$ 114</u>                          |
| Subtotal                           |        | <u>105,758</u> | <u>105,294</u> | <u>464</u>                             |
| English as a Second Language 1100: |        |                |                |  |
| Salaries                           | 110    | 64,812         | 64,812         | -                                      |
| Tutor Salaries                     | 112    | 400            | -              | 400                                    |
| Health Insurance                   | 210    | 11,691         | 11,363         | 328                                    |
| Social Security                    | 220    | 4,958          | 4,696          | 262                                    |
| Life Insurance                     | 230    | 295            | 285            | 10                                     |
| Workers Compensation               | 250    | 334            | 410            | (76)                                   |
| Unemployment Insurance             | 260    | 29             | -              | 29                                     |
| Dental Insurance                   | 280    | 610            | 487            | 123                                    |
| Supplies                           | 610    | 550            | 510            | 40                                     |
| Books and Periodicals              | 640    | <u>1,100</u>   | <u>1,161</u>   | <u>(61)</u>                            |
| Subtotal                           |        | <u>84,779</u>  | <u>83,724</u>  | <u>1,055</u>                           |
| High School Completion 1100:       |        |                |                |  |
| Tuition                            | 569    | <u>-</u>       | <u>39,752</u>  | <u>(39,752)</u>                        |
| Subtotal                           |        | <u>-</u>       | <u>39,752</u>  | <u>(39,752)</u>                        |
| Art Program 1102:                  |        |                |                |  |
| Salaries                           | 110    | 157,549        | 157,549        | -                                      |
| Health Insurance                   | 210    | 25,217         | 27,258         | (2,041)                                |
| Social Security                    | 220    | 12,052         | 11,666         | 386                                    |
| Life Insurance                     | 230    | 724            | 694            | 30                                     |
| Workers Compensation               | 250    | 803            | 997            | (194)                                  |
| Unemployment Insurance             | 260    | 86             | -              | 86                                     |
| Dental Insurance                   | 280    | 1,579          | 925            | 654                                    |
| Equipment Repair                   | 430    | 8,000          | 8,640          | (640)                                  |
| Supplies                           | 610    | 19,500         | 19,307         | 193                                    |
| Books and Periodicals              | 640    | 1,500          | 1,204          | 296                                    |
| Audio Visual Materials             | 650    | <u>1,000</u>   | <u>1,027</u>   | <u>(27)</u>                            |
| Subtotal                           |        | <u>228,010</u> | <u>229,267</u> | <u>(1,257)</u>                         |
| Business Program 1103:             |        |                |                |  |
| Salaries                           | 110    | 46,404         | 46,404         | -                                      |
| Health Insurance                   | 210    | 9,098          | 8,863          | 235                                    |
| Social Security                    | 220    | 3,550          | 3,429          | 121                                    |
| Life Insurance                     | 230    | 219            | 206            | 13                                     |
| Workers Compensation               | 250    | 240            | 294            | (54)                                   |
| Unemployment Insurance             | 260    | 29             | -              | 29                                     |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Statement of Revenues, Expenditures and Changes  
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Schedule 1

|                                  | Object | Budget         | Actual         | Variance<br>Favorable<br>(Unfavorable) |
|----------------------------------|--------|----------------|----------------|--|
| Dental Insurance                 | 280    | \$ 77          | \$ 454         | \$ (377)                               |
| Supplies                         | 610    | 1,400          | 1,642          | (242)                                  |
| Books and Periodicals            | 640    | 250            | 240            | 10                                     |
| Subtotal                         |        | <u>61,267</u>  | <u>61,532</u>  | <u>(265)</u>                           |
| English Program 1105:            |        |                |                |  |
| Salaries                         | 110    | 355,691        | 340,177        | 15,514                                 |
| Substitute Salaries              | 120    | -              | 2,915          | (2,915)                                |
| Health Insurance                 | 210    | 83,739         | 81,944         | 1,795                                  |
| Social Security                  | 220    | 27,210         | 24,526         | 2,684                                  |
| Life Insurance                   | 230    | 1,659          | 1,584          | 75                                     |
| Workers Compensation             | 250    | 1,839          | 2,276          | (437)                                  |
| Unemployment Insurance           | 260    | 192            | -              | 192                                    |
| Dental Insurance                 | 280    | 3,658          | 3,489          | 169                                    |
| Equipment Repair                 | 430    | 750            | -              | 750                                    |
| Supplies                         | 610    | 3,200          | 3,761          | (561)                                  |
| Books and Periodicals            | 640    | 14,400         | 14,734         | (334)                                  |
| Subtotal                         |        | <u>492,338</u> | <u>475,406</u> | <u>16,932</u>                          |
| Foreign Language Program 1106:   |        |                |                |  |
| Salaries                         | 110    | 308,427        | 310,207        | (1,780)                                |
| Health Insurance                 | 210    | 44,810         | 43,258         | 1,552                                  |
| Social Security                  | 220    | 23,595         | 22,963         | 632                                    |
| Life Insurance                   | 230    | 1,402          | 1,365          | 37                                     |
| Workers Compensation             | 250    | 1,574          | 1,952          | (378)                                  |
| Unemployment Insurance           | 260    | 173            | -              | 173                                    |
| Dental Insurance                 | 280    | 3,055          | 1,916          | 1,139                                  |
| Supplies                         | 610    | 3,400          | 4,924          | (1,524)                                |
| Books and Periodicals            | 640    | 3,200          | 277            | 2,923                                  |
| Audio Visual Materials           | 650    | 1,300          | -              | 1,300                                  |
| Subtotal                         |        | <u>390,936</u> | <u>386,862</u> | <u>4,074</u>                           |
| Physical Education Program 1108: |        |                |                |  |
| Salaries                         | 110    | 151,720        | 139,464        | 12,256                                 |
| Health Insurance                 | 210    | 24,080         | 13,274         | 10,806                                 |
| Social Security                  | 220    | 11,607         | 10,472         | 1,135                                  |
| Life Insurance                   | 230    | 699            | 604            | 95                                     |
| Workers Compensation             | 250    | 769            | 960            | (191)                                  |
| Unemployment Insurance           | 260    | 65             | -              | 65                                     |
| Dental Insurance                 | 280    | 1,372          | 1,068          | 304                                    |
| Equipment Repair                 | 430    | 325            | 240            | 85                                     |

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Harwood Union School District  
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Schedule 1

|   | Object | Budget         | Actual         | Variance<br>Favorable<br>(Unfavorable) |
|---|--------|----------------|----------------|--|
| Field Trips                             | 510    | \$ 1,800       | \$ 1,758       | \$ 42                                  |
| Supplies                                | 610    | 400            | 755            | (355)                                  |
| Equipment                               | 730    | <u>5,100</u>   | <u>5,189</u>   | <u>(89)</u>                            |
| Subtotal                                |        | <u>197,937</u> | <u>173,784</u> | <u>24,153</u>                          |
| Family & Consumer Science Program 1109: |        |                |                |  |
| Salaries                                | 110    | 101,106        | 91,577         | 9,529                                  |
| Health Insurance                        | 210    | 15,047         | 14,541         | 506                                    |
| Social Security                         | 220    | 7,735          | 6,774          | 961                                    |
| Life Insurance                          | 230    | 463            | 398            | 65                                     |
| Workers Compensation                    | 250    | 509            | 639            | (130)                                  |
| Unemployment Insurance                  | 260    | 46             | -              | 46                                     |
| Dental Insurance                        | 280    | 1,274          | 826            | 448                                    |
| Equipment Repair                        | 430    | 2,302          | 862            | 1,440                                  |
| Supplies                                | 610    | 6,581          | 7,061          | (480)                                  |
| Books and Periodicals                   | 640    | 1,269          | 529            | 740                                    |
| Audio Visual Materials                  | 650    | 1,234          | 1,094          | 140                                    |
| Equipment                               | 730    | <u>5,010</u>   | <u>2,996</u>   | <u>2,014</u>                           |
| Subtotal                                |        | <u>142,576</u> | <u>127,297</u> | <u>15,279</u>                          |
| Industrial Arts Program 1110:           |        |                |                |  |
| Salaries                                | 110    | 100,258        | 94,656         | 5,602                                  |
| Health Insurance                        | 210    | 8,471          | 7,954          | 517                                    |
| Social Security                         | 220    | 7,867          | 7,049          | 818                                    |
| Life Insurance                          | 230    | 471            | 449            | 22                                     |
| Workers Compensation                    | 250    | 520            | 649            | (129)                                  |
| Unemployment Insurance                  | 260    | 49             | -              | 49                                     |
| Dental Insurance                        | 280    | 1,037          | 989            | 48                                     |
| Equipment Repair                        | 430    | -              | 275            | (275)                                  |
| Supplies                                | 610    | 9,893          | 12,297         | (2,404)                                |
| Books and Periodicals                   | 640    | 1,000          | -              | 1,000                                  |
| Equipment                               | 730    | <u>2,361</u>   | <u>972</u>     | <u>1,389</u>                           |
| Subtotal                                |        | <u>131,927</u> | <u>125,290</u> | <u>6,637</u>                           |
| Math Program 1111:                      |        |                |                |  |
| Salaries                                | 110    | 357,139        | 365,523        | (8,384)                                |
| Health Insurance                        | 210    | 93,081         | 87,526         | 5,555                                  |
| Social Security                         | 220    | 27,321         | 26,350         | 971                                    |
| Life Insurance                          | 230    | 1,693          | 1,691          | 2                                      |
| Workers Compensation                    | 250    | 1,824          | 2,244          | (420)                                  |
| Unemployment Insurance                  | 260    | 202            | -              | 202                                    |

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Schedule 1

|                              | Object | Budget         | Actual         | Variance<br>Favorable<br>(Unfavorable) |
|------------------------------|--------|----------------|----------------|--|
| Dental Insurance             | 280    | \$ 3,963       | \$ 3,097       | \$ 866                                 |
| Supplies                     | 610    | 2,600          | 1,488          | 1,112                                  |
| Books and Periodicals        | 640    | 14,000         | 15,720         | (1,720)                                |
| Audio Visual Materials       | 650    | 3,140          | 2,536          | 604                                    |
| Equipment                    | 730    | 2,500          | 2,500          | -                                      |
| Subtotal                     |        | <u>507,463</u> | <u>508,675</u> | <u>(1,212)</u>                         |
| Music Program 1112:          |        |                |                |  |
| Salaries                     | 110    | 120,553        | 120,174        | 379                                    |
| Health Insurance             | 210    | 28,360         | 27,751         | 609                                    |
| Social Security              | 220    | 9,222          | 8,852          | 370                                    |
| Life Insurance               | 230    | 569            | 531            | 38                                     |
| Workers Compensation         | 250    | 609            | 763            | (154)                                  |
| Unemployment Insurance       | 260    | 86             | -              | 86                                     |
| Dental Insurance             | 280    | 1,262          | 1,109          | 153                                    |
| Equipment Repair             | 430    | 4,150          | 3,849          | 301                                    |
| Supplies                     | 610    | 6,722          | 9,180          | (2,458)                                |
| Books and Periodicals        | 640    | 780            | 596            | 184                                    |
| Audio Visual Materials       | 650    | 730            | 242            | 488                                    |
| Equipment                    | 730    | 2,200          | 5,536          | (3,336)                                |
| Subtotal                     |        | <u>175,243</u> | <u>178,583</u> | <u>(3,340)</u>                         |
| Science Program 1113:        |        |                |                |  |
| Salaries                     | 110    | 408,193        | 374,653        | 33,540                                 |
| Substitute Salaries          | 120    | -              | 9,590          | (9,590)                                |
| Health Insurance             | 210    | 63,137         | 68,821         | (5,684)                                |
| Social Security              | 220    | 31,227         | 28,135         | 3,092                                  |
| Life Insurance               | 230    | 1,860          | 1,701          | 159                                    |
| Workers Compensation         | 250    | 2,083          | 2,588          | (505)                                  |
| Unemployment Insurance       | 260    | 202            | -              | 202                                    |
| Dental Insurance             | 280    | 4,268          | 3,435          | 833                                    |
| Equipment Repair             | 430    | 2,200          | 840            | 1,360                                  |
| Supplies                     | 610    | 8,800          | 6,141          | 2,659                                  |
| Books and Periodicals        | 640    | 5,000          | 7,790          | (2,790)                                |
| Audio Visual Materials       | 650    | 800            | 475            | 325                                    |
| Equipment                    | 730    | 3,100          | 5,856          | (2,756)                                |
| Subtotal                     |        | <u>530,870</u> | <u>510,025</u> | <u>20,845</u>                          |
| Social Studies Program 1115: |        |                |                |  |
| Salaries                     | 110    | 351,972        | 357,170        | (5,198)                                |
| Health Insurance             | 210    | 69,223         | 69,265         | (42)                                   |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
General Fund  
For The Year Ended June 30, 2011

Schedule 1

|                                 | Object | Budget         | Actual         | Variance<br>Favorable<br>(Unfavorable) |
|---------------------------------|--------|----------------|----------------|--|
| Social Security                 | 220    | \$ 26,926      | \$ 26,217      | \$ 709                                 |
| Life Insurance                  | 230    | 1,642          | 1,543          | 99                                     |
| Workers Compensation            | 250    | 1,819          | 2,227          | (408)                                  |
| Unemployment Insurance          | 260    | 189            | -              | 189                                    |
| Dental Insurance                | 280    | 3,353          | 3,150          | 203                                    |
| Contract Services               | 331    | 5,000          | -              | 5,000                                  |
| Equipment Repair                | 430    | 980            | -              | 980                                    |
| Supplies                        | 610    | 1,500          | 4,209          | (2,709)                                |
| Books and Periodicals           | 640    | 3,551          | 8,383          | (4,832)                                |
| Audio Visual Materials          | 650    | 9,855          | 3,772          | 6,083                                  |
| Equipment                       | 730    | 91             | 4,027          | (3,936)                                |
| Subtotal                        |        | <u>476,101</u> | <u>479,963</u> | <u>(3,862)</u>                         |
| Comprehensive Programs 1123:    |        |                |                |  |
| Supplies                        | 610    | <u>3,300</u>   | <u>-</u>       | <u>3,300</u>                           |
| Subtotal                        |        | <u>3,300</u>   | <u>-</u>       | <u>3,300</u>                           |
| Crossroads Program 1150:        |        |                |                |  |
| Salaries                        | 110    | 45,079         | 46,647         | (1,568)                                |
| Substitute Salaries             | 120    | -              | 8,416          | (8,416)                                |
| Health Insurance                | 210    | 10,734         | 11,959         | (1,225)                                |
| Social Security                 | 220    | 3,449          | 4,334          | (885)                                  |
| Life Insurance                  | 230    | 236            | 225            | 11                                     |
| Retirement                      | 240    | -              | 53             | (53)                                   |
| Workers Compensation            | 250    | 233            | 285            | (52)                                   |
| Unemployment Insurance          | 260    | 58             | -              | 58                                     |
| Dental Insurance                | 290    | 659            | 582            | 77                                     |
| Equipment Repair                | 430    | 1,400          | 1,131          | 269                                    |
| Transportation                  | 519    | 1,300          | 1,369          | (69)                                   |
| Property Insurance              | 521    | 275            | 275            | -                                      |
| Telephone                       | 530    | 1,000          | 99             | 901                                    |
| Supplies                        | 610    | 433            | 1,335          | (902)                                  |
| Electricity                     | 622    | 1,500          | 115            | 1,385                                  |
| Books and Periodicals           | 640    | 800            | 878            | (78)                                   |
| Audio Visual Materials          | 650    | 515            | 120            | 395                                    |
| Equipment                       | 730    | 600            | 328            | 272                                    |
| Subtotal                        |        | <u>68,271</u>  | <u>78,151</u>  | <u>(9,880)</u>                         |
| Community Learning Center 1151: |        |                |                |  |
| Salaries                        | 110    | 121,557        | 144,210        | (22,653)                               |
| Health Insurance                | 210    | 31,080         | 30,465         | 615                                    |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
General Fund  
For The Year Ended June 30, 2011

Schedule 1

|                         | Object | Budget         | Actual         | Variance<br>Favorable<br>(Unfavorable) |
|-------------------------|--------|----------------|----------------|--|
| Social Security         | 220    | \$ 9,299       | \$ 11,106      | \$ (1,807)                             |
| Life Insurance          | 230    | 547            | 540            | 7                                      |
| Workers Compensation    | 250    | 616            | 769            | (153)                                  |
| Unemployment Insurance  | 260    | 58             | -              | 58                                     |
| Dental Insurance        | 280    | 1,219          | 582            | 637                                    |
| Contract Services       | 330    | 5,075          | 6,240          | (1,165)                                |
| Field Trips             | 510    | 515            | 483            | 32                                     |
| Telephone               | 530    | 1,700          | 432            | 1,268                                  |
| Supplies                | 610    | 893            | 494            | 399                                    |
| Electricity             | 622    | -              | 2,805          | (2,805)                                |
| Energy - Oil            | 624    | -              | 901            | (901)                                  |
| Books and Periodicals   | 640    | 600            | -              | 600                                    |
| Audio Visual Materials  | 650    | 515            | -              | 515                                    |
| Equipment               | 730    | 1,030          | 3,858          | (2,828)                                |
| Subtotal                |        | <u>174,704</u> | <u>202,885</u> | <u>(28,181)</u>                        |
| Special Education 1200: |        |                |                |  |
| Salaries                | 110    | 594,129        | 583,321        | 10,808                                 |
| Secretary Salaries      | 111    | 26,392         | 25,451         | 941                                    |
| Tutor Salaries          | 112    | 17,675         | 22,643         | (4,968)                                |
| Aide Salaries           | 115    | 238,166        | 242,211        | (4,045)                                |
| Temporary Salaries      | 120    | 5,575          | 4,927          | 648                                    |
| Health Insurance        | 210    | 272,464        | 258,469        | 13,995                                 |
| Social Security         | 220    | 67,468         | 62,012         | 5,456                                  |
| Life Insurance          | 230    | 3,901          | 3,952          | (51)                                   |
| Retirement              | 240    | 13,642         | 13,215         | 427                                    |
| Workers Compensation    | 250    | 3,120          | 5,549          | (2,429)                                |
| Unemployment Insurance  | 260    | 1,684          | -              | 1,684                                  |
| Workshops               | 270    | 10,860         | 15,274         | (4,414)                                |
| Dental Insurance        | 280    | 12,640         | 9,578          | 3,062                                  |
| Counseling Services     | 330    | 80,250         | 30,412         | 49,838                                 |
| Testing Services        | 332    | 21,250         | 59,084         | (37,834)                               |
| Related Services        | 333    | 13,100         | 62,768         | (49,668)                               |
| Equipment Repair        | 430    | 300            | -              | 300                                    |
| Advertising             | 540    | 100            | 379            | (279)                                  |
| Tuition - In-State      | 565    | 235,119        | 128,255        | 106,864                                |
| Travel                  | 580    | 200            | 1,411          | (1,211)                                |
| Supplies                | 610    | 9,500          | 13,403         | (3,903)                                |
| Equipment               | 730    | 16,300         | 6,520          | 9,780                                  |

The accompanying notes are an integral part of these financial statements



Harwood Union School District  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
General Fund  
For The Year Ended June 30, 2011

Schedule 1

|                               | Object | Budget           | Actual           | Variance<br>Favorable<br>(Unfavorable) |
|-------------------------------|--------|------------------|------------------|--|
| Copier Lease                  | 739    | \$ -             | \$ 5,357         | \$ (5,357)                             |
| Subtotal                      |        | <u>1,643,835</u> | <u>1,554,191</u> | <u>89,644</u>                          |
| Vocational 1300:              |        |                  |                  |  |
| Salaries                      | 110    | 46,708           | 46,708           | -                                      |
| Temporary Salaries            | 120    | 280              | -                | 280                                    |
| Health Insurance              | 210    | 234              | -                | 234                                    |
| Social Security               | 220    | 3,573            | 3,573            | -                                      |
| Life Insurance                | 230    | 219              | 196              | 23                                     |
| Workers Compensation          | 250    | 241              | 296              | (55)                                   |
| Unemployment Insurance        | 260    | 29               | -                | 29                                     |
| Professional Development      | 270    | 773              | -                | 773                                    |
| Dental Insurance              | 280    | 610              | 582              | 28                                     |
| Equipment Repair              | 430    | 265              | -                | 265                                    |
| Tuition                       | 569    | 225,000          | 262,939          | (37,939)                               |
| Travel                        | 580    | 700              | 319              | 381                                    |
| Supplies                      | 610    | 630              | 490              | 140                                    |
| Books and Periodicals         | 640    | 600              | -                | 600                                    |
| Audio Visual Materials        | 650    | 300              | -                | 300                                    |
| Subtotal                      |        | <u>280,162</u>   | <u>315,103</u>   | <u>(34,941)</u>                        |
| Co-Curricular Programs 1400:  |        |                  |                  |  |
| Salaries                      | 110    | 87,694           | 90,339           | (2,645)                                |
| Coaching Salaries             | 116    | 111,653          | 101,787          | 9,866                                  |
| Long-Term Substitute Salaries | 120    | -                | 8,764            | (8,764)                                |
| Health Insurance              | 210    | 14,302           | 16,726           | (2,424)                                |
| Social Security               | 220    | 14,249           | 15,232           | (983)                                  |
| Life Insurance                | 230    | 1,437            | 580              | 857                                    |
| Retirement                    | 240    | 1,431            | 4,324            | (2,893)                                |
| Workers Compensation          | 250    | 313              | 1,326            | (1,013)                                |
| Unemployment Insurance        | 260    | 174              | -                | 174                                    |
| Professional Development      | 270    | -                | 200              | (200)                                  |
| Dental Insurance              | 280    | 835              | 941              | (106)                                  |
| Professional Services         | 350    | 3,500            | 3,108            | 392                                    |
| Repairs and Maintenance       | 430    | 2,100            | -                | 2,100                                  |
| Facility Rental               | 440    | 21,000           | 26,095           | (5,095)                                |
| Transportation                | 519    | 45,044           | 40,344           | 4,700                                  |
| Travel                        | 580    | -                | 65               | (65)                                   |
| Supplies                      | 610    | 3,630            | 3,704            | (74)                                   |
| Uniforms                      | 629    | 4,050            | 8,101            | (4,051)                                |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
General Fund  
For The Year Ended June 30, 2011

Schedule 1

|                            | Object | Budget         | Actual         | Variance<br>Favorable<br>(Unfavorable) |
|----------------------------|--------|----------------|----------------|--|
| Equipment                  | 730    | \$ 1,250       | \$ 8,000       | \$ (6,750)                             |
| Training Room Equipment    | 731    | 3,500          | 534            | 2,966                                  |
| Intramurals Equipment      | 732    | 1,500          | 237            | 1,263                                  |
| Dues and Fees              | 810    | 7,500          | 9,603          | (2,103)                                |
| Musical                    | 929    | 500            | 786            | (286)                                  |
| Music Festival             | 930    | 410            | 410            | -                                      |
| Musical - Fall Play        | 931    | 500            | 500            | -                                      |
| Officials Activity Account | 932    | 31,220         | 30,974         | 246                                    |
| Music Non-Athletics        | 934    | 4,761          | 5,303          | (542)                                  |
| Non-Athletics              | 935    | 1,630          | 40             | 1,590                                  |
| Partners Club              | 936    | 4,506          | 4,179          | 327                                    |
| Subtotal                   |        | <u>368,689</u> | <u>382,202</u> | <u>(13,513)</u>                        |
| Guidance Program 2120:     |        |                |                |  |
| Salaries                   | 110    | 203,630        | 203,629        | 1                                      |
| Extra Days Salaries        | 110    | 7,616          | 7,713          | (97)                                   |
| Support Staff Salaries     | 115    | 27,894         | 27,945         | (51)                                   |
| Health Insurance           | 210    | 33,600         | 46,078         | (12,478)                               |
| Social Security            | 220    | 18,294         | 17,552         | 742                                    |
| Life Insurance             | 230    | 1,036          | 1,043          | (7)                                    |
| Retirement                 | 240    | 1,424          | 1,433          | (9)                                    |
| Workers Compensation       | 250    | 1,046          | 1,517          | (471)                                  |
| Unemployment Insurance     | 260    | 230            | -              | 230                                    |
| Workshops                  | 270    | 2,000          | 2,000          | -                                      |
| Dental Insurance           | 280    | 2,242          | 2,215          | 27                                     |
| Equipment Repair           | 430    | 475            | -              | 475                                    |
| Field Trips                | 510    | 1,200          | 985            | 215                                    |
| Supplies                   | 610    | 3,300          | 4,417          | (1,117)                                |
| Books and Periodicals      | 640    | 1,100          | 395            | 705                                    |
| Equipment                  | 730    | 1,500          | 1,595          | (95)                                   |
| Copier Lease               | 739    | -              | 5,357          | (5,357)                                |
| Subtotal                   |        | <u>306,587</u> | <u>323,874</u> | <u>(17,287)</u>                        |
| Health Services 2130:      |        |                |                |  |
| Salaries                   | 110    | 52,817         | 52,817         | -                                      |
| Assistant Salaries         | 115    | 7,024          | 12,268         | (5,244)                                |
| Health Insurance           | 210    | 9,663          | 9,193          | 470                                    |
| Social Security            | 220    | 4,578          | 4,854          | (276)                                  |
| Life Insurance             | 230    | 279            | 267            | 12                                     |
| Retirement                 | 240    | 375            | (7)            | 382                                    |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
General Fund  
For The Year Ended June 30, 2011

Schedule 1

|  | Object | Budget        | Actual        | Variance<br>Favorable<br>(Unfavorable) |
|--|--------|---------------|---------------|--|
| Workers Compensation                         | 250    | \$ 274        | \$ 66         | \$ 208                                 |
| Unemployment Insurance                       | 260    | 65            | -             | 65                                     |
| Professional Development                     | 270    | 819           | -             | 819                                    |
| Dental Insurance                             | 280    | 700           | 470           | 230                                    |
| Equipment Repair                             | 430    | 144           | -             | 144                                    |
| Supplies                                     | 610    | 675           | 1,298         | (623)                                  |
| Books and Periodicals                        | 640    | 190           | -             | 190                                    |
| Subtotal                                     |        | <u>77,603</u> | <u>81,226</u> | <u>(3,623)</u>                         |
| Student Assistance Counseling 2140:          |        |               |               |  |
| Contract Services                            | 330    | <u>11,227</u> | <u>8,654</u>  | <u>2,573</u>                           |
| Subtotal                                     |        | <u>11,227</u> | <u>8,654</u>  | <u>2,573</u>                           |
| Home School Coordinator 2150:                |        |               |               |  |
| Salaries                                     | 110    | 13,035        | 13,035        | -                                      |
| Health Insurance                             | 210    | 2,907         | 2,841         | 66                                     |
| Social Security                              | 220    | 997           | 958           | 39                                     |
| Life Insurance                               | 230    | 81            | -             | 81                                     |
| Workers Compensation                         | 250    | 66            | -             | 66                                     |
| Unemployment Insurance                       | 260    | 29            | -             | 29                                     |
| Dental Insurance                             | 280    | <u>153</u>    | <u>24</u>     | <u>129</u>                             |
| Subtotal                                     |        | <u>17,268</u> | <u>16,858</u> | <u>410</u>                             |
| Speech Language Pathologist 2150:            |        |               |               |  |
| Salaries                                     | 110    | 54,498        | 53,498        | 1,000                                  |
| Health Insurance                             | 210    | 8,797         | 8,522         | 275                                    |
| Social Security                              | 220    | 4,169         | 3,862         | 307                                    |
| Life Insurance                               | 230    | 249           | 234           | 15                                     |
| Workers Compensation                         | 250    | 277           | 345           | (68)                                   |
| Unemployment Insurance                       | 260    | 29            | -             | 29                                     |
| Dental Insurance                             | 280    | <u>457</u>    | <u>436</u>    | <u>21</u>                              |
| Subtotal                                     |        | <u>68,476</u> | <u>66,897</u> | <u>1,579</u>                           |
| Occupational/Physical Therapy Services 2160: |        |               |               |  |
| Contract Services                            | 330    | <u>-</u>      | <u>15,318</u> | <u>(15,318)</u>                        |
| Subtotal                                     |        | <u>-</u>      | <u>15,318</u> | <u>(15,318)</u>                        |
| Media Center 2220:                           |        |               |               |  |
| Salaries                                     | 110    | 57,682        | 56,874        | 808                                    |
| Aide Salaries                                | 115    | 6,405         | 6,641         | (236)                                  |
| Temporary Salaries                           | 120    | 666           | -             | 666                                    |
| Health Insurance                             | 210    | 18,985        | 18,647        | 338                                    |

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Harwood Union School District  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
General Fund  
For The Year Ended June 30, 2011

Schedule 1

|                                 | Object | Budget         | Actual         | Variance<br>Favorable<br>(Unfavorable) |
|---------------------------------|--------|----------------|----------------|--|
| Social Security                 | 220    | \$ 4,903       | \$ 4,708       | \$ 195                                 |
| Life Insurance                  | 230    | 286            | 273            | 13                                     |
| Retirement                      | 240    | 345            | 332            | 13                                     |
| Workers Compensation            | 250    | 287            | 405            | (118)                                  |
| Unemployment Insurance          | 260    | 62             | -              | 62                                     |
| Professional Development        | 270    | 819            | 225            | 594                                    |
| Dental Insurance                | 280    | 697            | 714            | (17)                                   |
| Contract Services               | 330    | 2,835          | 1,783          | 1,052                                  |
| Equipment Repair                | 430    | 394            | 40             | 354                                    |
| Supplies                        | 610    | 1,104          | 537            | 567                                    |
| Books and Periodicals           | 640    | 19,003         | 18,982         | 21                                     |
| Audio Visual Materials          | 650    | 3,843          | 186            | 3,657                                  |
| Subtotal                        |        | <u>118,316</u> | <u>110,347</u> | <u>7,969</u>                           |
| Audio Visual & Technology 2223: |        |                |                |  |
| Salaries                        | 116    | 39,336         | 38,585         | 751                                    |
| Assistant Salaries              | 118    | 14,441         | 20,630         | (6,189)                                |
| Health Insurance                | 210    | 14,667         | 16,979         | (2,312)                                |
| Social Security                 | 220    | 4,114          | 4,357          | (243)                                  |
| Life Insurance                  | 230    | 231            | 300            | (69)                                   |
| Retirement                      | 240    | 2,747          | 3,009          | (262)                                  |
| Workers Compensation            | 250    | 10             | 255            | (245)                                  |
| Unemployment Insurance          | 260    | 278            | -              | 278                                    |
| Dental Insurance                | 280    | 620            | 761            | (141)                                  |
| Contract Services               | 300    | -              | 5,873          | (5,873)                                |
| Equipment Repair                | 430    | 3,620          | -              | 3,620                                  |
| Lease Expense                   | 440    | -              | 2,924          | (2,924)                                |
| Supplies                        | 610    | 20,451         | 21,212         | (761)                                  |
| Equipment                       | 730    | 10,457         | 14,384         | (3,927)                                |
| Subtotal                        |        | <u>110,972</u> | <u>129,269</u> | <u>(18,297)</u>                        |
| Board of Education 2310:        |        |                |                |  |
| Salaries                        | 110    | 6,749          | 5,785          | 964                                    |
| Social Security                 | 220    | 516            | 414            | 102                                    |
| Retirement                      | 240    | -              | 243            | (243)                                  |
| Unemployment Insurance          | 260    | 7,278          | 8,298          | (1,020)                                |
| Reimbursments                   | 310    | 3,225          | 3,236          | (11)                                   |
| Contract Services               | 330    | 809            | 1,284          | (475)                                  |
| Legal Services                  | 360    | 19,929         | 7,306          | 12,623                                 |
| Insurance                       | 523    | 7,290          | 10,877         | (3,587)                                |

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Harwood Union School District  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
General Fund  
For The Year Ended June 30, 2011

Schedule 1

|                          | Object | Budget         | Actual         | Variance<br>Favorable<br>(Unfavorable) |
|--------------------------|--------|----------------|----------------|--|
| Advertising              | 540    | \$ 3,235       | \$ 1,653       | \$ 1,582                               |
| Printing                 | 550    | 5,661          | 4,252          | 1,409                                  |
| Travel                   | 580    | 404            | -              | 404                                    |
| Elections                | 590    | 809            | -              | 809                                    |
| Supplies                 | 610    | 4,500          | 3,858          | 642                                    |
| VSBA Dues                | 810    | 2,022          | -              | 2,022                                  |
| Subtotal                 |        | <u>62,427</u>  | <u>47,206</u>  | <u>15,221</u>                          |
| Board Treasurer 2313:    |        |                |                |  |
| Salaries                 | 110    | 242            | 485            | (243)                                  |
| Travel                   | 580    | 242            | -              | 242                                    |
| Subtotal                 |        | <u>484</u>     | <u>485</u>     | <u>(1)</u>                             |
| Board Auditor 2317:      |        |                |                |  |
| Salaries                 | 110    | 365            | -              | 365                                    |
| Subtotal                 |        | <u>365</u>     | <u>-</u>       | <u>365</u>                             |
| Supervisory Union 2321:  |        |                |                |  |
| Assessment               | 331    | 184,416        | 183,413        | 1,003                                  |
| Subtotal                 |        | <u>184,416</u> | <u>183,413</u> | <u>1,003</u>                           |
| Administration 2400:     |        |                |                |  |
| Salaries                 | 110    | 177,287        | 100,967        | 76,320                                 |
| Support Staff Salaries   | 111    | 80,763         | 82,727         | (1,964)                                |
| Health Insurance         | 210    | 63,864         | 49,315         | 14,549                                 |
| Social Security          | 220    | 19,741         | 14,463         | 5,278                                  |
| Life Insurance           | 230    | 1,659          | 1,240          | 419                                    |
| Retirement               | 240    | 3,989          | 4,185          | (196)                                  |
| Workers Compensation     | 250    | 915            | 1,679          | (764)                                  |
| Unemployment Insurance   | 260    | 318            | -              | 318                                    |
| Professional Development | 270    | 1,306          | -              | 1,306                                  |
| Dental Insurance         | 280    | 2,308          | 1,869          | 439                                    |
| Climate                  | 340    | 7,886          | 11,220         | (3,334)                                |
| Equipment Repair         | 430    | 7,886          | 3,845          | 4,041                                  |
| Postage                  | 531    | 17,587         | 13,188         | 4,399                                  |
| Printing                 | 550    | 8,800          | 7,483          | 1,317                                  |
| Travel                   | 580    | 789            | 216            | 573                                    |
| Supplies                 | 610    | 12,579         | 20,105         | (7,526)                                |
| Equipment                | 730    | 2,000          | 8,206          | (6,206)                                |
| Copier Lease             | 739    | 19,214         | 10,714         | 8,500                                  |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
General Fund  
For The Year Ended June 30, 2011

Schedule 1

|                                     | Object | Budget         | Actual         | Variance<br>Favorable<br>(Unfavorable) |
|-------------------------------------|--------|----------------|----------------|--|
| VSBA Dues                           | 810    | \$ 7,018       | \$ 7,066       | \$ (48)                                |
| Subtotal                            |        | <u>435,909</u> | <u>338,488</u> | <u>97,421</u>                          |
| Business Manager 2521:              |        |                |                |  |
| Assessment                          | 331    | <u>36,620</u>  | <u>36,833</u>  | <u>(213)</u>                           |
| Subtotal                            |        | <u>36,620</u>  | <u>36,833</u>  | <u>(213)</u>                           |
| Fiscal Services 2525:               |        |                |                |  |
| Assessment                          | 331    | <u>75,549</u>  | <u>75,972</u>  | <u>(423)</u>                           |
| Subtotal                            |        | <u>75,549</u>  | <u>75,972</u>  | <u>(423)</u>                           |
| Board Audit 2526:                   |        |                |                |  |
| Audit Services                      | 370    | <u>4,999</u>   | <u>4,530</u>   | <u>469</u>                             |
| Subtotal                            |        | <u>4,999</u>   | <u>4,530</u>   | <u>469</u>                             |
| Short-Term Interest 2527:           |        |                |                |  |
| Arbitrage Interest                  | 830    | <u>90,000</u>  | <u>21,060</u>  | <u>68,940</u>                          |
| Subtotal                            |        | <u>90,000</u>  | <u>21,060</u>  | <u>68,940</u>                          |
| Buildings/Grounds Maintenance 2600: |        |                |                |  |
| Salaries                            | 110    | 210,525        | 207,599        | 2,926                                  |
| Summer Salaries                     | 116    | -              | 734            | (734)                                  |
| Overtime Salaries                   | 130    | 8,532          | 3,549          | 4,983                                  |
| Health Insurance                    | 210    | 50,644         | 41,634         | 9,010                                  |
| Social Security                     | 220    | 16,758         | 15,574         | 1,184                                  |
| Life Insurance                      | 230    | 865            | 1,049          | (184)                                  |
| Retirement                          | 240    | 11,183         | 10,375         | 808                                    |
| Workers Compensation                | 250    | 37             | 1,258          | (1,221)                                |
| Unemployment Insurance              | 260    | 1,052          | -              | 1,052                                  |
| Dental Insurance                    | 280    | 3,203          | 3,125          | 78                                     |
| Contract Services - Maintenance     | 300    | -              | 37,063         | (37,063)                               |
| Contract Services                   | 330    | -              | 11,593         | (11,593)                               |
| Trash Removal                       | 421    | 14,497         | 8,200          | 6,297                                  |
| Snow Removal                        | 422    | 12,049         | 9,329          | 2,720                                  |
| Equipment Repair                    | 430    | 41,710         | 87,200         | (45,490)                               |
| Repair Materials                    | 431    | 20,621         | 24,325         | (3,704)                                |
| Bus Barn Maintenance                | 433    | -              | 6,952          | (6,952)                                |
| Long-Term Maintenance               | 445    | 8,491          | 55,803         | (47,312)                               |
| Property Insurance                  | 521    | 25,400         | 25,140         | 260                                    |
| Telephone                           | 530    | 29,112         | 30,129         | (1,017)                                |
| Supplies                            | 610    | 36,665         | 37,732         | (1,067)                                |
| Graduation                          | 620    | 7,000          | 5,075          | 1,925                                  |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
General Fund  
For The Year Ended June 30, 2011

Schedule 1

|   | Object | Budget            | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|---|--------|-------------------|-------------------|--|
| Electricity   | 622    | \$ 124,051        | \$ 104,597        | \$ 19,454                              |
| Gas   | 623    | 3,639             | 1,097             | 2,542                                  |
| Oil   | 624    | 24,260            | 23,633            | 627                                    |
| Woodchips   | 625    | 48,116            | 46,390            | 1,726                                  |
| Equipment   | 730    | 11,888            | 1,743             | 10,145                                 |
| Subtotal  |        | <u>710,298</u>    | <u>800,898</u>    | <u>(90,600)</u>                        |
| Special Education Transportation 2700:  |        |                   |                   |  |
| Contract Services   | 519    | <u>195,000</u>    | <u>85,927</u>     | <u>109,073</u>                         |
| Subtotal  |        | <u>195,000</u>    | <u>85,927</u>     | <u>109,073</u>                         |
| Transportation 2710:  |        |                   |                   |  |
| Contract Services   | 519    | <u>295,789</u>    | <u>294,234</u>    | <u>1,555</u>                           |
| Subtotal  |        | <u>295,789</u>    | <u>294,234</u>    | <u>1,555</u>                           |
| Total High School   |        | <u>9,172,215</u>  | <u>9,052,212</u>  | <u>120,003</u>                         |
| TOTAL EXPENDITURES  |        | <u>11,582,107</u> | <u>11,372,440</u> | <u>209,667</u>                         |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES                                     |        | 456,241           | 696,678           | 240,437                                |
| OTHER FINANCING SOURCES (USES):   |        |                   |                   |  |
| Transfer To Capital Project Fund  |        | (125,000)         | (156,102)         | (31,102)                               |
| Transfer To Other Governmental Fund   |        | -                 | (11,000)          | (11,000)                               |
| Transfer To Debt Service Fund   |        | (425,159)         | (416,539)         | 8,620                                  |
| Transfer To Enterprise Fund   |        | <u>(22,000)</u>   | <u>-</u>          | <u>22,000</u>                          |
| EXCESS OF REVENUES AND OTHER<br>SOURCES OVER (UNDER)<br>EXPENDITURES AND OTHER USES |        | (115,918)         | 113,037           | 228,955                                |
| FUND BALANCE, JULY 1, 2010  |        | <u>115,918</u>    | <u>330,912</u>    | <u>214,994</u>                         |
| FUND BALANCE, JUNE 30, 2011   |        | <u>\$ -</u>       | <u>\$ 443,949</u> | <u>\$ 443,949</u>                      |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Combining Balance Sheet  
Special Revenue Funds  
June 30, 2011

Schedule 2  
(page 1 of 3)

|  | Child Care<br>Grant | Care &<br>Custody | Medicaid          | Student<br>Assistance<br>Program | Air<br>Quality  | Next Step -<br>Vermont<br>Student | Subtotals         |
|--|---------------------|-------------------|-------------------|----------------------------------|-----------------|-----------------------------------|-------------------|
| <b>ASSETS:</b>                               |                     |                   |                   |                                  |                 |                                   |                   |
| <b>Current Assets:</b>                       |                     |                   |                   |                                  |                 |                                   |                   |
| Cash   |                     |                   |                   |                                  |                 |                                   | \$ -              |
| Accounts Receivable - State                  |                     | \$ 16,762         |                   |                                  |                 |                                   | 16,762            |
| Accounts Receivable - Supervisory Union      |                     |                   | \$ 4,335          | \$ 2,897                         |                 |                                   | 7,232             |
| Accounts Receivable - Other                  |                     |                   |                   |                                  |                 |                                   | -                 |
| Due From Other Funds                         | \$ 2,935            | -                 | 161,132           | -                                | \$ 2,000        | \$ 3,795                          | 169,862           |
| Total Current Assets                         | <u>2,935</u>        | <u>16,762</u>     | <u>165,467</u>    | <u>2,897</u>                     | <u>2,000</u>    | <u>3,795</u>                      | <u>193,856</u>    |
| <b>TOTAL ASSETS</b>                          | <u>\$ 2,935</u>     | <u>\$ 16,762</u>  | <u>\$ 165,467</u> | <u>\$ 2,897</u>                  | <u>\$ 2,000</u> | <u>\$ 3,795</u>                   | <u>\$ 193,856</u> |
| <b>LIABILITIES AND FUND BALANCES:</b>        |                     |                   |                   |                                  |                 |                                   |                   |
| <b>Liabilities:</b>                          |                     |                   |                   |                                  |                 |                                   |                   |
| Accounts Payable - Other                     |                     |                   |                   |                                  |                 |                                   | \$ -              |
| Due To Other Funds                           |                     | \$ 15,776         |                   | \$ 2,670                         |                 |                                   | 18,446            |
| Deferred Revenue                             | -                   | -                 | \$ 165,467        | 227                              | -               | \$ 3,795                          | 169,489           |
| Total Liabilities                            | <u>\$ -</u>         | <u>15,776</u>     | <u>165,467</u>    | <u>2,897</u>                     | <u>\$ -</u>     | <u>3,795</u>                      | <u>187,935</u>    |
| <b>Fund Balances:</b>                        |                     |                   |                   |                                  |                 |                                   |                   |
| Unassigned                                   |                     |                   |                   |                                  |                 |                                   | -                 |
| Restricted                                   | 2,935               | 986               | -                 | -                                | 2,000           | -                                 | 5,921             |
| Total Fund Balances                          | <u>2,935</u>        | <u>986</u>        | <u>-</u>          | <u>-</u>                         | <u>2,000</u>    | <u>-</u>                          | <u>5,921</u>      |
| <b>TOTAL LIABILITIES &amp; FUND BALANCES</b> | <u>\$ 2,935</u>     | <u>\$ 16,762</u>  | <u>\$ 165,467</u> | <u>\$ 2,897</u>                  | <u>\$ 2,000</u> | <u>\$ 3,795</u>                   | <u>\$ 193,856</u> |

The accompanying notes are an integral part of these financial statements



Harwood Union School District  
Combining Balance Sheet  
Special Revenue Funds  
June 30, 2011

Schedule 2  
(page 2 of 3)

|  | Co-Curricular<br>Sport Camp | Speak Out              | Tobacco<br>Use         | CV Food<br>Systems  | SAT<br>Continuing<br>Education | Rowland<br>Grant        | Subtotals               |
|--|-----------------------------|------------------------|------------------------|---------------------|--------------------------------|-------------------------|-------------------------|
| <b>ASSETS:</b>                               |                             |                        |                        |                     |                                |                         |                         |
| Current Assets:                              |                             |                        |                        |                     |                                |                         |                         |
| Cash   |                             |                        |                        |                     |                                |                         | \$ -                    |
| Accounts Receivable - State                  |                             |                        |                        |                     |                                |                         | -                       |
| Accounts Receivable - Supervisory Union      |                             |                        |                        |                     |                                |                         | -                       |
| Accounts Receivable - Other                  |                             |                        |                        |                     |                                |                         | -                       |
| Due From Other Funds                         | -                           | \$ 1,176               | \$ 1,416               | \$ 29               | \$ 822                         | \$ 15,967               | 19,410                  |
| Total Current Assets                         | <u>\$ -</u>                 | <u>\$ 1,176</u>        | <u>\$ 1,416</u>        | <u>\$ 29</u>        | <u>\$ 822</u>                  | <u>\$ 15,967</u>        | <u>19,410</u>           |
| <b>TOTAL ASSETS</b>                          | <b><u>\$ -</u></b>          | <b><u>\$ 1,176</u></b> | <b><u>\$ 1,416</u></b> | <b><u>\$ 29</u></b> | <b><u>\$ 822</u></b>           | <b><u>\$ 15,967</u></b> | <b><u>\$ 19,410</u></b> |
| <b>LIABILITIES AND FUND BALANCES:</b>        |                             |                        |                        |                     |                                |                         |                         |
| Liabilities:                                 |                             |                        |                        |                     |                                |                         |                         |
| Accounts Payable - Other                     |                             |                        |                        |                     |                                |                         | \$ -                    |
| Due To Other Funds                           | \$ 587                      |                        |                        |                     |                                |                         | 587                     |
| Deferred Revenue                             | -                           | -                      | -                      | -                   | -                              | 15,967                  | 15,967                  |
| Total Liabilities                            | <u>587</u>                  | <u>\$ -</u>            | <u>\$ -</u>            | <u>\$ -</u>         | <u>\$ -</u>                    | <u>15,967</u>           | <u>16,554</u>           |
| Fund Balances:                               |                             |                        |                        |                     |                                |                         |                         |
| Unassigned                                   | (587)                       |                        |                        |                     |                                |                         | (587)                   |
| Restricted                                   | -                           | 1,176                  | 1,416                  | 29                  | 822                            | -                       | 3,443                   |
| Total Fund Balances                          | <u>(587)</u>                | <u>1,176</u>           | <u>1,416</u>           | <u>29</u>           | <u>822</u>                     | <u>-</u>                | <u>2,856</u>            |
| <b>TOTAL LIABILITIES &amp; FUND BALANCES</b> | <b><u>\$ -</u></b>          | <b><u>\$ 1,176</u></b> | <b><u>\$ 1,416</u></b> | <b><u>\$ 29</u></b> | <b><u>\$ 822</u></b>           | <b><u>\$ 15,967</u></b> | <b><u>\$ 19,410</u></b> |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Combining Balance Sheet  
Special Revenue Funds  
June 30, 2011

Schedule 2  
(page 3 of 3)

|  | Rwanda<br>Fund       | SCW<br>ARRA             | VPA Student<br>Leadership<br>Project | Central<br>Health &<br>Learning | Water Tank<br>Replacement | Subtotals               | Totals                   |
|--|----------------------|-------------------------|--------------------------------------|---------------------------------|---------------------------|-------------------------|--------------------------|
| <b>ASSETS:</b>                               |                      |                         |                                      |                                 |                           |                         |                          |
| <b>Current Assets:</b>                       |                      |                         |                                      |                                 |                           |                         |                          |
| Cash   | \$ 212               |                         |                                      |                                 |                           | \$ 212                  | \$ 212                   |
| Accounts Receivable - State                  |                      |                         |                                      |                                 |                           | -                       | 16,762                   |
| Accounts Receivable - Supervisory Union      |                      | \$ 39,961               |                                      |                                 |                           | 39,961                  | 47,193                   |
| Accounts Receivable - Other                  |                      |                         | \$ 1,113                             |                                 |                           | 1,113                   | 1,113                    |
| Due From Other Funds                         | 503                  | -                       | -                                    | \$ 260                          | -                         | 763                     | 190,035                  |
| Total Current Assets                         | <u>715</u>           | <u>39,961</u>           | <u>1,113</u>                         | <u>260</u>                      | <u>\$ -</u>               | <u>42,049</u>           | <u>255,315</u>           |
| <b>TOTAL ASSETS</b>                          | <b><u>\$ 715</u></b> | <b><u>\$ 39,961</u></b> | <b><u>\$ 1,113</u></b>               | <b><u>\$ 260</u></b>            | <b><u>\$ -</u></b>        | <b><u>\$ 42,049</u></b> | <b><u>\$ 255,315</u></b> |
| <b>LIABILITIES AND FUND BALANCES:</b>        |                      |                         |                                      |                                 |                           |                         |                          |
| <b>Liabilities:</b>                          |                      |                         |                                      |                                 |                           |                         |                          |
| Accounts Payable - Other                     |                      |                         |                                      |                                 | \$ 12,818                 | \$ 12,818               | \$ 12,818                |
| Due To Other Funds                           |                      | \$ 39,961               | \$ 402                               |                                 |                           | 40,363                  | 59,396                   |
| Deferred Revenue                             | -                    | -                       | -                                    | -                               | -                         | -                       | 185,456                  |
| Total Liabilities                            | <u>\$ -</u>          | <u>39,961</u>           | <u>402</u>                           | <u>\$ -</u>                     | <u>12,818</u>             | <u>53,181</u>           | <u>257,670</u>           |
| <b>Fund Balances:</b>                        |                      |                         |                                      |                                 |                           |                         |                          |
| Unassigned                                   |                      |                         |                                      |                                 | (12,818)                  | (12,818)                | (13,405)                 |
| Restricted                                   | 715                  | -                       | 711                                  | 260                             | -                         | 1,686                   | 11,050                   |
| Total Fund Balances                          | <u>715</u>           | <u>-</u>                | <u>711</u>                           | <u>260</u>                      | <u>(12,818)</u>           | <u>(11,132)</u>         | <u>(2,355)</u>           |
| <b>TOTAL LIABILITIES &amp; FUND BALANCES</b> | <b><u>\$ 715</u></b> | <b><u>\$ 39,961</u></b> | <b><u>\$ 1,113</u></b>               | <b><u>\$ 260</u></b>            | <b><u>\$ -</u></b>        | <b><u>\$ 42,049</u></b> | <b><u>\$ 255,315</u></b> |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Special Revenue Funds  
For The Year Ended June 30, 2011

Schedule 3  
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|   | Child Care<br>Grant | Care &<br>Custody | Student<br>Assistance<br>Program | Air<br>Quality  | Next Step -<br>Vermont<br>Student | Co-Curricular<br>Sport Camp | Speak Out       | Subtotals       |
|---|---------------------|-------------------|----------------------------------|-----------------|-----------------------------------|-----------------------------|-----------------|-----------------|
| REVENUES:                                       |                     |                   |                                  |                 |                                   |                             |                 |                 |
| Donations                                       |                     |                   |                                  |                 |                                   |                             |                 | \$ -            |
| Private/Local/Other                             |                     |                   |                                  |                 |                                   |                             |                 | -               |
| State   |                     | \$ 459,329        |                                  |                 | \$ 346                            |                             | \$ 2,500        | 462,175         |
| Federal   | -                   | -                 | \$ 8,689                         | -               | -                                 | -                           | -               | 8,689           |
|   | <u>-</u>            | <u>-</u>          | <u>\$ 8,689</u>                  | <u>-</u>        | <u>-</u>                          | <u>-</u>                    | <u>-</u>        | <u>8,689</u>    |
| TOTAL REVENUES                                  | <u>\$ -</u>         | <u>459,329</u>    | <u>8,689</u>                     | <u>\$ -</u>     | <u>346</u>                        | <u>\$ -</u>                 | <u>2,500</u>    | <u>470,864</u>  |
| EXPENDITURES:                                   |                     |                   |                                  |                 |                                   |                             |                 |                 |
| Direct Services                                 |                     | 459,329           |                                  |                 | 346                               | 541                         | 1,731           | 461,947         |
| Support Services:                               |                     |                   |                                  |                 |                                   |                             |                 |                 |
| Students  |                     |                   | 8,689                            |                 |                                   |                             |                 | 8,689           |
| Instructional Staff                             |                     |                   |                                  |                 |                                   |                             |                 | -               |
| Food Services                                   |                     |                   |                                  |                 |                                   |                             |                 | -               |
| Construction Services                           | -                   | -                 | -                                | -               | -                                 | -                           | -               | -               |
|   | <u>-</u>            | <u>-</u>          | <u>-</u>                         | <u>-</u>        | <u>-</u>                          | <u>-</u>                    | <u>-</u>        | <u>-</u>        |
| TOTAL EXPENDITURES                              | <u>-</u>            | <u>459,329</u>    | <u>8,689</u>                     | <u>-</u>        | <u>346</u>                        | <u>541</u>                  | <u>1,731</u>    | <u>470,636</u>  |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | -                   | -                 | -                                | -               | -                                 | (541)                       | 769             | 228             |
| FUND BALANCES, JULY 1, 2010                     | <u>2,935</u>        | <u>986</u>        | <u>-</u>                         | <u>2,000</u>    | <u>-</u>                          | <u>(46)</u>                 | <u>407</u>      | <u>6,282</u>    |
| FUND BALANCES, JUNE 30, 2011                    | <u>\$ 2,935</u>     | <u>\$ 986</u>     | <u>\$ -</u>                      | <u>\$ 2,000</u> | <u>\$ -</u>                       | <u>\$ (587)</u>             | <u>\$ 1,176</u> | <u>\$ 6,510</u> |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Special Revenue Funds  
For The Year Ended June 30, 2011

Schedule 3  
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|   | Community<br>Climate<br>Change | Tobacco<br>Use | CV Food<br>Systems | SAT<br>Continuing<br>Education | Rowland<br>Grant | Rwanda<br>Fund | SCW<br>ARRA   | Subtotals      |
|---|--------------------------------|----------------|--------------------|--------------------------------|------------------|----------------|---------------|----------------|
| REVENUES:                                       |                                |                |                    |                                |                  |                |               |                |
| Donations                                       |                                |                |                    |                                |                  |                |               | \$ -           |
| Private/Local/Other                             | \$ 4,290                       |                |                    | \$ 7,390                       | \$ 5,005         | \$ 48,515      |               | 65,200         |
| State   |                                |                |                    |                                |                  |                |               | -              |
| Federal   | -                              | -              | -                  | -                              | -                | -              | \$ 78,382     | 78,382         |
| <b>TOTAL REVENUES</b>                           | <b>4,290</b>                   | <b>\$ -</b>    | <b>\$ -</b>        | <b>7,390</b>                   | <b>5,005</b>     | <b>48,515</b>  | <b>78,382</b> | <b>143,582</b> |
| EXPENDITURES:                                   |                                |                |                    |                                |                  |                |               |                |
| Direct Services                                 | 4,290                          |                |                    | 7,055                          | 5,005            | 47,800         | 21,327        | 85,477         |
| Support Services:                               |                                |                |                    |                                |                  |                |               | -              |
| Students  |                                |                |                    |                                |                  |                |               | -              |
| Instructional Staff                             |                                |                |                    |                                |                  |                | 57,055        | 57,055         |
| Food Services                                   |                                |                | 224                |                                |                  |                |               | 224            |
| Construction Services                           | -                              | -              | -                  | -                              | -                | -              | -             | -              |
| <b>TOTAL EXPENDITURES</b>                       | <b>4,290</b>                   | <b>-</b>       | <b>224</b>         | <b>7,055</b>                   | <b>5,005</b>     | <b>47,800</b>  | <b>78,382</b> | <b>142,756</b> |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | -                              | -              | (224)              | 335                            | -                | 715            | -             | 826            |
| FUND BALANCES, JULY 1, 2010                     | -                              | 1,416          | 253                | 487                            | -                | -              | -             | 2,156          |
| FUND BALANCES, JUNE 30, 2011                    | \$ -                           | \$ 1,416       | \$ 29              | \$ 822                         | \$ -             | \$ 715         | \$ -          | \$ 2,982       |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Special Revenue Funds  
For The Year Ended June 30, 2011

Schedule 3  
(page 3 of 3)

|   | Energy<br>Efficiency | VPA Student<br>Leadership<br>Project | Central<br>Health &<br>Learning | Vermont<br>Community<br>Foundation | Water Tank<br>Replacement | Subtotals     | Totals         |
|---|----------------------|--------------------------------------|---------------------------------|------------------------------------|---------------------------|---------------|----------------|
| REVENUES:                                       |                      |                                      |                                 |                                    |                           |               |                |
| Donations                                       |                      | \$ 300                               |                                 |                                    |                           | \$ 300        | \$ 300         |
| Private/Local/Other                             |                      | 1,113                                | \$ 500                          | \$ 3,500                           |                           | 5,113         | 70,313         |
| State   |                      |                                      |                                 |                                    |                           | -             | 462,175        |
| Federal   | \$ 45,584            | -                                    | -                               | -                                  | -                         | 45,584        | 132,655        |
| <b>TOTAL REVENUES</b>                           | <b>45,584</b>        | <b>1,413</b>                         | <b>500</b>                      | <b>3,500</b>                       | <b>\$ -</b>               | <b>50,997</b> | <b>665,443</b> |
| EXPENDITURES:                                   |                      |                                      |                                 |                                    |                           |               |                |
| Direct Services                                 |                      | 702                                  | 240                             | 3,500                              | 12,818                    | 17,260        | 564,684        |
| Support Services:                               |                      |                                      |                                 |                                    |                           |               |                |
| Students  |                      |                                      |                                 |                                    |                           | -             | 8,689          |
| Instructional Staff                             |                      |                                      |                                 |                                    |                           | -             | 57,055         |
| Food Services                                   |                      |                                      |                                 |                                    |                           | -             | 224            |
| Construction Services                           | 45,584               | -                                    | -                               | -                                  | -                         | 45,584        | 45,584         |
| <b>TOTAL EXPENDITURES</b>                       | <b>45,584</b>        | <b>702</b>                           | <b>240</b>                      | <b>3,500</b>                       | <b>12,818</b>             | <b>62,844</b> | <b>676,236</b> |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | -                    | 711                                  | 260                             | -                                  | (12,818)                  | (11,847)      | (10,793)       |
| FUND BALANCES, JULY 1, 2010                     | -                    | -                                    | -                               | -                                  | -                         | -             | 8,438          |
| FUND BALANCES, JUNE 30, 2011                    | \$ -                 | \$ 711                               | \$ 260                          | \$ -                               | \$ (12,818)               | \$ (11,847)   | \$ (2,355)     |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Combining Balance Sheet  
Capital Projects  
June 30, 2011

Schedule 4

|  | DeLong<br>Property<br>Acquisition | Renovation<br>Fund   | Water<br>System<br>Improvement | Wood Chip<br>Project       | Maintenance<br>Reserve  | Construction<br>Bond | Totals                     |
|--|-----------------------------------|----------------------|--------------------------------|----------------------------|-------------------------|----------------------|----------------------------|
| <b>ASSETS:</b>                               |                                   |                      |                                |                            |                         |                      |                            |
| <b>Current Assets:</b>                       |                                   |                      |                                |                            |                         |                      |                            |
| Cash   |                                   |                      |                                |                            | \$ 63,607               |                      | \$ 63,607                  |
| Accounts Receivable - State                  |                                   |                      |                                | \$ 1,184,162               |                         |                      | 1,184,162                  |
| Due From Other Funds                         | \$ 2,698                          | \$ 608               | -                              | 1,759                      | 10                      | \$ 847               | 5,922                      |
| Total Current Assets                         | <u>2,698</u>                      | <u>608</u>           | <u>\$ -</u>                    | <u>1,185,921</u>           | <u>63,617</u>           | <u>847</u>           | <u>1,253,691</u>           |
| <b>TOTAL ASSETS</b>                          | <b><u>\$ 2,698</u></b>            | <b><u>\$ 608</u></b> | <b><u>\$ -</u></b>             | <b><u>\$ 1,185,921</u></b> | <b><u>\$ 63,617</u></b> | <b><u>\$ 847</u></b> | <b><u>\$ 1,253,691</u></b> |
| <b>LIABILITIES AND FUND BALANCES:</b>        |                                   |                      |                                |                            |                         |                      |                            |
| <b>Liabilities:</b>                          |                                   |                      |                                |                            |                         |                      |                            |
| Due To Other Funds                           |                                   |                      | \$ 7,300                       |                            |                         |                      | \$ 7,300                   |
| Loan Payable                                 | -                                 | -                    | -                              | \$ 1,184,162               | -                       | -                    | 1,184,162                  |
| Total Liabilities                            | <u>\$ -</u>                       | <u>\$ -</u>          | <u>7,300</u>                   | <u>1,184,162</u>           | <u>\$ -</u>             | <u>\$ -</u>          | <u>1,191,462</u>           |
| <b>Fund Balances:</b>                        |                                   |                      |                                |                            |                         |                      |                            |
| Unassigned                                   |                                   |                      | (7,300)                        |                            |                         |                      | (7,300)                    |
| Committed                                    | 2,698                             | 608                  | -                              | 1,759                      | 63,617                  | 847                  | 69,529                     |
| Total Fund Balances                          | <u>2,698</u>                      | <u>608</u>           | <u>(7,300)</u>                 | <u>1,759</u>               | <u>63,617</u>           | <u>847</u>           | <u>62,229</u>              |
| <b>TOTAL LIABILITIES &amp; FUND BALANCES</b> | <b><u>\$ 2,698</u></b>            | <b><u>\$ 608</u></b> | <b><u>\$ -</u></b>             | <b><u>\$ 1,185,921</u></b> | <b><u>\$ 63,617</u></b> | <b><u>\$ 847</u></b> | <b><u>\$ 1,253,691</u></b> |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Capital Projects  
For The Year Ended June 30, 2011

Schedule 5

|   | DeLong<br>Property<br>Acquisition | Renovation<br>Fund | Water<br>System<br>Improvement | Wood Chip<br>Project | Maintenance<br>Reserve | Construction<br>Bond | Totals           |
|---|-----------------------------------|--------------------|--------------------------------|----------------------|------------------------|----------------------|------------------|
| REVENUES:   |                                   |                    |                                |                      |                        |                      |                  |
| Investment Income   |                                   |                    |                                |                      | \$ 376                 | \$ 7                 | \$ 383           |
| Refunds and Reimbursements  |                                   |                    |                                |                      |                        | 3,280                | 3,280            |
| Private/Local   | -                                 | -                  | -                              | -                    | 4,000                  | 16,303               | 20,303           |
| <b>TOTAL REVENUES</b>   | <b>\$ -</b>                       | <b>\$ -</b>        | <b>\$ -</b>                    | <b>\$ -</b>          | <b>4,376</b>           | <b>19,590</b>        | <b>23,966</b>    |
| EXPENDITURES:   |                                   |                    |                                |                      |                        |                      |                  |
| Operation and Maintenance of Building   |                                   |                    |                                |                      | 72,461                 |                      | 72,461           |
| Construction Services   | -                                 | -                  | 67,058                         | -                    | -                      | 143,210              | 210,268          |
| <b>TOTAL EXPENDITURES</b>   | <b>-</b>                          | <b>-</b>           | <b>67,058</b>                  | <b>-</b>             | <b>72,461</b>          | <b>143,210</b>       | <b>282,729</b>   |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES                                     | -                                 | -                  | (67,058)                       | -                    | (68,085)               | (123,620)            | (258,763)        |
| OTHER FINANCING SOURCES (USES):   |                                   |                    |                                |                      |                        |                      |                  |
| Loan/Bond Proceeds  |                                   |                    | 144,250                        |                      |                        | 199,000              | 343,250          |
| Transfers In  |                                   |                    | 31,102                         |                      | 125,000                |                      | 156,102          |
| Transfers Out   | -                                 | -                  | -                              | -                    | (23,276)               | (74,533)             | (97,809)         |
| EXCESS OF REVENUES AND OTHER<br>SOURCES OVER (UNDER)<br>EXPENDITURES AND OTHER USES | -                                 | -                  | 108,294                        | -                    | 33,639                 | 847                  | 142,780          |
| FUND BALANCES, JULY 1, 2010   | 2,698                             | 608                | (115,594)                      | 1,759                | 29,978                 | -                    | (80,551)         |
| FUND BALANCES, JUNE 30, 2011  | <u>\$ 2,698</u>                   | <u>\$ 608</u>      | <u>\$ (7,300)</u>              | <u>\$ 1,759</u>      | <u>\$ 63,617</u>       | <u>\$ 847</u>        | <u>\$ 62,229</u> |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Combining Balance Sheet  
Proprietary Fund Type - Enterprise Funds  
June 30, 2011

Schedule 6

|  | Food<br>Program          | Cafeteria<br>Plan    | Totals                   |
|--|--------------------------|----------------------|--------------------------|
| <b>ASSETS:</b>                             |                          |                      |                          |
| Current Assets:                            |                          |                      |                          |
| Accounts Receivable - Other                | \$ 8,663                 |                      | \$ 8,663                 |
| Due From Other Funds                       | 10,746                   | \$ 141               | 10,887                   |
| Inventory                                  | <u>2,029</u>             | <u>-</u>             | <u>2,029</u>             |
| Total Current Assets                       | <u>21,438</u>            | <u>141</u>           | <u>21,579</u>            |
| Other Assets:                              |                          |                      |                          |
| Fixed Assets - net                         | <u>118,462</u>           | <u>-</u>             | <u>118,462</u>           |
| Total Other Assets                         | <u>118,462</u>           | <u>-</u>             | <u>118,462</u>           |
| <b>TOTAL ASSETS</b>                        | <u><b>\$ 139,900</b></u> | <u><b>\$ 141</b></u> | <u><b>\$ 140,041</b></u> |
| <b>LIABILITIES AND FUND EQUITY:</b>        |                          |                      |                          |
| Liabilities:                               |                          |                      |                          |
| Accounts Payable - Other                   | \$ 9,298                 | \$ 141               | \$ 9,439                 |
| Total Liabilities                          | <u>9,298</u>             | <u>141</u>           | <u>9,439</u>             |
| Fund Equity:                               |                          |                      |                          |
| Retained Earnings                          | <u>130,602</u>           | <u>-</u>             | <u>130,602</u>           |
| Total Fund Equity                          | <u>130,602</u>           | <u>-</u>             | <u>130,602</u>           |
| <b>TOTAL LIABILITIES &amp; FUND EQUITY</b> | <u><b>\$ 139,900</b></u> | <u><b>\$ 141</b></u> | <u><b>\$ 140,041</b></u> |

The accompanying notes are an integral part of these financial statements



Harwood Union School District  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Proprietary Fund Type - Enterprise Funds  
For The Year Ended June 30, 2011

Schedule 7

|                                  | Food<br>Program   | Cafeteria<br>Plan | Totals            |
|----------------------------------|-------------------|-------------------|-------------------|
| Operating Revenues:              |                   |                   |                   |
| Sales                            | \$ 460,498        |                   | \$ 460,498        |
| Miscellaneous                    | 5,181             | -                 | 5,181             |
| Total Operating Revenues         | <u>465,679</u>    | <u>\$ -</u>       | <u>465,679</u>    |
| Operating Expenses:              |                   |                   |                   |
| Salaries and Benefits            | 334,897           |                   | 334,897           |
| Repairs and Maintenance          | 3,089             |                   | 3,089             |
| Travel and Consultant            | 496               |                   | 496               |
| Utilities                        | 3,954             |                   | 3,954             |
| Food and Supplies                | 228,235           |                   | 228,235           |
| Equipment                        | 2,875             |                   | 2,875             |
| Depreciation                     | 8,644             | -                 | 8,644             |
| Total Operating Expenses         | <u>582,190</u>    | <u>-</u>          | <u>582,190</u>    |
| Operating Income (Loss)          | <u>(116,511)</u>  | <u>-</u>          | <u>(116,511)</u>  |
| Non-Operating Revenue:           |                   |                   |                   |
| State Sources:                   |                   |                   |                   |
| Restricted Grants:               |                   |                   |                   |
| State Match                      | 4,019             |                   | 4,019             |
| Child Nutrition Breakfast        | 642               |                   | 642               |
| Child Nutrition Other            | 893               |                   | 893               |
| Federal Sources:                 |                   |                   |                   |
| Restricted Grants:               |                   |                   |                   |
| School Breakfast Program         | 17,808            |                   | 17,808            |
| School Lunch Program             | 69,010            |                   | 69,010            |
| Commodities                      | 19,587            | -                 | 19,587            |
| Total Non-Operating Revenue      | <u>111,959</u>    | <u>-</u>          | <u>111,959</u>    |
| Income (Loss) Before Transfers   | (4,552)           | -                 | (4,552)           |
| Operating Transfers In (Out)     | 97,808            | -                 | 97,808            |
| Net Income (Loss)                | 93,256            | -                 | 93,256            |
| Retained Earnings, July 1, 2010  | <u>37,346</u>     | <u>-</u>          | <u>37,346</u>     |
| Retained Earnings, June 30, 2011 | <u>\$ 130,602</u> | <u>\$ -</u>       | <u>\$ 130,602</u> |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Combining Statement of Cash Flows  
Proprietary Fund Type - Enterprise Funds  
For The Year Ended June 30, 2011

Schedule 8

|   | Food<br>Program     | Cafeteria<br>Plan | Totals              |
|---|---------------------|-------------------|---------------------|
| Cash Flows From Operating Activities:   |                     |                   |                     |
| Received From Customers/Grantors  | \$ 455,462          |                   | \$ 455,462          |
| Payments To Employees and Fringe Benefits   | (337,187)           |                   | (337,187)           |
| Payments To Vendors and Supplies  | <u>(237,947)</u>    | -                 | <u>(237,947)</u>    |
| Net Cash Used By Operating Activities   | <u>(119,672)</u>    | <u>\$ -</u>       | <u>(119,672)</u>    |
| Cash Flows From Noncapital Financing Activities:  |                     |                   |                     |
| State Aid Received  | 111,959             |                   | 111,959             |
| Support From (To) Other Funds   | <u>102,159</u>      | -                 | <u>102,159</u>      |
| Net Cash Used By Noncapital Financing Activities  | <u>214,118</u>      | <u>-</u>          | <u>214,118</u>      |
| Cash Flows From Capital and Related Financing Activities:                               |                     |                   |                     |
| Purchase of Fixed Assets  | <u>(94,446)</u>     | -                 | <u>(94,446)</u>     |
| Cash Flows From Investing Activities:   |                     |                   |                     |
| None  | <u>-</u>            | <u>-</u>          | <u>-</u>            |
| Net Increase (Decrease) in Cash   | -                   | -                 | -                   |
| Cash, July 1, 2010  | <u>-</u>            | <u>-</u>          | <u>-</u>            |
| Cash, June 30, 2011   | <u>\$ -</u>         | <u>\$ -</u>       | <u>\$ -</u>         |
| Reconciliation of Operating Income (Loss) to Net Cash<br>Used By Operating Activities:  |                     |                   |                     |
| Cash Provided From Operating Activities:  |                     |                   |                     |
| Operating Income (Loss)   | \$ (116,511)        | \$ -              | \$ (116,511)        |
| Adjustments to Reconcile Net Income to Cash<br>Provided (Used) By Operating Activities: |                     |                   |                     |
| Depreciation  | 8,644               |                   | 8,644               |
| (Increase) Decrease in Accounts Receivable - Other                                      | (10,217)            |                   | (10,217)            |
| Increase (Decrease) in Accounts Payable - Other   | 702                 |                   | 702                 |
| Increase (Decrease) in Accrued Expenses   | <u>(2,290)</u>      | -                 | <u>(2,290)</u>      |
| Total Adjustments   | <u>(3,161)</u>      | <u>-</u>          | <u>(3,161)</u>      |
| Net Cash Provided (Used) By Operating Activities  | <u>\$ (119,672)</u> | <u>\$ -</u>       | <u>\$ (119,672)</u> |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Combining Balance Sheet  
Governmental Fund Type - Permanent Fund  
June 30, 2011

Schedule 10

|  | Joshua<br>Douglass<br>Memorial | Harwood<br>Faculty<br>Award | James Izor<br>Memorial | Kathy<br>MacKay<br>Award | Willis<br>Merusi<br>Trust | Rebekah<br>Scholarship | Richard<br>Wein<br>Memorial | Warren<br>Howland<br>Scholarship | Totals           |
|--|--------------------------------|-----------------------------|------------------------|--------------------------|---------------------------|------------------------|-----------------------------|----------------------------------|------------------|
| <b>ASSETS:</b>                               |                                |                             |                        |                          |                           |                        |                             |                                  |                  |
| <b>Current Assets:</b>                       |                                |                             |                        |                          |                           |                        |                             |                                  |                  |
| Cash   |                                | \$ 5,000                    | \$ 11,137              | \$ 6,099                 | \$ 10,000                 | \$ 5,000               | \$ 40,500                   | \$ 4,700                         | \$ 82,436        |
| Due From Other Funds                         | \$ 5,204                       | 469                         | 48                     | 114                      | 202                       | 103                    | 506                         | -                                | 6,646            |
| Total Current Assets                         | <u>5,204</u>                   | <u>5,469</u>                | <u>11,185</u>          | <u>6,213</u>             | <u>10,202</u>             | <u>5,103</u>           | <u>41,006</u>               | <u>4,700</u>                     | <u>89,082</u>    |
| <b>TOTAL ASSETS</b>                          | <u>\$ 5,204</u>                | <u>\$ 5,469</u>             | <u>\$ 11,185</u>       | <u>\$ 6,213</u>          | <u>\$ 10,202</u>          | <u>\$ 5,103</u>        | <u>\$ 41,006</u>            | <u>\$ 4,700</u>                  | <u>\$ 89,082</u> |
| <b>LIABILITIES AND FUND BALANCES:</b>        |                                |                             |                        |                          |                           |                        |                             |                                  |                  |
| <b>Liabilities:</b>                          |                                |                             |                        |                          |                           |                        |                             |                                  |                  |
| Due To Other Funds                           | -                              | -                           | -                      | -                        | -                         | -                      | -                           | \$ 126                           | \$ 126           |
| Total Liabilities                            | <u>\$ -</u>                    | <u>\$ -</u>                 | <u>\$ -</u>            | <u>\$ -</u>              | <u>\$ -</u>               | <u>\$ -</u>            | <u>\$ -</u>                 | <u>126</u>                       | <u>126</u>       |
| <b>Fund Balances:</b>                        |                                |                             |                        |                          |                           |                        |                             |                                  |                  |
| Spendable                                    | 113                            | 469                         | 48                     | 114                      | 202                       | 103                    | (994)                       | (126)                            | (71)             |
| Unspendable                                  | <u>5,091</u>                   | <u>5,000</u>                | <u>11,137</u>          | <u>6,099</u>             | <u>10,000</u>             | <u>5,000</u>           | <u>42,000</u>               | <u>4,700</u>                     | <u>89,027</u>    |
| Total Fund Balances                          | <u>5,204</u>                   | <u>5,469</u>                | <u>11,185</u>          | <u>6,213</u>             | <u>10,202</u>             | <u>5,103</u>           | <u>41,006</u>               | <u>4,574</u>                     | <u>88,956</u>    |
| <b>TOTAL LIABILITIES &amp; FUND BALANCES</b> | <u>\$ 5,204</u>                | <u>\$ 5,469</u>             | <u>\$ 11,185</u>       | <u>\$ 6,213</u>          | <u>\$ 10,202</u>          | <u>\$ 5,103</u>        | <u>\$ 41,006</u>            | <u>\$ 4,700</u>                  | <u>\$ 89,082</u> |

The accompanying notes are an integral part of these financial statements

Harwood Union School District  
Combining Statement of Revenues, Expenses  
and Changes in Fund Balances  
Governmental Fund Type - Permanent Fund  
For The Year Ended June 30, 2011

Schedule 11

|   | Joshua<br>Douglass<br>Memorial | Harwood<br>Faculty<br>Award | James Izor<br>Memorial | Kathy<br>MacKay<br>Award | Willis<br>Merusi<br>Trust | Rebekah<br>Scholarship | Richard<br>Wein<br>Memorial | Warren<br>Howland<br>Scholarship | Totals           |
|---|--------------------------------|-----------------------------|------------------------|--------------------------|---------------------------|------------------------|-----------------------------|----------------------------------|------------------|
| REVENUE:  |                                |                             |                        |                          |                           |                        |                             |                                  |                  |
| Investment Income                               | \$ 62                          | \$ 58                       | \$ 127                 | \$ 56                    | \$ 114                    | \$ 57                  | \$ 481                      | \$ 47                            | \$ 1,002         |
| Contributions                                   | <u>950</u>                     | <u>-</u>                    | <u>-</u>               | <u>-</u>                 | <u>-</u>                  | <u>-</u>               | <u>-</u>                    | <u>-</u>                         | <u>950</u>       |
| TOTAL REVENUE                                   | <u>1,012</u>                   | <u>58</u>                   | <u>127</u>             | <u>56</u>                | <u>114</u>                | <u>57</u>              | <u>481</u>                  | <u>47</u>                        | <u>1,952</u>     |
| EXPENDITURES:                                   |                                |                             |                        |                          |                           |                        |                             |                                  |                  |
| Awards  | <u>1,000</u>                   | <u>150</u>                  | <u>150</u>             | <u>-</u>                 | <u>-</u>                  | <u>-</u>               | <u>2,000</u>                | <u>500</u>                       | <u>3,800</u>     |
| TOTAL EXPENDITURES                              | <u>1,000</u>                   | <u>150</u>                  | <u>150</u>             | <u>-</u>                 | <u>-</u>                  | <u>-</u>               | <u>2,000</u>                | <u>500</u>                       | <u>3,800</u>     |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | 12                             | (92)                        | (23)                   | 56                       | 114                       | 57                     | (1,519)                     | (453)                            | (1,848)          |
| FUND BALANCES, JULY 1, 2010                     | <u>5,192</u>                   | <u>5,561</u>                | <u>11,208</u>          | <u>6,157</u>             | <u>10,088</u>             | <u>5,046</u>           | <u>42,525</u>               | <u>5,027</u>                     | <u>90,804</u>    |
| FUND BALANCES, JUNE 30, 2011                    | <u>\$ 5,204</u>                | <u>\$ 5,469</u>             | <u>\$ 11,185</u>       | <u>\$ 6,213</u>          | <u>\$ 10,202</u>          | <u>\$ 5,103</u>        | <u>\$ 41,006</u>            | <u>\$ 4,574</u>                  | <u>\$ 88,956</u> |

The accompanying notes are an integral part of these financial statements



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**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  
Harwood Union School District

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Harwood Union School District, Vermont as of and for the year ended June 30, 2011, which collectively comprise the entity's basic financial statements and have issued our report thereon dated January 27, 2012. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Harwood Union School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Harwood Union School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Harwood Union School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

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

We noted certain matters that we reported to management of Harwood Union School District in a separate letter dated January 27, 2012.

This report is intended solely for the information and use of the School Board, management, others within the entity, and state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

### *Angolano & Company*

Angolano & Company  
Shelburne, Vermont  
Firm Registration Number 92-0000141

January 27, 2012



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the School Board  
Harwood Union School District

Compliance

We have audited the compliance of Harwood Union School District with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. Harwood Union School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Harwood Union School District's management. Our responsibility is to express an opinion on Harwood Union School District's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Harwood Union School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Harwood Union School District's compliance with those requirements.

In our opinion, Harwood Union School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Harwood Union School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws,

regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Harwood Union School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Harwood Union School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, 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.

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

This report is intended solely for the information and use of the School Board, management, others within the entity, and state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

### *Angolano & Company*

Angolano & Company  
Shelburne, Vermont  
Firm Registration Number 92-0000141

January 27, 2012



Harwood Union School District  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

Financial Statements

1. Type of auditors’ report issued Unqualified
2. Internal control over financial reporting:
- Material weakness(es) identified? Yes \_\_\_\_ No X
  - Significant deficiency(ies) identified not considered to be material weakness(es)? Yes \_\_\_\_ No X
3. Noncompliance material to financial statements noted? Yes \_\_\_\_ No X

Federal Awards

- Internal control over major programs:
- Material weakness(es) identified? Yes \_\_\_\_ No X
  - Significant deficiency(ies) identified not considered to be material weakness(es)? Yes \_\_\_\_ No X
- Type of auditors’ report issued Unqualified
- Any audit findings that are required to be reported in accordance with 510(a) of Circular A-133? Yes X No \_\_\_\_

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program of Cluster</u> |
|-----------------------|---|
| 84.394                | ARRA Education Spending Grant             |
| 84.027                | IDEA-B                                    |

Dollar threshold used to distinguish between Type A and Type B programs: **\$300,000**

Auditee qualified as low-risk auditee Yes \_\_\_\_ No X

Harwood Union School District  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

**SECTION II – FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH  
ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH *GOVERNMENT  
AUDITING STANDARDS***

None

**SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL  
AWARDS**

None

**SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

None.

Harwood Union School District  
Schedule of Expenditures of Federal Awards  
For The Year Ended June 30, 2011

| Federal Grantor/Pass -Through<br>Grantor/Program Title   | Federal<br>CFDA No. | Agency<br>Pass Through<br>Number | Federal<br>Expenditures |
|--|---------------------|----------------------------------|-------------------------|
| U.S. Department of Agriculture:                          |                     |                                  |                         |
| Passed Through the State of Vermont                      |                     |                                  |                         |
| School Lunch Program                                     | 10.555              | 4450                             | \$ 69,010               |
| School Breakfast Program                                 | 10.553              | 4452                             | 17,808                  |
| Food Distribution  | 10.565              | 4456                             | <u>19,587</u>           |
| Subtotal   |                     |                                  | <u>106,405</u>          |
| U.S. Department of Energy:                               |                     |                                  |                         |
| Passed Through Environmental Conservation                |                     |                                  |                         |
| ARRA Loan AR3-002 "State<br>and Tribal Assistance Grant" | 81.1xx              | ----                             | 144,250                 |
| Passed Through Vermont Clean Energy Development Fund     |                     |                                  |                         |
| Energy Efficiency and<br>Conservation Block Grant        | 81.128              | 02240-AEECBG-MUN-033             | <u>61,886</u>           |
| Subtotal   |                     |                                  | <u>206,136</u>          |
| U.S. Department of Education:                            |                     |                                  |                         |
| Passed Through the State of Vermont                      |                     |                                  |                         |
| ARRA Education Spending Grant                            | 84.394              | 4110                             | 352,861                 |
| Passed Through Washington West Supervisory Union         |                     |                                  |                         |
| Title I  | 84.010              | 4250                             | 78,382                  |
| IDEA-B   | 84.027              | 4226                             | <u>52,153</u>           |
| Subtotal   |                     |                                  | <u>483,396</u>          |
| U.S. Department of Health:                               |                     |                                  |                         |
| Passed Through the State of Vermont                      |                     |                                  |                         |
| State DD Council   | 93.630              | 03400-10-SOU-HUHS-6              | <u>1,731</u>            |
| Totals   |                     |                                  | <u>\$797,668</u>        |

*The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.*

Harwood Union School District  
Footnotes to the Schedule of Expenditures of Federal Awards  
For The Year Ended June 30, 2011

**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Harwood Union School District and is presented on the modified accrual basis, which recognizes revenue when it becomes measurable and available as net current assets and expenditures when the related liability is incurred. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE B – FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. At June 30, 2011, the Harwood Union School District had food commodities totaling \$2,029 in inventory.



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To the School Board  
Harwood Union School District

In planning and performing our audit of the financial statements of Harwood Union School District as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered Harwood Union School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Harwood Union School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Harwood Union School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

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. We consider the following deficiencies in Harwood Union School District's internal control to be significant deficiencies.

In addition, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. Our comments and suggestions regarding those matters are summarized below. We previously reported on the Harwood Union School District's internal control in our report dated January 27, 2012. This letter does not affect our report dated January 27, 2012 in the financial statements of Harwood Union School District.

Deficiencies :

Grant Revenues:

- Monies received from an energy grant were netted against the equipment purchased with the monies. Netting of receipts and expenditures is a violation of General Accepted Accounting Principles for governmental accounting.

Transfers Between Funds:

- Transfers were made out of the general fund and coded as an object 446 which is a repair and maintenance code. Transfers should be properly coded and identified in the accounting as either transfers in or out, and need to be matched to the amount in the corresponding fund.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various personnel within Harwood Union School District, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of the School Board, management, others within the entity, and state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Angolano & Company*

Angolano & Company  
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January 27, 2012



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August 24, 2011

To the School Board  
Harwood Union School District

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Harwood Union School District** for the year ended June 30, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, Government Auditing Standards and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 24, 2011. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Harwood Union School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during June 30, 2011. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the lives of property, plant, and equipment is based on expected usefulness. We evaluated the key factors and assumptions used to develop

the lives of property, plant, and equipment in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of Fund Balances and Net Assets in Notes 10 and 11 to the financial statements as to how any surplus is to be used in future fiscal years.

#### *Difficulties Encountered in Performing the Audit*

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

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

#### *Disagreements with Management*

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

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter.

#### *Management Consultations with Other Independent Accountants*

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

#### *Other Audit Findings or Issues*



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

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

Very truly yours,

*Angolano & Company*

Angolano & Company,  
Shelburne, Vermont  
Firm Registration Number 92-0000141