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[www.angolanoandcompany.com](http://www.angolanoandcompany.com)

March 3, 2014

Warren School District  
Att: Michelle Baker, Bus. Mgr.  
340 Mad River Pk., Ste. 7  
Waitsfield, VT 05673

Dear Michelle :

I have electronically forwarded the final financial statements for Warren School District as of and for the year ended June 30, 2013. In addition I will be mailing you 8 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

Warren School District  
Financial Statements  
For The Year Ended June 30, 2013

Warren School District  
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For The Year Ended June 30, 2013

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Warren School District  
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## INDEPENDENT AUDITOR'S REPORT

To the School Board  
Warren School District, Vermont

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of Warren School District, Vermont, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Warren School District, Vermont, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6 and 34-42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Warren School District, Vermont's basic financial statements. 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other

records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2014, on our consideration of the Warren School District, Vermont'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* in considering Warren School District, Vermont's internal control over financial reporting and compliance.

### ***Angolano & Company***

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

February 18, 2014

WARRENTOWN SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2013

**Introduction**

The discussion and analysis of The Warren School District's (the District's) financial performance provides a narrative introduction and overview of the school District's financial activities for the fiscal year ending June 30, 2013 (FY 13). The District is organized under the guidance of the Board of School Directors to provide public education for Warren.

**Financial Highlights**

- Total government-wide assets totaled \$788,810 and government-wide liabilities totaled \$321,767.
- The District's general fund actual revenues were \$2,213,490 while the budgeted revenues were \$2,154,839 an increase of \$58,651. Tuition revenue was \$31,391 over budget and IDEA B was 11,000 over budget.
- The District's general fund actual expenditures were \$2,208,479 while the budgeted expenditures were \$2,152,340, an overage of \$56,139.
- Special Revenue Funds totaling \$10,440 are held in the District's accounts for various Federal, State and Private Grants.
- The Capital Project Fund represents the Maintenance Reserve Fund which had a fund balance of \$12,388 at June 30, 2013.
- The Enterprise Fund represents the food program and had an ending retained earnings balance of \$16,898.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the WarrenTown 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 7-12.

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 123-14 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 15-33.

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, and a Report on Compliance and Internal Control.

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

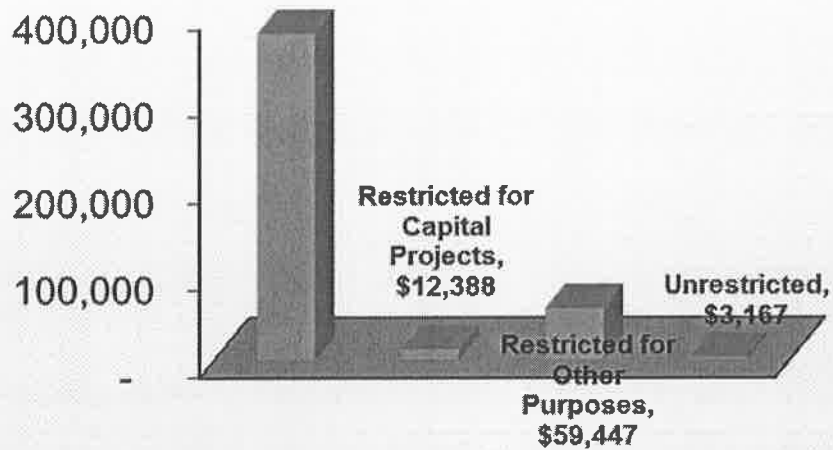
Our analysis of the District's major funds begins on Table 1. The fund financial statements provide detailed information about the most significant funds—not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, the District's Board of Directors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

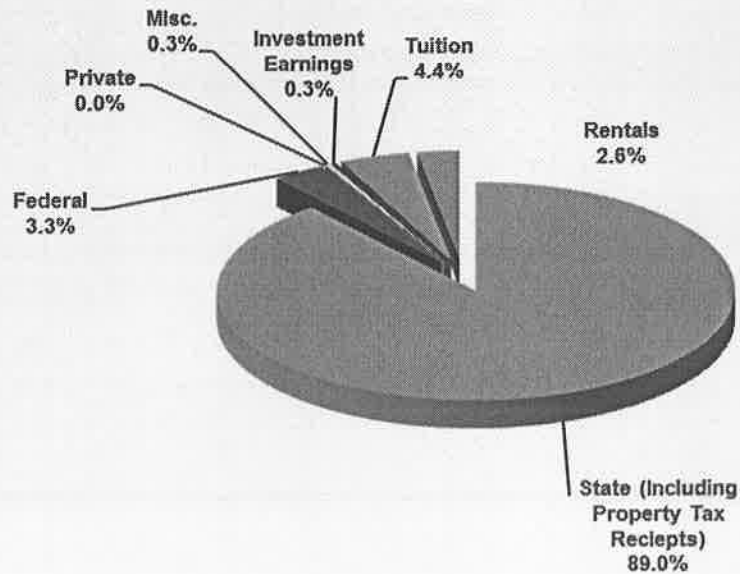
**Warren School District**  
**Statement of Net Assets and Fund Balance Reconciliation**  
**June 30, 2013**

	Balance Sheet Governmental Activities Fund Based	Governmental Activities Government-Wide	Difference
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash	121,394	121,394	-
Due from Proprietary Fund	316	316	-
Accounts Receivable:			
State	17,048	17,048	-
Supervisory Union	33,691	33,691	-
Other LEA's	-	-	-
Other	1,297	1,297	-
<b>Total Current Assets</b>	<b>173,746</b>	<b>173,746</b>	<b>-</b>
<b>Non-current Assets:</b>			
<b>Capital Assets:</b>			
Building & Equipment, net of Accum. Depr.	-	594,570	(594,570)
<b>Total Non-current Assets</b>	<b>-</b>	<b>594,570</b>	<b>(594,570)</b>
<b>TOTAL ASSETS</b>	<b>173,746</b>	<b>768,316</b>	<b>(594,570)</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable:			
State	27,816	27,816	-
Other	69,517	69,517	-
Capital Leases Payable	-	6,492	(6,492)
Accrued Expenses	1,411	1,411	-
Long Term Debt-Bonds Payable-Due within one year	-	88,407	(88,407)
<b>Total Current Liabilities</b>	<b>98,744</b>	<b>193,643</b>	<b>(94,899)</b>
<b>Non-current Liabilities:</b>			
Long Term Debt - Bonds Payable	-	124,528	(124,528)
<b>Total Non-current Liabilities</b>	<b>-</b>	<b>124,528</b>	<b>(124,528)</b>
<b>TOTAL LIABILITIES</b>	<b>98,744</b>	<b>318,171</b>	<b>(219,427)</b>
<b>NET ASSETS</b>			
Investment in Capital Assets, net of related Debt	-	375,143	(375,143)
Restricted for Capital Projects	-	12,388	(12,388)
Restricted for Other Purposes	10,440	59,447	(49,007)
Committed	61,395	-	61,395
Unrestricted	3,167	3,167	-
<b>TOTAL NET ASSETS</b>	<b>75,002</b>	<b>450,145</b>	<b>(375,143)</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>173,746</b>	<b>768,316</b>	<b>(594,570)</b>

**Government-Wide Net Assets - TABLE II**  
Investment in  
Capital Assets,  
net of related  
debt, \$375,143

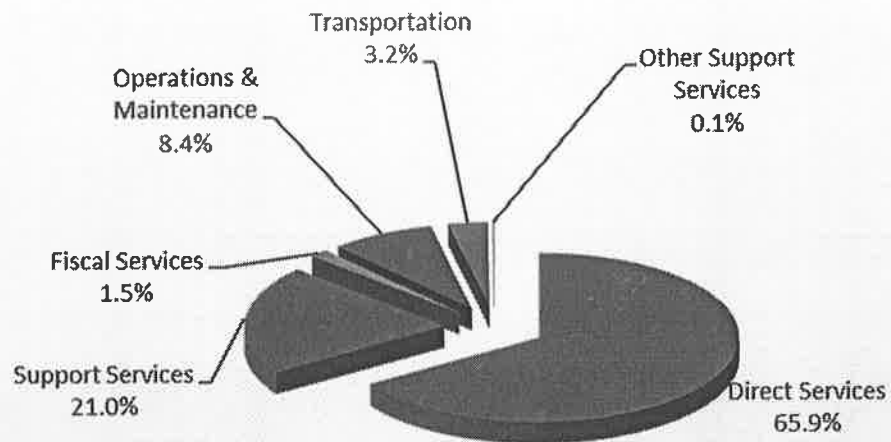


**Government-Wide Revenues - TABLE III**



Government-wide revenues consisted of \$1,931,517 in state revenue, which includes property tax, \$72,636 in federal revenue, \$7,106 in investment earnings, \$94,727 in tuition revenue, \$56,574 in rental and \$7,330 in miscellaneous revenues.

## Government-Wide Expenditures - TABLE IV



Government-wide expenses, net of program revenues, consist of \$1,434,944 in direct services, \$457,263 in support services, \$32,816 in fiscal services, \$182,567 in operations and maintenance, \$68,978 in transportation and \$2,171 in Food Services for a total of \$2,178,739.

### *Governmental Activities:*

Governmental Activities revenues totaled \$2,168,046 and expenses totaled \$2,176,568 resulting in a decrease in net assets of \$8,522.

### *Business Type Activities:*

Business Type Activities realized a \$327 decrease in net assets, with an ending balance of \$16,898.

### *Fund Financial Analysis*

	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet
	Governmental	Governmental	Governmental	Governmental	Governmental
	Fund Based	Fund Based	Fund Based	Fund Based	Fund Based
	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash	121,394	133,526	95,315	170,735	120,914
Due from Proprietary Fund	316	-	-	-	-
Accounts Receivable:					
State	17,048	-	-	-	-
Town	-	17,468	89,651	22,848	9,788
Supervisory Union	33,691	19,704	12,431	-	9,878
Other LEA's	-	7	1,040	18,581	21,295
Other	1,297	2,367	-	1,256	4,695
Prepaid Expenses	-	2,847	2,387	14,943	4,934
<b>Total Current Assets</b>	<b>173,746</b>	<b>175,919</b>	<b>200,824</b>	<b>228,363</b>	<b>171,504</b>
<b>LIABILITIES</b>					
Cash Overdraft	-	1,367	-	24,585	-
Accrued Expenses	1,411	-	-	2,995	599
Due to Other Funds	-	2,614	-	1,487	-
Accounts Payable - State	27,816	16,291	-	7,244	45,194
Accounts Payable - Supervisory Union	-	8,329	-	-	-
Accounts Payable - Other LEA's	-	-	-	605	-
Accounts Payable - Other	69,517	34,812	73,408	56,106	10,832
<b>Total Current Liabilities</b>	<b>98,744</b>	<b>63,413</b>	<b>73,408</b>	<b>93,022</b>	<b>56,625</b>
<b>NET ASSETS</b>					
Committed	10,440	38,435	76,275	91,039	68,535
Restricted	61,395	25,064	29,116	-	-
Unassigned	3,167	49,007	22,025	44,302	46,344
<b>TOTAL NET ASSETS</b>	<b>75,002</b>	<b>112,506</b>	<b>127,416</b>	<b>135,341</b>	<b>114,879</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>173,746</b>	<b>175,919</b>	<b>200,824</b>	<b>228,363</b>	<b>171,504</b>

*Governmental Fund Types:*

Fund balances in the Governmental Fund types decreased from \$112,506 to \$75,002 a decrease of \$37,504. This decrease was reflected in the General Fund by a decrease of \$18,883, a decrease of \$14,624 in the Special Revenue Funds and by a decrease of \$3,997 in the Capital Projects Funds.

The Capital Projects Fund ending fund balance of \$12,388 is reflective of funds set aside in the Maintenance Reserve Fund

*Proprietary Fund Type:*

Food service programs are offered to the students for hot lunch and breakfast. This program had a retained earnings balance of \$ 16,898 as of June 30, 2013.

*Fiduciary Fund Types:*

Agency funds of \$-0- were being held at the end of the year for student activities and projects. The prior year balance was also \$-0-.

**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>Warren School District</b>			TABLE VI
	<b>Capital Assets</b>		
	<b>June 30, 2013</b>		
		Accumulated	
	Cost	Depreciation	Net Value
<b>Governmental Activities:</b>			
Construction in Progress	-	-	-
Land Improvements	21,847	21,847	-
Buildings and Improvements	\$ 1,219,103	\$ 793,311	\$ 425,792
Vehicles	301,347	154,285	147,062
Furniture and Equipment	52,497	30,781	21,716
Total	\$ 1,594,794	\$ 1,000,224	\$ 594,570
<b>Business Type Activities:</b>			
Furniture and Equipment	\$ 19,900	\$ 8,781	\$ 11,119
Total	\$ 1,614,694	\$ 1,009,005	\$ 605,689

**Long-Term Debt**

The District had \$212,935 in long-term debt, associated with the water project loan, school bus loans and the new classroom project note, defined as debt due and payable beyond one year, at June 30, 2013.

**Current Issues**

- The Warren School facility has some deferred maintenance, and will need a new roof replacement within the next five years. Although there are some funds in the Maintenance Reserve, the fund is likely insufficient to meet all of the upcoming facility needs.
- A new school Principal will be hired for the 2014-2015 school year.

### *Current Issues (Continued)*

- Act 153/156 requires transportation, special education, compensatory and remedial services to be provided by the Supervisory Union by July 1, 2015 or for a waiver to be obtained from the VT Agency of Education. The financial effects on the Warren School District associated with this legislation are unknown at this time.
- The Legislature is evaluating the Act 60/68 education funding formula and school governance. How any future legislation may affect the Warren School District is unknown at this time; however it appears change is on the horizon.

### *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, 340 Mad River Park–Suite 7, Waitsfield, Vermont 05673 or at (802) 496-2272 ext. 117.



Warren School District  
Statement of Net Assets  
Government-Wide  
June 30, 2013

EXHIBIT I

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 121,394		\$ 121,394
Due From Other Funds	316		316
Accounts Receivable - State	17,048		17,048
Accounts Receivable - Supervisory Union	33,691		33,691
Accounts Receivable - Other LEAs		5,286	5,286
Accounts Receivable - Other	1,297	3,416	4,713
Inventory		673	673
Capital Assets, net (Note 4)	<u>594,570</u>	<u>11,119</u>	<u>605,689</u>
Total Assets	<u>768,316</u>	<u>20,494</u>	<u>788,810</u>
<b>LIABILITIES:</b>			
Cash Overdraft			
Due To Other Funds		316	316
Accounts Payable - State	27,816		27,816
Accounts Payable - Other	69,517	3,280	72,797
Accrued Expenses	1,411		1,411
Capital Leases Payable (Note 7)	6,492		6,492
Long-Term Liabilities (Note 6):			
Due Within One Year	88,407		88,407
Due in More Than One Year	<u>124,528</u>	<u>-</u>	<u>124,528</u>
Total Liabilities	<u>318,171</u>	<u>3,596</u>	<u>321,767</u>
<b>NET ASSETS:</b>			
Investment in Capital Assets, net of related debt	375,143	11,119	386,262
Restricted for Capital Projects	12,388		12,388
Restricted for Other Purposes	59,447		59,447
Unrestricted	<u>3,167</u>	<u>5,779</u>	<u>8,946</u>
Total Net Assets	<u>\$ 450,145</u>	<u>\$ 16,898</u>	<u>\$ 467,043</u>

The accompanying notes are an integral part of these financial statements

Warren School District  
Statement of Activities  
Government-Wide  
For The Year Ended June 30, 2013

EXHIBIT II

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	Total
Instructional:						
Direct Services	\$ 1,504,706		\$ 69,762	\$ (1,434,944)		\$ (1,434,944)
Support Services:						
Student Services	163,206			(163,206)		(163,206)
Instructional Services	67,202			(67,202)		(67,202)
General Administrative Services	63,350			(63,350)		(63,350)
Area Administrative Services	163,505			(163,505)		(163,505)
Fiscal Services	32,816			(32,816)		(32,816)
Building Operations and Maintenance	182,567			(182,567)		(182,567)
Transportation	108,175		39,197	(68,978)		(68,978)
Operation of Noninstructional Services:						
Food Services	<u>88,050</u>	<u>\$ 85,879</u>	<u>-</u>	<u>-</u>	<u>\$ (2,171)</u>	<u>(2,171)</u>
Total	<u>\$ 2,373,577</u>	<u>\$ 85,879</u>	<u>\$ 108,959</u>	<u>(2,176,568)</u>	<u>(2,171)</u>	<u>(2,178,739)</u>
General Revenues:						
Tuition				94,727		94,727
State Revenues not Restricted to Specific Programs				1,931,517		1,931,517
Federal Revenues not Restricted to Specific Programs				72,636		72,636
Investment Earnings				7,106		7,106
Rentals				56,574		56,574
Refunds and Reimbursements				405		405
Miscellaneous				6,925		6,925
Transfers				<u>(1,844)</u>	<u>1,844</u>	<u>-</u>
Total General Revenues				<u>2,168,046</u>	<u>1,844</u>	<u>2,169,890</u>
Excess (Deficiency) of Revenues Over Expenses				<u>(8,522)</u>	<u>(327)</u>	<u>(8,849)</u>
Net Assets - Beginning				<u>458,667</u>	<u>17,225</u>	<u>475,892</u>
Net Assets - Ending				<u>\$ 450,145</u>	<u>\$ 16,898</u>	<u>\$ 467,043</u>

The accompanying notes are an integral part of these financial statements

Warren School District  
Combined Balance Sheet  
All Fund Types - Fund Base  
June 30, 2013

EXHIBIT III

	Governmental Fund Types			Proprietary Fund Type	Totals (Memorandum Only)
	General Fund	Special Revenue Fund	Capital Projects Fund	Enterprise Fund	
ASSETS:					
Current Assets:					
Cash	\$ 73,606		\$ 47,788		\$ 121,394
Due From Other Funds	26,761	\$ 8,955			35,716
Accounts Receivable - State	17,048				17,048
Accounts Receivable - Supervisory Union	32,206	1,485		\$ 5,286	38,977
Accounts Receivable - Other	1,297			3,416	4,713
Inventory	-	-	-	673	673
Total Current Assets	<u>150,918</u>	<u>10,440</u>	<u>47,788</u>	<u>9,375</u>	<u>218,521</u>
Other Assets:					
Fixed Assets - net	-	-	-	11,119	11,119
Total Other Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,119</u>	<u>11,119</u>
TOTAL ASSETS	<u>\$ 150,918</u>	<u>\$ 10,440</u>	<u>\$ 47,788</u>	<u>\$ 20,494</u>	<u>\$ 229,640</u>
LIABILITIES AND FUND EQUITIES:					
Liabilities:					
Due to Other Funds			\$ 35,400	\$ 316	\$ 35,716
Accounts Payable - State	\$ 27,816				27,816
Accounts Payable - Other	69,517			3,280	72,797
Accrued Expenses	1,411	-	-	-	1,411
Total Liabilities	<u>98,744</u>	<u>\$ -</u>	<u>35,400</u>	<u>3,596</u>	<u>137,740</u>
Fund Equity:					
Fund Balances:					
Unassigned	3,167				3,167
Committed	49,007		12,388		61,395
Restricted		10,440			10,440
Retained Earnings	-	-	-	16,898	16,898
Total Fund Equities	<u>52,174</u>	<u>10,440</u>	<u>12,388</u>	<u>16,898</u>	<u>91,900</u>
TOTAL LIABILITIES AND FUND EQUITIES	<u>\$ 150,918</u>	<u>\$ 10,440</u>	<u>\$ 47,788</u>	<u>\$ 20,494</u>	<u>\$ 229,640</u>

The accompanying notes are an integral part of these financial statements

Warren School District  
Reconciliation of the Balance Sheet to the Statement of Net Assets  
Governmental Funds  
June 30, 2013

Fund Balances – total governmental funds	\$ 75,002
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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	1,594,794
Less accumulated depreciation	(1,000,224)

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

Bonds Payable	(15,189)
Notes Payable	(197,746)
Capital Lease Obligations	<u>(6,492)</u>

Net Assets of Governmental Activities	<u>\$ 450,145</u>
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Warren School District  
Combined Statement of Revenues, Expenditures and  
Changes in Fund Balances  
All Governmental Fund Types - Fund Base  
For The Year Ended June 30, 2013

EXHIBIT IV

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals (Memorandum Only)
REVENUES:				
Tuition	\$ 94,727			\$ 94,727
Interest on Investments	7,023		\$ 83	7,106
Rental Income	56,574			56,574
Refunds and Reimbursements	405			405
Sale of Equipment			1,441	1,441
Miscellaneous	5,484			5,484
Private/Local		\$ 25,276		25,276
State	1,932,155		38,559	1,970,714
Federal	<u>117,122</u>	<u>-</u>	<u>-</u>	<u>117,122</u>
 TOTAL REVENUES	 <u>2,213,490</u>	 <u>25,276</u>	 <u>40,083</u>	 <u>2,278,849</u>
EXPENDITURES:				
Direct Services	1,434,559	38,468		1,473,027
Support Services:				
Students	162,511			162,511
Instructional Staff	61,840	1,432		63,272
General Administration	63,350			63,350
Area Administration	163,331			163,331
Fiscal Services	32,816			32,816
Operation & Maintenance of Building	184,496		4,000	188,496
Transportation	93,040		81,646	174,686
Construction Services		149,130		149,130
Debt Services	<u>12,536</u>	<u>-</u>	<u>-</u>	<u>12,536</u>
 TOTAL EXPENDITURES	 <u>2,208,479</u>	 <u>189,030</u>	 <u>85,646</u>	 <u>2,483,155</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 5,011	 (163,754)	 (45,563)	 (204,306)
OTHER FINANCING SOURCES (USES):				
Loan Proceeds		127,000	41,646	168,646
Transfers In		22,130	22,050	44,180
Transfers Out	<u>(23,894)</u>	<u>-</u>	<u>(22,130)</u>	<u>(46,024)</u>
 EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	 (18,883)	 (14,624)	 (3,997)	 (37,504)
 FUND BALANCE, JULY 1, 2012	 <u>71,057</u>	 <u>25,064</u>	 <u>16,385</u>	 <u>112,506</u>
 FUND BALANCE, JUNE 30, 2013	 <u>\$ 52,174</u>	 <u>\$ 10,440</u>	 <u>\$ 12,388</u>	 <u>\$ 75,002</u>

The accompanying notes are an integral part of these financial statements

Warren 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, 2013

Net Changes in fund Balances – total governmental funds	\$ (37,504)
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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	230,776
Less current year depreciation	(63,219)

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.

Note proceeds	(168,646)
Repayment of bonds	7,264
Repayment of notes	15,000
Capital lease proceeds	(6,492)
Repayment of capital lease obligation	<u>14,299</u>

Change in Net Assets of Governmental Funds	\$ <u>(8,522)</u>
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Warren School District  
Statement of Revenues, Expenditures and  
Changes in Retained Earnings  
Proprietary Fund Type - Enterprise Fund  
Food Program  
For The Year Ended June 30, 2013

EXHIBIT V

Operating Revenues:		
Sales	\$ 39,182	
Total Operating Revenues		\$ 39,182
Operating Expenses:		
Salaries and Benefits	57,769	
Repairs and Maintenance	539	
Travel	35	
Food and Supplies	22,141	
Commodities	5,845	
Equipment	794	
Depreciation	927	
Total Operating Expenses		88,050
Operating Income (Loss)		(48,868)
Non-Operating Revenue:		
State Sources:		
State Match	1,005	
Child Nutrition Breakfast	207	
Child Nutrition Other	190	
Federal Sources:		
Restricted Grants:		
School Breakfast Program	8,345	
School Lunch Program	31,105	
Commodities	5,845	
Total Non-Operating Revenue		46,697
Income (Loss) Before Transfers		(2,171)
Operating Transfers In (Out)		1,844
Net Income (Loss)		(327)
Retained Earnings, July 1, 2012		17,225
Retained Earnings, June 30, 2013		\$ 16,898

The accompanying notes are an integral part of these financial statements

Warren School District  
Statement of Cash Flows  
Proprietary Fund Type - Enterprise Fund  
Food Program  
For The Year Ended June 30, 2013

EXHIBIT VI

Cash Flows From Operating Activities:

Received From Customers	\$ 37,143	
Payments To Employees and Fringe Benefits	(57,769)	
Payments To Vendors and Supplies	<u>(28,403)</u>	
Net Cash Used By Operating Activities		\$ (49,029)

Cash Flows From Noncapital Financing Activities:

State Aid Received	44,255	
Support From General Fund	<u>4,774</u>	
Net Cash Used By Noncapital Financing Activities		49,029

Cash Flows From Capital and Related Financing Activities:

None		-
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Cash Flows From Investing Activities:

None		<u>-</u>
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Net Increase (Decrease) in Cash

-

Cash, July 1, 2012

-

Cash, June 30, 2013

\$ -

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

Cash Provided From Operating Activities:

Operating Income (Loss)		\$ (48,868)
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Adjustments to Reconcile Net Income to Cash

Provided (Used) By Operating Activities:

Depreciation	\$ 927	
(Increase) Decrease in Accounts Receivable - Other	(2,039)	
Increase (Decrease) in Accounts Payable	<u>951</u>	
Total Adjustments		<u>(161)</u>

Net Cash Provided (Used) By Operating Activities		<u>\$ (49,029)</u>
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The accompanying notes are an integral part of these financial statements



Warren School District  
Notes to Financial Statements  
For The Year Ended June 30, 2013

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

The Warren School District ("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 Town. Except where noted, the accounting policies conform to generally accepted accounting principles, as applicable to governmental units.

The School District financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the School District are discussed below. School District also complies with the requirements 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, 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.

**Basic Financial Statements - Government-Wide:**

The School District's basic financial statements include both government-wide (reporting School District as a whole) and fund financial statements (reporting School Districts major funds). Both the government-wide and fund financial statements categorized primary activities as either governmental or business type.

In the government-wide Statement of Net Position, both the governmental and business-type activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activity reports both the gross and net cost of the School District's functions and business-type activities. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function, or a business-type activity. Operating grants include operating-specific and discretionary grants.

Warren School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

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

The net costs are normally covered by general revenue.

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

Basis Financial Statements – Fund Financial Statements:

The financial transactions of the School District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria for the determination of major funds. The major funds are:

Governmental Fund Types:

- General Fund – The general fund is the School District's primary operating fund and accounts for typical general government revenues and a wide variety of activities that benefit the School District's as a whole. It accounts for all financial resources not accounted for or reported in another fund.
- Special Revenue Funds – The special revenue funds focus on revenues that are restricted or committed to expenditures for specific purposes. The School District accounts for resources restricted to, or committed for, specific purposes by the School District or a grantor in a special revenue fund. Most federal, some State financial assistance and voter committed funds are accounted for in a Special Revenue Fund and sometimes unused balances must be returned to the grantor or the voters at the close of specified project periods.
- Capital Project Fund – The capital projects funds are *required* when the acquisition or construction of capital assets is financed with general obligation debt. Capital project funds are *permitted* to be used for accounting and reporting whenever the School District has financial resources that are restricted, committed, or assigned to expenditures for capital outlays for general capital assets, including purchasing or constructing any type of general capital asset.

Proprietary Fund Types:

Proprietary Fund – The Proprietary Funds consist of Enterprise Funds and Internal Service Funds. Revenues generally come from fees for services. They use the economic resources measurement focus and full accrual basis of accounting.

Warren School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

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

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

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applies.

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Exchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "available" means collectible within the current period or within 60 days after year end. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

**Other Accounting Policies:**

**Cash and Cash Equivalents:**

For purposes of the statement of cash flows for proprietary and similar fund-types, the School District considers highly liquid investments to be cash equivalents if they have a maturity of twelve 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:**

All receivables are reported net of estimated uncollectible amounts. 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.

Warren School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

**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 method.

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 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 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 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 Warren School District School Board at a properly warned meeting for presentation to the voters. The operating budget includes proposed expenditures by line item and the means of financing them. The budget is approved by 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,

Warren School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

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

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 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 School District incurs an expense for which it may use either restricted or unrestricted net assets, it generally uses restricted net assets first. Net assets on the Statement of Net Assets include the following:

Net Investment in Capital Assets, net of Related Debt – It consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows or resources related to those assets.

Restricted For Other Purposes – It consist of assets that are restricted by the School District's creditors, by the state enabling legislation, by grantors and by other contributors.

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 are 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.

Fund Based Financial Statements:

In the fund financial statements, governmental funds report fund balances as unassigned, assigned, restricted, committed, spendable, or non-spendable 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, as determined by the Board, but do not meet the criteria to be classified as restricted

Warren School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

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

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 (grantors and contributors), 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, generally the voters.

Spendable Fund Balance – The portion of the permanent fund balance that is available to be spent on the designated purpose of the fund.

Non-spendable Fund Balance – The portion of the permanent fund balance that has to be maintained, and cannot be spent, or an asset such as inventory or prepaid that are not expected to be converted to cash.

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 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 \$121,394. As major revenues are received during the year bank deposits may temporarily exceed insured limits.

FDIC insures all accounts held by the same financial institution up to a combined total of \$250,000. There are some special provisions which increase this limit.

Warren School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

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

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

These four levels of risk are as follows:

- Category 1     Repurchase Agreements - Deposits which are invested in government securities held by the School District or by its agent in the School District's name.
- Category 2     Collateralized Accounts - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Bank's name.
- Category 3     Letter of Credit - Private commercial insurance protection or letter of credit issued by the financial institution to cover funds in excess of FDIC limits.
- Category 4     Deposits which are not collateralized or insured. (includes cash on hand)

Balances held in each area are as follows:

	Carrying Amount	Bank Balance
- Insured (FDIC) and/or (SIPC)	\$121,394	\$175,273
- Category 1	0	0
- Category 2	0	0
- Category 3	0	0
- Category 4	0	0
Total deposits	<u>\$121,394</u>	<u>\$175,273</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.

**NOTE 3 - INTERFUND RECEIVABLES**

In compliance with GASB 1300.109 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, 2013 is as follows:

Warren School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

**NOTE 3 - INTERFUND RECEIVABLES (CONTINUED)**

Fund Financial Statements:		
Receivable Fund	Payable Fund	Amount
Special Revenue Fund:		
Medicaid	General Fund	\$ 5,385
Roy Foundation	General Fund	1,480
Technology Fund	General Fund	2,090
Capital Project Fund:		
General Fund	Maintenance Reserve	35,400
Enterprise Fund:		
General Fund	Food Program	<u>316</u>
Total		<u>\$44,671</u>
Government -Wide Financial Statements:		
Receivable Fund	Payable Fund	Amount
Governmental Type	Business Type	<u>\$ 316</u>

**NOTE 4 – CAPITAL ASSETS**

Capital activity for the School District for the year ended June 30, 2013 was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depr.				
Construction in Progress	\$ 29,202	\$149,130	\$178,332	\$ 0
Total capital assets not being depreciated	29,202	149,130	178,332	0
Other Capital Assets:				
Land Improvements	21,847	0	0	21,847
Buildings	869,000	0	0	869,000
Building Improvements	82,356	178,332	0	260,688
Infrastructure	89,415	0	0	89,415
Furniture and Equipment	52,497	0	0	52,497
Vehicles	219,701	81,646	0	301,347
Total other capital assets at historical costs	1,334,816	259,978	0	1,594,794



Warren School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

**NOTE 4 – CAPITAL ASSETS (CONTINUED)**

	<u>Primary Government</u>			
	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation:				
Land Improvements	\$ 21,847	\$ 0	\$ 0	\$ 21,847
Buildings	712,580	17,380	0	729,960
Building Improvements	45,430	6,776	0	52,206
Infrastructure	8,916	2,229	0	11,145
Furniture and Equipment	24,082	6,699	0	30,781
Vehicles	<u>124,150</u>	<u>30,135</u>	<u>0</u>	<u>154,285</u>
Total accum. Depr.	<u>937,005</u>	<u>63,219</u>	<u>0</u>	<u>1,000,224</u>
Other Capital Assets, Net	<u>397,811</u>	<u>196,759</u>	<u>0</u>	<u>594,570</u>
Governmental activities Capital Assets, Net	<u>\$ 427,013</u>	<u>\$345,889</u>	<u>\$178,332</u>	<u>\$ 594,570</u>
Business-type activities:				
Furniture and Equipment	\$ 19,900	\$ 0	\$ 0	\$ 19,900
Less accum. Depr.	<u>7,854</u>	<u>927</u>	<u>0</u>	<u>8,781</u>
Business-type activities Capital Assets, Net	<u>\$ 12,046</u>	<u>\$ (927)</u>	<u>\$ 0</u>	<u>\$ 11,119</u>

Depreciation expense was charged to functions as follows:

Governmental activities:

Direct Services	\$25,187
Support Services:	
Students	695
Instructional Staff	3,930
General Administration	0
Area Administration	174
Fiscal Services	0
Operation and Maintenance of Plant	3,098
Transportation	30,135
Other Support Services	<u>0</u>
Total governmental activities depreciation expense	<u>\$63,219</u>

Warren School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

**NOTE 5 - SICK LEAVE**

It is the School District's policy to permit employees to accumulate earned but unused sick pay benefits. Such leave benefits do not vest under the 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. Non-teaching staff earn sick days in varying amounts as they do not have a Master Agreement.

**NOTE 6 - LONG-TERM DEBT**

The 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:

	Balance July 1, 2012	Borrowings	Retirements	Balance June 30, 2013
Vermont Municipal Bond Bank, Water Construction Note Payable, interest at 1.0% and admin. fee of 2.0%; principal, interest, and admin. fee due September 1 <sup>st</sup> of each year until 2014; originally borrowed \$48,830 in May of 2008; amended to \$59,271 on November 15, 2010.	\$22,453	\$ 0	\$ 7,264	\$ 15,189

Peoples United Bank, current expense  
Note payable, interest at 2.3%, interest  
paid annually, principle of \$44,100 due  
on October 10, 2012. This note for  
\$44,100 is issued to refund a borrowing  
for \$59,100 on October 11, 2010, which

Warren School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

	Balance July 1, 2012	Borrowings	Retirements	Balance June 30, 2013
was issued to refund a borrowing for \$74,100 on October 13, 2009, for a school bus.	\$44,100	\$ 0	\$15,000	\$ 29,100
People's United Bank, note payable, interest at 2.0%, interest paid annually, Principal of \$81,646 due on July 25, 2013, at which time it is expected to be refinanced; originally borrowed \$81,646 on July 20, 2012 for a bus.	0	81,646	40,000	41,646
Community National Bank, Capital Improvement note payable, interest at 2.20%, interest paid annually, principal and interest of \$27,101.33 due on July 18 <sup>th</sup> of each year until 2017; originally borrowed \$127,000 on July 18, 2017 for classroom construction.	<u>0</u>	<u>127,000</u>	<u>0</u>	<u>127,000</u>
Total Long-Term Debt	<u>\$66,553</u>	<u>\$208,646</u>	<u>\$62,264</u>	<u>\$212,935</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, 2014	\$ 88,407	\$ 4,616	\$ 93,023
2015	46,625	2,838	49,463
2016	25,370	1,731	27,101
2017	25,934	1,167	27,101
2018	26,599	591	27,190
Thereafter	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>\$212,935</u>	<u>\$10,943</u>	<u>\$223,878</u>

**NOTE 7 - CAPITAL LEASES**

On July 18, 2013, the Warren School District entered into a noncancellable lease agreement with Apple Financial for the lease of Apple computers. This lease agreement qualifies as a

Warren School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

**NOTE 7 - CAPITAL LEASES (CONTINUED)**

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 \$16,354, to be paid in yearly installments of \$5,451.40 over 3 years with a buyout at the end of \$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, 2014	\$ 5,451
2015	5,451
2016	5,451
Thereafter	<u>0</u>
Total minimum lease payments	16,354
Less amount representing interest	<u>(1,064)</u>
Present value of minimum lease payments	<u>\$15,290</u>

Interest rate on the capitalized lease is approximately 7.13 percent.

On June 28, 2012, the Warren School District entered into a noncancellable lease agreement with Apple Financial Services Inc. for the lease of Ipads. 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 \$10,791, to be paid in yearly installments of \$3,597 over 3 years with a buyout at the end of \$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, 2014	\$3,597
2015	<u>3,597</u>
Total minimum lease payments	7,194
Less amount representing interest	<u>(702)</u>
Present value of minimum lease payments	<u>\$6,492</u>

Interest rate on the capitalized lease is approximately 7.13 percent.

Warren School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

**NOTE 8 – 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:

Reserved for FY 14 budget	<u>\$49,007</u>
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Special Revenue Fund:

Medicaid	\$ 6,870
Roy Foundation	1,480
Technology	<u>2,090</u>
Total	<u>\$10,440</u>

Capital Projects Fund:

Maintenance Reserve	<u>\$12,388</u>
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**NOTE 9 – 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:

Net Assets Restricted For Capital Projects:

Maintenance Reserve	<u>\$12,388</u>
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Net Assets Restricted For Other Purposes:

Reserved for FY 14 budget	\$49,007
Medicaid	6,870
Roy Foundation	1,480
Technology	<u>2,090</u>
Total	<u>\$59,447</u>

Warren School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

**NOTE 10 – TRANSFERS IN THE FUND BASED FINANCIAL STATEMENTS**

The School District transfers funds to cover expenditures made in one fund for which the revenues are in another fund, or at the request of the voters. The following transfers were made during the year.

Funds of \$22,050 were transferred from the General Fund to the Capital Project Fund – Maintenance Reserve as per article approved by voters.

Funds of \$1,844 were transferred from the General Fund to the Enterprise Fund – Food Program for the purpose of subsidizing operations.

Funds of \$22,130 were transferred from the Capital Project Fund – Maintenance Reserve General Fund to the Special Revenue Fund – New Classroom for the purpose of paying for part of the cost of the classroom.

**NOTE 11 - PENSIONS**

**VERMONT TEACHERS' RETIREMENT SYSTEM**

All of the teachers employed by 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. The State Legislature has sole authority to amend benefit provisions.

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 School District but are the liability of the State of Vermont. TRS is funded through state and employee contributions and the School District has no legal obligation for paying benefits. The Vermont State Teachers Retirement System estimates the contributions on behalf of the School District's employees included in the teacher's retirement plan as required by Government Accounting Standards Board (GASB) Statement 24 to be 8.45% or approximately \$90,505.

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

Warren School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

**NOTE 11 – PENSIONS (CONTINUED)**

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

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 School District. Such withholdings totaled \$53,533 during the year and were paid by the School District to the State of Vermont. The School District has no other liability under the plan. The School District's total payroll for all employees during the year was \$1,439,681, with \$1,071,060 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 (Cost sharing pension plan)**

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 School District participates in Group A. 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. The State Legislature has sole authority to amend benefit provisions. Both the members and the 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%	9.25%	11.0%
The School District's contributions (% of gross wages)	4.0%	5.0%	6.5%	9.5%

Warren School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

**NOTE 11 – PENSIONS (CONTINUED)**

**VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (Cost sharing pension plan) (CONTINUED)**

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 School District and are remitted to the State of Vermont. Such withholdings totaled \$4,292 during the year. The School District contributed \$6,867 during the year. The School District's total payroll for all employees during the year was \$1,439,681, with \$171,675 of such amount related to employees covered by the Vermont Municipal Employees' Retirement System. The plan had eight members at June 30, 2013.

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

**NOTE 12 - RISK MANAGEMENT**

The 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, students and guests; as well as natural disasters. School District uses risk sharing pools and carries commercial insurance to cover these risks. 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 School District.

In addition, Warren School District as a member of Vermont School Boards Association (Association), participates in that entity's public entity risk pools. The Association has set up two insurance Trusts; 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.



Warren School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

**NOTE 12 - RISK MANAGEMENT (CONTINUED)**

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.

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.

Warren School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

**NOTE 13 - OPERATING LEASES**

On November 12, 2010, the Warren School District entered into a lease agreement with Ikon Office Solutions for the lease of photocopier equipment. The total amount due is \$12,039, to be paid in annual installments of \$4,013 over 3years. The following is a schedule of future minimum lease payments under this lease.

During the year ended June 30, 2014	\$1,672
Thereafter	<u>0</u>
Total	<u>\$1,672</u>

Total lease payments made this year were \$4,013.

**NOTE 14 - SUBSEQUENT EVENTS**

On July 1, 2013, the School District issued a tax anticipation note in the amount of \$400,000 to Peoples United Bank. The note carries interest at 1.39%. Principal and interest are due at maturity on June 30, 2014.

**NOTE 15 - COMMITMENTS**

On July 1, 2013 the School District entered into an agreement with First Student, Inc. for contracted bus transportation services through June 30, 2015. The contract has a fee schedule for the various trips and contingencies. The minimum annual cost to the School District: for:

For the year ending June 30, 2014	\$92,250
2015	94,556

On June 11, 2013, the School District entered into an agreement with SB Collins, Inc to prepay a fixed note for 6,500 gallons of fuel at \$3.065 per gallon. The minimum prepayment by the School District for fiscal year 2014 will be \$19,226. Any unused account balance at June 30, 2014, will be refunded to the District.

The 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 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

Warren School District  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

**NOTE 15 – COMMITMENTS (CONTINUED)**

at June 30, 2013 may be impaired. In the opinion of the 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 16 - RELATED PARTY**

As defined by GASB No. 14, paragraph 71, the School District is related to and as an ongoing financial responsibility to Washington West School District. Washington West School District Assesses School District annually for a share of the net projected expenses in excess of revenues, plus a share of other budgetary provisions. Washington West School District also provides the busing for the District, the cost of which is assessed to the School District. Washington West School District collects the food program reimbursement from the State and passes it through the School District. Separate financial statements on Washington West School District are available from Washington West School District.

The School District is part of the Harwood Union School District #19 and has an ongoing financial responsibility as defined in GASB No. 14, paragraph 71. Separate financial statements on the Union School District are available from Washington West School District.

**NOTE 17 - 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 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 might have to be repaid out of the proceeds. The amount of State construction aid received since July 1970 is not available but can be calculated by the State of Vermont in the event that a repayment is sought.

Warren School District  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
General Fund  
For The Year Ended June 30, 2013

Schedule 1

	Object	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Tuition:				
Individuals		\$ -	\$ 3,200	\$ 3,200
Other LEAs		63,000	83,893	20,893
Tuition Reimbursement		-	7,298	7,298
Summer School		-	336	336
Interest on Investments		7,500	7,023	(477)
Town Rental Income		57,224	56,574	(650)
Field Trip Transportation Reimbursement		-	405	405
Miscellaneous		-	5,484	5,484
State:				
Education Spending Grant		1,685,212	1,684,209	(1,003)
Transportation Aid		29,940	39,197	9,257
Capital Debt Hold Harmless		4,500	5,496	996
Mainstream Block Grant		51,738	51,738	-
SPED Expenditure Reimbursement		146,611	147,492	881
Essential Early Education		13,105	4,023	(9,082)
Federal:				
Education Jobs Fund		28,012	28,012	-
School Wide Program		24,000	31,709	7,709
IDEA-B		22,997	34,683	11,686
IDEA-B Preschool		1,000	-	(1,000)
Forest Revenue		<u>20,000</u>	<u>22,718</u>	<u>2,718</u>
<b>TOTAL REVENUES</b>		<u>2,154,839</u>	<u>2,213,490</u>	<u>58,651</u>
<b>EXPENDITURES:</b>				
Regular Instruction 1100:				
Salaries	110	532,791	544,825	(12,034)
Long Term Substitute Salaries	110	-	7,907	(7,907)
Mentoring Salaries	110	1,500	1,500	-
Tutors	112	2,000	3,348	(1,348)
Aide Salaries	115	6,185	10,275	(4,090)
Temporary Salaries	120	12,500	10,853	1,647
Personal Days	125	1,000	950	50
Health Insurance	210	117,830	137,914	(20,084)
Section 125 Plan	211	660	395	265
Insurance Compensation	212	1,400	700	700
Social Security	220	42,533	42,663	(130)

The accompanying notes are an integral part of these financial statements

Warren School District  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
General Fund  
For The Year Ended June 30, 2013

Schedule 1

	Object	Budget	Actual	Variance Favorable (Unfavorable)
Life Insurance	230	\$ 2,871	\$ 2,730	\$ 141
Retirement	240	309	1,307	(998)
Workers Compensation	250	4,689	4,404	285
Unemployment Compensation	260	200	483	(283)
Tuition Reimbursement	270	15,000	17,726	(2,726)
Dental Insurance	280	6,842	9,734	(2,892)
Purchased Services	330	1,600	2,408	(808)
Copier	410	8,000	5,796	2,204
Supplies	610	13,060	16,597	(3,537)
Books and Periodicals	640	11,355	4,955	6,400
Equipment	730	4,000	3,616	384
Subtotal		<u>786,325</u>	<u>831,086</u>	<u>(44,761)</u>
Early Education 1100:				
Salaries	110	46,242	46,823	(581)
Aide Salaries	115	18,396	17,409	987
Personal Days	125	-	129	(129)
Health Insurance	210	11,018	11,202	(184)
Social Security	220	4,945	3,757	1,188
Life Insurance	230	180	333	(153)
Workers Compensation	250	1,321	312	1,009
Unemployment Compensation	260	40	35	5
Professional Development	270	-	293	(293)
Dental Insurance	280	563	802	(239)
Supplies	610	800	758	42
Subtotal		<u>83,505</u>	<u>81,853</u>	<u>1,652</u>
Art 1102:				
Salaries	110	19,901	17,735	2,166
Health Insurance	210	2,728	2,773	(45)
Social Security	220	1,522	999	523
Life Insurance	230	163	155	8
Workers Compensation	250	174	92	82
Unemployment Compensation	260	20	10	10
Dental Insurance	280	-	356	(356)
Supplies	610	1,900	2,028	(128)
Subtotal		<u>26,408</u>	<u>24,148</u>	<u>2,260</u>
Language Program 1106:				
Salaries	110	17,174	16,976	198
Insurance Compensation	212	300	-	300

The accompanying notes are an integral part of these financial statements

Warren School District  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
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For The Year Ended June 30, 2013

Schedule 1

	Object	Budget	Actual	Variance Favorable (Unfavorable)
Social Security	220	\$ 1,314	\$ 1,299	\$ 15
Life Insurance	230	153	-	153
Disability Insurance	231	150	-	150
Workers Compensation	250	20	83	(63)
Unemployment Compensation	260	-	9	(9)
Supplies	610	800	869	(69)
Subtotal		<u>19,911</u>	<u>19,236</u>	<u>675</u>
Physical Education 1108:				
Salaries	110	31,251	30,888	363
Personal Days	125	-	105	(105)
Health Insurance	210	5,958	6,057	(99)
Social Security	220	2,391	2,371	20
Life Insurance	230	205	193	12
Workers Compensation	250	287	151	136
Unemployment Compensation	260	20	19	1
Dental Insurance	280	347	395	(48)
Supplies	610	800	687	113
Equipment	730	200	-	200
Subtotal		<u>41,459</u>	<u>40,866</u>	<u>593</u>
Music 1112:				
Salaries	110	23,522	24,811	(1,289)
Music Lessons	111	5,184	9,243	(4,059)
Personal Days	125	-	94	(94)
Health Insurance	210	7,188	7,188	-
Social Security	220	2,196	2,912	(716)
Life Insurance	230	177	124	53
Workers Compensation	250	205	138	67
Unemployment Compensation	260	20	16	4
Dental Insurance	280	-	456	(456)
Supplies	610	1,200	973	227
Subtotal		<u>39,692</u>	<u>45,955</u>	<u>(6,263)</u>
Special Education 1200:				
Salaries	110	89,622	98,082	(8,460)
Tutor	112	2,000	1,696	304
Aide Salaries	115	77,479	88,405	(10,926)
Temporary Salaries	120	-	3,405	(3,405)
Personal Days	125	-	354	(354)
Health Insurance	210	48,201	43,616	4,585

The accompanying notes are an integral part of these financial statements

Warren School District  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
General Fund  
For The Year Ended June 30, 2013

Schedule 1

	Object	Budget	Actual	Variance Favorable (Unfavorable)
Insurance Compensation	212	\$ -	\$ 420	\$ (420)
Social Security	220	12,936	13,779	(843)
Life Insurance	230	-	509	(509)
Retirement	240	3,874	2,330	1,544
Workers Compensation	250	1,644	815	829
Unemployment Compensation	260	120	127	(7)
Dental Insurance	280	1,513	2,949	(1,436)
Contract Services	340	29,287	19,125	10,162
Tuition - Private	563	-	1,198	(1,198)
Travel	580	-	209	(209)
Supplies	610	1,500	1,286	214
Books and Periodicals	640	100	-	100
Equipment	730	500	-	500
Subtotal		<u>268,776</u>	<u>278,305</u>	<u>(9,529)</u>
Essential Early Education 1200:				
Salaries	110	8,012	-	8,012
Health Insurance	210	1,725	-	1,725
Social Security	220	613	-	613
Life Insurance	230	39	-	39
Workers Compensation	250	31	-	31
Unemployment Compensation	260	20	-	20
Dental Insurance	280	115	-	115
Supplies	610	750	-	750
Subtotal		<u>11,305</u>	<u>-</u>	<u>11,305</u>
IDEA-B Special Education 1230:				
Tuition	565	-	12,778	(12,778)
Subtotal		<u>-</u>	<u>12,778</u>	<u>(12,778)</u>
Compensatory Education 1250:				
Salaries	110	39,018	47,095	(8,077)
Aide Salaries	115	8,260	3,842	4,418
Personal Days	125	-	183	(183)
Health Insurance	210	13,739	12,668	1,071
Insurance Compensation	212	263	-	263
Social Security	220	3,312	3,203	109
Life Insurance	230	-	318	(318)
Retirement	240	413	-	413
Workers Compensation	250	674	374	300
Unemployment Compensation	260	-	42	(42)

The accompanying notes are an integral part of these financial statements

Warren School District  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
General Fund  
For The Year Ended June 30, 2013

Schedule 1

	Object	Budget	Actual	Variance Favorable (Unfavorable)
Dental Insurance	280	\$ 820	\$ 899	\$ (79)
Subtotal		<u>66,499</u>	<u>68,624</u>	<u>(2,125)</u>
School Wide Program 1270:				
Salaries	110	30,222	29,364	858
Social Security	220	2,301	2,246	55
Life Insurance	230	-	98	(98)
Subtotal		<u>32,523</u>	<u>31,708</u>	<u>815</u>
Guidance Services 2120:				
Salaries	110	25,925	25,624	301
Personal Days	125	-	70	(70)
Insurance Compensation	212	250	-	250
Social Security	220	1,983	1,966	17
Life Insurance	230	185	-	185
Workers Compensation	250	226	125	101
Unemployment Compensation	260	21	14	7
Dental Insurance	280	29	-	29
Supplies	610	100	33	67
Subtotal		<u>28,719</u>	<u>27,832</u>	<u>887</u>
Health Services 2130:				
Salaries	110	19,430	19,204	226
Personal Days	125	-	105	(105)
Insurance Compensation	212	350	350	-
Social Security	220	1,486	1,504	(18)
Life Insurance	230	162	152	10
Workers Compensation	250	169	94	75
Unemployment Compensation	260	20	11	9
Supplies	610	750	152	598
Books and Periodicals	640	240	-	240
Equipment	730	100	-	100
Subtotal		<u>22,707</u>	<u>21,572</u>	<u>1,135</u>
SPED Psychological Services 2140:				
Evaluations	300	16,097	13,715	2,382
Equipment	739	-	2,734	(2,734)
Subtotal		<u>16,097</u>	<u>16,449</u>	<u>(352)</u>
EEE Psychological Services 2140:				
Evaluations	300	1,800	-	1,800
Subtotal		<u>1,800</u>	<u>-</u>	<u>1,800</u>

The accompanying notes are an integral part of these financial statements



Warren School District  
Statement of Revenues, Expenditures and Changes  
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Schedule 1

	Object	Budget	Actual	Variance Favorable (Unfavorable)
Special Education Speech 2150:				
Salaries	110	\$ 63,246	\$ 64,061	\$ (815)
Summer Services Salaries	112	-	902	(902)
Personal Days	125	-	210	(210)
Health Insurance	210	6,062	12,115	(6,053)
Social Security	220	4,838	4,847	(9)
Life Insurance	230	324	309	15
Workers Compensation	250	165	305	(140)
Dental Insurance	280	385	791	(406)
Supplies	610	900	1,385	(485)
Subtotal		<u>75,920</u>	<u>84,925</u>	<u>(9,005)</u>
SPED Occupational Therapy Services 2160:				
Professional Services	300	<u>6,750</u>	<u>9,153</u>	<u>(2,403)</u>
Subtotal		<u>6,750</u>	<u>9,153</u>	<u>(2,403)</u>
Physical Therapy Services 2190:				
Professional Services	300	<u>7,753</u>	<u>2,580</u>	<u>5,173</u>
Subtotal		<u>7,753</u>	<u>2,580</u>	<u>5,173</u>
Improvement of Instruction 2210:				
Social Security	220	-	20	(20)
Inservice	320	<u>750</u>	<u>373</u>	<u>377</u>
Subtotal		<u>750</u>	<u>393</u>	<u>357</u>
Media Center 2220:				
Salaries	110	20,909	20,666	243
Assistant Salaries	115	5,404	3,776	1,628
Personal Days	125	-	14	(14)
Health Insurance	210	2,090	-	2,090
Insurance Compensation	212	280	280	-
Social Security	220	2,013	1,892	121
Life Insurance	230	167	110	57
Retirement	240	270	-	270
Workers Compensation	250	202	127	75
Unemployment Compensation	260	-	14	(14)
Dental Insurance	280	-	316	(316)
Repairs and Maintenance	430	1,000	1,608	(608)
Supplies	610	400	425	(25)
Books and Periodicals	640	<u>3,700</u>	<u>3,831</u>	<u>(131)</u>
Subtotal		<u>36,435</u>	<u>33,059</u>	<u>3,376</u>

The accompanying notes are an integral part of these financial statements

Warren School District  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
General Fund  
For The Year Ended June 30, 2013

Schedule 1

	Object	Budget	Actual	Variance Favorable (Unfavorable)
Audio Visual/Technology 2223:				
Salaries	116	\$ 17,010	\$ 15,536	\$ 1,474
Social Security	220	965	1,175	(210)
Retirement	240	850	-	850
Workers Compensation	250	-	82	(82)
Unemployment Compensation	260	-	9	(9)
Dental Insurance	280	-	274	(274)
Repairs and Maintenance	430	1,000	155	845
Supplies	610	-	88	(88)
Software	650	600	600	-
Equipment	730	10,469	10,469	-
Subtotal		<u>30,894</u>	<u>28,388</u>	<u>2,506</u>
Board of Education 2310:				
Salaries	110	675	1,150	(475)
Stipends	118	2,500	2,500	-
Social Security	220	52	279	(227)
Retirement	240	-	32	(32)
Legal	360	4,500	38	4,462
Insurance	523	2,000	2,047	(47)
Advertising	540	1,500	853	647
Miscellaneous	550	1,200	404	796
Dues and Fees	810	1,250	1,133	117
Subtotal		<u>13,677</u>	<u>8,436</u>	<u>5,241</u>
Supervisory Union Assessment 2321:				
Assessment	331	54,548	54,914	(366)
Subtotal		<u>54,548</u>	<u>54,914</u>	<u>(366)</u>
Administration 2400:				
Salaries	110	83,770	80,000	3,770
Mentoring Salaries	110	-	2,180	(2,180)
Support Staff Salaries	111	41,031	41,031	-
Temporary Salaries	120	-	465	(465)
Health Insurance	210	27,394	22,122	5,272
Social Security	220	9,547	9,204	343
Life Insurance	230	738	611	127
Retirement	240	2,051	1,655	396
Workers Compensation	250	1,086	602	484
Unemployment Compensation	260	42	68	(26)
Professional Development	270	-	1,826	(1,826)

The accompanying notes are an integral part of these financial statements

Warren School District  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
General Fund  
For The Year Ended June 30, 2013

Schedule 1

	Object	Budget	Actual	Variance Favorable (Unfavorable)
Dental Insurance	280	\$ 2,134	\$ 1,586	\$ 548
Contract Services	300	-	375	(375)
Postage	531	1,250	836	414
Supplies	610	300	535	(235)
Equipment	730	500	-	500
Dues and Fees	810	300	235	65
Subtotal		<u>170,143</u>	<u>163,331</u>	<u>6,812</u>
Fiscal Services 2521:				
Business Manager Assessment	331	9,412	9,284	128
Accounting Assessment	331	19,783	19,513	270
Audit	370	3,000	3,300	(300)
Bank Analysis Fees	890	-	719	(719)
Subtotal		<u>32,195</u>	<u>32,816</u>	<u>(621)</u>
Building Maintenance & Operation 2600:				
Salaries	110	37,046	37,460	(414)
Assistant Salaries	111	15,417	13,922	1,495
Health Insurance	210	13,697	12,556	1,141
Social Security	220	4,013	3,931	82
Life Insurance	230	-	148	(148)
Retirement	240	2,623	1,530	1,093
Workers Compensation	250	2,110	323	1,787
Unemployment Compensation	260	204	29	175
Dental Insurance	280	745	822	(77)
Trash Removal	421	2,380	2,130	250
Repairs and Maintenance	430	32,520	44,239	(11,719)
Property Insurance	521	5,500	5,320	180
Telephone	530	2,200	4,075	(1,875)
Supplies	610	8,000	7,088	912
Electricity	622	23,000	24,958	(1,958)
Gas	623	2,500	2,118	382
Oil	624	20,750	22,646	(1,896)
Equipment	730	1,500	1,201	299
Subtotal		<u>174,205</u>	<u>184,496</u>	<u>(10,291)</u>
Transportation 2710:				
Salaries	110	27,790	29,944	(2,154)
Health Insurance	210	13,935	7,084	6,851
Social Security	220	1,885	2,291	(406)
Life Insurance	230	180	-	180

The accompanying notes are an integral part of these financial statements

Warren School District  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
General Fund  
For The Year Ended June 30, 2013

Schedule 1

	Object	Budget	Actual	Variance Favorable (Unfavorable)
Retirement	240	\$ -	\$ 25	\$ (25)
Workers Compensation	250	214	171	43
Unemployment Compensation	260	40	15	25
Dental Insurance	280	802	457	345
Contract Services	330	-	1,750	(1,750)
Repairs and Maintenance	430	14,500	19,966	(5,466)
Bus Lease	442	15,000	15,000	-
Insurance	524	800	788	12
Fuel	626	13,125	8,274	4,851
Current Interest	832	<u>1,135</u>	<u>1,011</u>	<u>124</u>
Subtotal		<u>89,406</u>	<u>86,776</u>	<u>2,630</u>
SPED Transportation 2712:				
Salaries	114	-	2,363	(2,363)
Social Security	220	-	181	(181)
Transportation	519	<u>-</u>	<u>3,720</u>	<u>(3,720)</u>
Subtotal		<u>-</u>	<u>6,264</u>	<u>(6,264)</u>
Debt Services 5100:				
Interest Charges	830	6,000	5,272	728
Principal Retirement	910	<u>7,938</u>	<u>7,264</u>	<u>674</u>
Subtotal		<u>13,938</u>	<u>12,536</u>	<u>1,402</u>
TOTAL EXPENDITURES		<u>2,152,340</u>	<u>2,208,479</u>	<u>(56,139)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		2,499	5,011	2,512
OTHER FINANCING SOURCES (USES):				
Transfer To Capital Project Fund		(22,050)	(22,050)	-
Transfer To Enterprise Fund		<u>(2,500)</u>	<u>(1,844)</u>	<u>656</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES		(22,051)	(18,883)	3,168
FUND BALANCE, JULY 1, 2012		<u>22,051</u>	<u>71,057</u>	<u>49,006</u>
FUND BALANCE, JUNE 30, 2013		<u>\$ -</u>	<u>\$ 52,174</u>	<u>\$ 52,174</u>

The accompanying notes are an integral part of these financial statements

Warren School District  
Combining Balance Sheet  
Special Revenue Funds  
June 30, 2013

Schedule 2

	Medicaid	Roy Foundation	Technology Fund	Totals
<b>ASSETS:</b>				
Current Assets:				
Due From Other Funds	\$ 5,385	\$ 1,480	\$ 2,090	\$ 8,955
Accounts Receivable - Supervisory Union	<u>1,485</u>	<u>-</u>	<u>-</u>	<u>1,485</u>
Total Current Assets	<u>6,870</u>	<u>1,480</u>	<u>2,090</u>	<u>10,440</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 6,870</b></u>	<u><b>\$ 1,480</b></u>	<u><b>\$ 2,090</b></u>	<u><b>\$ 10,440</b></u>
<b>LIABILITIES AND FUND BALANCES:</b>				
Liabilities:				
None	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	<u>6,870</u>	<u>1,480</u>	<u>2,090</u>	<u>10,440</u>
Total Fund Balances	<u>6,870</u>	<u>1,480</u>	<u>2,090</u>	<u>10,440</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<u><b>\$ 6,870</b></u>	<u><b>\$ 1,480</b></u>	<u><b>\$ 2,090</b></u>	<u><b>\$ 10,440</b></u>

The accompanying notes are an integral part of these financial statements

Warren School District  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Special Revenue Funds  
For The Year Ended June 30, 2013

Schedule 3

	Medicaid	Roy Foundation	Technology Fund	New Classroom	Totals
REVENUES:					
Private/Local	<u>\$ 15,276</u>	<u>\$ 10,000</u>	<u>-</u>	<u>-</u>	<u>\$ 25,276</u>
TOTAL REVENUES	<u>15,276</u>	<u>10,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>25,276</u>
EXPENDITURES:					
Direct Services	25,654	12,814			38,468
Support Services:					
Instructional Staff			1,432		1,432
Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,130</u>	<u>149,130</u>
TOTAL EXPENDITURES	<u>25,654</u>	<u>12,814</u>	<u>1,432</u>	<u>149,130</u>	<u>189,030</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,378)	(2,814)	(1,432)	(149,130)	(163,754)
OTHER FINANCING SOURCES (USES):					
Loan Proceeds				127,000	127,000
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,130</u>	<u>22,130</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(10,378)	(2,814)	(1,432)	-	(14,624)
FUND BALANCES, JULY 1, 2012	<u>17,248</u>	<u>4,294</u>	<u>3,522</u>	<u>-</u>	<u>25,064</u>
FUND BALANCES, JUNE 30, 2013	<u>\$ 6,870</u>	<u>\$ 1,480</u>	<u>\$ 2,090</u>	<u>\$ -</u>	<u>\$ 10,440</u>

The accompanying notes are an integral part of these financial statements

Warren School District  
Combining Balance Sheet  
Capital Projects  
June 30, 2013

Schedule 4

	Maintenance Reserve Fund	Totals
ASSETS:		
Current Assets:		
Cash	\$ 47,788	\$ 47,788
Total Current Assets	<u>47,788</u>	<u>47,788</u>
 TOTAL ASSETS	 <u>\$ 47,788</u>	 <u>\$ 47,788</u>
 LIABILITIES AND FUND BALANCES:		
Liabilities:		
Due To Other Funds	\$ 35,400	\$ 35,400
Total Liabilities	<u>35,400</u>	<u>35,400</u>
 Fund Balances:		
Committed	<u>12,388</u>	<u>12,388</u>
Total Fund Balances	<u>12,388</u>	<u>12,388</u>
 TOTAL LIABILITIES & FUND BALANCES	 <u>\$ 47,788</u>	 <u>\$ 47,788</u>

The accompanying notes are an integral part of these financial statements

Warren School District  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Capital Projects  
For The Year Ended June 30, 2013

Schedule 5

	Bus Fund	Maintenance Reserve Fund	Totals
REVENUES:			
Investment Income		\$ 83	\$ 83
Sale of Equipment	\$ 1,441		1,441
State	<u>38,559</u>	<u>-</u>	<u>38,559</u>
 TOTAL REVENUES	 <u>40,000</u>	 <u>83</u>	 <u>40,083</u>
 EXPENDITURES:			
Operation and Maintenance of Building		4,000	4,000
Transportation	<u>81,646</u>	<u>-</u>	<u>81,646</u>
 TOTAL EXPENDITURES	 <u>81,646</u>	 <u>4,000</u>	 <u>85,646</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 (41,646)	 (3,917)	 (45,563)
 OTHER FINANCING SOURCES (USES):			
Loan Proceeds	41,646		41,646
Transfers In		22,050	22,050
Transfers Out	<u>-</u>	<u>(22,130)</u>	<u>(22,130)</u>
 EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	 - (3,997)	 (3,997)	 (3,997)
 FUND BALANCES, JULY 1, 2012	 <u>-</u>	 <u>16,385</u>	 <u>16,385</u>
 FUND BALANCES, JUNE 30, 2013	 <u>\$ -</u>	 <u>\$ 12,388</u>	 <u>\$ 12,388</u>

The accompanying notes are an integral part of these financial statements





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

To the School Board  
Warren School District, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of Warren School District, Vermont, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Warren School District, Vermont's basic financial statements and have issued our report thereon dated February 18, 2014.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

## ***Angolano & Company***

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

February 18, 2014



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August 23, 2013

To the School Board  
Warren 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 **Warren School District** for the year ended June 30, 2013. 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 May 29, 2013. 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 Warren 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, 2013. 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 estimates affecting the financial statements were:

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.

Management estimates the final receivable or payable with the State of Vermont Department of Education for special education expense reimbursement.

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 8 and 9 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 Warren 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