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March 8, 2013

Washington West Supervisory Union
Att: Michelle Baker, Dir. of Finance & Operations
340 Mad River Pk., Ste. 7
Waitsfield, VT 05673

Dear Michelle :

I have electronically forwarded the final financial statements for Washington West Supervisory Union as of and for the year ended June 30, 2012. In addition I will be mailing you 16 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

Washington West Supervisory Union
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For The Year Ended June 30, 2012

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Washington West Supervisory Union
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Independent Auditors' Report

To The School Board
Washington West Supervisory Union

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Washington West Supervisory Union, Vermont, as of and for the year ended June 30, 2012, which collectively comprise the Supervisory Union's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Supervisory Union's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of Washington West Supervisory Union's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Washington West Supervisory Union, Vermont, as of June 30, 2012, in conformity with accounting principles generally accepted in the United States

of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of Washington West Supervisory Union, as of June 30, 2012, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2013 on our consideration of Washington West Supervisory Union's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 6 and 31 through 33 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing

procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Angolano & Company

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

February 12, 2013

WASHINGTON WEST SUPERVISORY UNION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

Introduction

The discussion and analysis of The Washington West Supervisory Union's ("the Union") financial performance provides a narrative introduction and overview of the Union's financial activities for the fiscal year ending June 30, 2012 (FY 12). The Union is organized under the guidance of the Board of Directors to provide management services for member districts of Fayston, Moretown, Waitsfield, Warren, Waterbury-Duxbury and Harwood Union High School.

Financial Highlights

- Government-wide assets totaled \$509,139 and government-wide liabilities totaled \$127,533.
- The Union's general fund actual revenues were \$982,716, while the budgeted revenues were \$983,470; a difference of \$754.
- The Union's general fund actual expenditures were \$962,315, while the budgeted expenditures were \$990,402, a savings of \$28,087 or 2.8%.
- Special Revenue Funds totaling \$161,780 are held in the Supervisory Union's accounts for various Federal, State and Private Grants.
- The Capital Project Fund represents the unspent balance on monies set aside for unanticipated and/or future technology and transportation needs. The fund balance at June 30, 2012 was \$692.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Washington West Supervisory Union's basic financial statements. The Union'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 Union 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 Union 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 Union is improving or deteriorating.

The Statement of Activities presents information showing how the Union 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 Union 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 Union include programs and services such as management and instructional support, and other support services such as transportation needs of the supervisory union.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Union, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Union 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 Union maintains three (3) 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 and Capital Project funds. The basic governmental funds financial statements can be found on pages 9 and 11-12.

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 14-30.

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, Special Revenue Fund statements, and a Report on Compliance and Internal Control.

Government-Wide Financial Analysis

Our analysis of the Union's major funds begins on Table 1. The fund financial statements provide detailed information about the most significant funds – not the Union as a whole. Some funds are required to be established by State law and by bond covenants. However, the Union's Board of Directors establish many other funds to help them control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain grants, and other money.

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.

Washington West Supervisory Union
Statement of Net Assets and Fund Balance Reconciliation
June 30, 2012

	Summary of Financial Operations and <u>Fund Balance</u>	Governmental Activities <u>Government-Wide</u>	<u>Difference</u>
ASSETS:			
Current Assets:			
Cash	72,027	72,027	-
Accounts Receivable:			
Other	79,080	79,080	-
Other LEA's	8,165	8,165	-
State	165,444	165,444	-
Prepaid Expenses	22,722	22,722	-
TOTAL CURRENT ASSETS	347,438	347,438	-
Capital Assets. Net	-	161,701	(161,701)
TOTAL ASSETS	347,438	509,139	(161,701)
LIABILITIES:			
Current Liabilities:			
Accounts Payable:			
Other	48,488	48,488	-
Other LEA's	56,407	56,407	-
State	13,742	13,742	-
Accrued Expenses	6,710	6,710	-
Due to Other Funds	-	-	-
Deferred Revenue	2,186	2,186	-
TOTAL LIABILITIES	127,533	127,533	-
NET ASSETS:			
Investment in Capital Assets, net of related Debt	161,701	161,701	-
Restricted for Capital Projects	-	-	-
Restricted for Other Purposes	32,431	194,132	(161,701)
Unrestricted	25,773	25,773	-
TOTAL NET ASSETS	219,905	381,606	(161,701)
TOTAL LIABILITIES AND NET ASSETS	347,438	509,139	(161,701)

Governmental Activities:

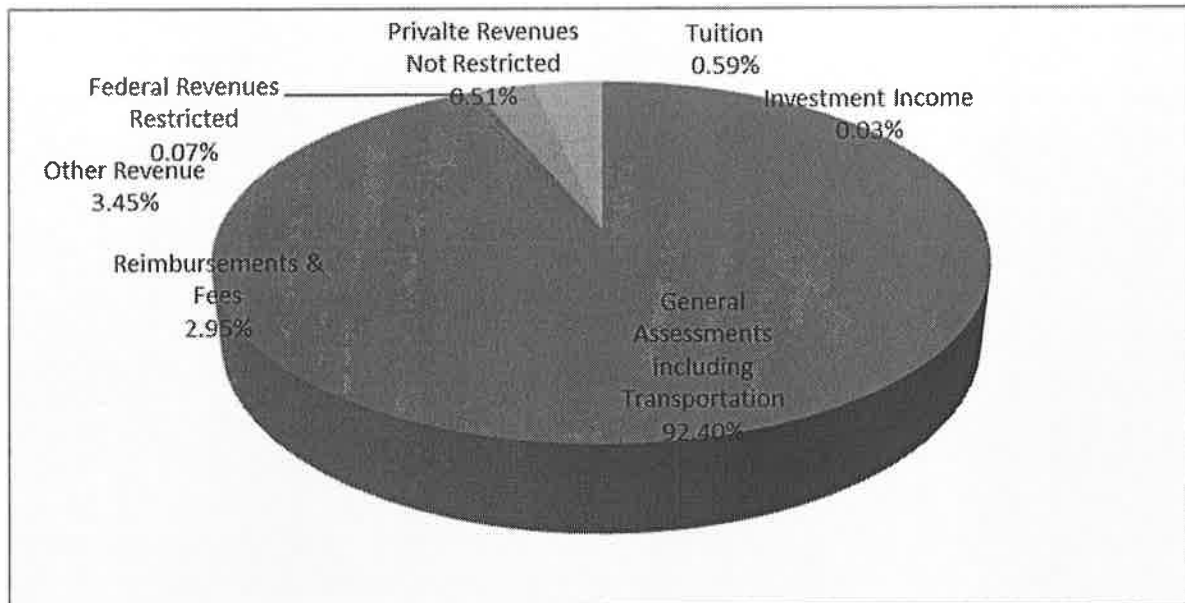
Governmental Activities revenues totaled \$2,060,117 and net expenses totaled \$2,079,501 resulting in a decrease in net assets of \$19,384.

Business Type Activities:

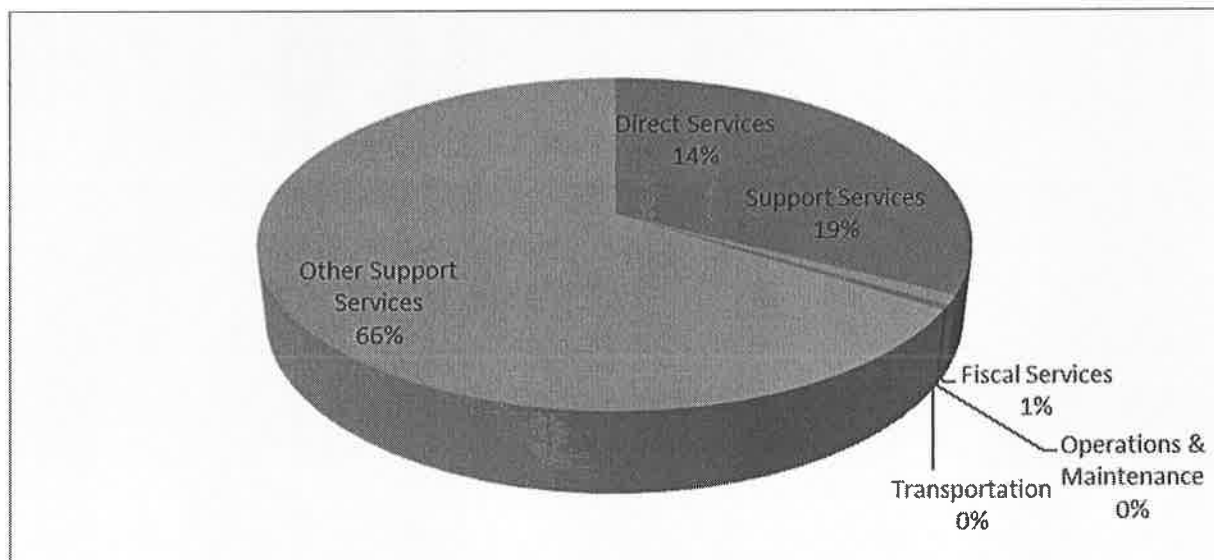
The Union had no Business Type activities.

Fund Financial Analysis

Governmental Revenues summarized are as follows:



Governmental expenses are as follows:



Governmental Fund Types:

Fund balances in the Governmental Fund types increased from \$216,084 to \$219,905, an increase of \$3,821. This increase was reflected in the General Fund by an increase of \$19,067, a decrease of \$14,242 in the Special Revenue Funds, and a decrease of \$1,004 in the Capital Projects Funds.

Proprietary Fund Type:

The Union does not maintain any proprietary fund types.

Fiduciary Fund Types:

The Union does not maintain any fiduciary fund types.

Capital Assets

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

Washington West Supervisory Union			TABLE VI
Capital Assets			
	June 30, 2012		
		Accumulated	
	<u>Cost</u>	<u>Depreciation</u>	<u>Net Value</u>
Governmental Activities:			
Buildings and Improvements	\$ -	\$ -	\$ -
Vehicles	-	-	-
Furniture and Equipment	226,825	65,124	161,701
Total	<u>\$ 226,825</u>	<u>\$ 65,124</u>	<u>\$ 161,701</u>
Business Type Activities:			
Furniture and Equipment	\$ -	\$ -	\$ -
Total	<u>\$ 226,825</u>	<u>\$ 65,124</u>	<u>\$ 161,701</u>

Long-Term Debt

The Union does not have any long-term debt.

Current Issues

- Act 153/156 expanded the SU's duties and responsibilities. This is likely to have an effect on future SU operations but it is unclear what the changes will be at the present time.
- WWSU's is in the process of increasing the use of technology in all areas of district operations including financial management, human resource management and the management of student data, including student assessment.

Contact for Further Information

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the Union's finances and to reflect the Union'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.

Washington West Supervisory Union
Statement of Net Assets
Government-Wide
June 30, 2012

EXHIBIT I

	Governmental Activities	Total
ASSETS:		
Cash and Cash Equivalents	\$ 72,027	\$ 72,027
Accounts Receivable - State	165,444	165,444
Accounts Receivable - Other LEAs	8,165	8,165
Accounts Receivable - Other	79,080	79,080
Prepaid Expenses	22,722	22,722
Capital Assets, net (Note 4)	<u>161,701</u>	<u>161,701</u>
Total Assets	<u>509,139</u>	<u>509,139</u>
LIABILITIES:		
Accounts Payable - State	13,742	13,742
Accounts Payable - Other LEAs	56,407	56,407
Accounts Payable - Other	48,488	48,488
Accrued Expenses	6,710	6,710
Deferred Revenue	<u>2,186</u>	<u>2,186</u>
Total Liabilities	<u>127,533</u>	<u>127,533</u>
NET ASSETS:		
Investment in Capital Assets, net of related debt	161,701	161,701
Restricted for Other Purposes	194,132	194,132
Unrestricted	<u>25,773</u>	<u>25,773</u>
Total Net Assets	<u>\$ 381,606</u>	<u>\$ 381,606</u>

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Statement of Activities
Government-Wide
For The Year Ended June 30, 2012

EXHIBIT II

		Program Revenues	Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Operating Grants	Governmental Activities	Total
Instructional:				
Direct Services	\$ 243,083	\$ 178,348	\$ (64,735)	\$ (64,735)
Support Services:				
Students	15,260	15,260	-	-
Instructional Services	167,704	167,704	-	-
General Administrative Services	645,518	25,789	(619,729)	(619,729)
Area Administrative Services	166,447	44,786	(121,661)	(121,661)
Fiscal Services	364,863	12,016	(352,847)	(352,847)
Operations and Maintenance of Building	6,150	6,150	-	-
Transportation	879,083	451	(878,632)	(878,632)
Other Support Services	909,492	867,595	(41,897)	(41,897)
Total	<u>\$ 3,397,600</u>	<u>\$ 1,318,099</u>	(2,079,501)	(2,079,501)
General Revenues:				
Assessments			1,903,579	1,903,579
Tuition			12,225	12,225
Federal Revenues not Restricted to Specific Programs			1,347	1,347
Private Revenues not Restricted to Specific Programs			10,583	10,583
Investment Earnings			575	575
Refunds and Reimbursements			60,753	60,753
Miscellaneous			71,055	71,055
Total General Revenues			<u>2,060,117</u>	<u>2,060,117</u>
Excess (Deficiency) of Revenues Over Expenses			(19,384)	(19,384)
Net Assets - Beginning			<u>400,990</u>	<u>400,990</u>
Net Assets - Ending			<u>\$ 381,606</u>	<u>\$ 381,606</u>

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Combined Balance Sheet
All Fund Types - Fund Base
June 30, 2012

EXHIBIT III

	Governmental Fund Types			Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Capital Project & Other Funds	
ASSETS:				
Current Assets:				
Cash	\$ 72,027			\$ 72,027
Due From Other Funds		\$ 196,045	\$ 692	196,737
Accounts Receivable - State		165,444		165,444
Accounts Receivable - Other LEAs		8,165		8,165
Accounts Receivable - Other	53,638	25,442		79,080
Prepaid Expenses	17,690	5,032	-	22,722
Total Current Assets	<u>143,355</u>	<u>400,128</u>	<u>692</u>	<u>544,175</u>
TOTAL ASSETS	<u>\$ 143,355</u>	<u>\$ 400,128</u>	<u>\$ 692</u>	<u>\$ 544,175</u>
LIABILITIES AND FUND EQUITY:				
Liabilities:				
Due To Other Funds	\$ 37,288	\$ 159,448		\$ 196,736
Accounts Payable - State		13,742		13,742
Accounts Payable - Other LEAs	43,539	12,868		56,407
Accounts Payable - Other	1,864	46,625		48,489
Accrued Expenses	3,231	3,479		6,710
Deferred Revenue	-	2,186	-	2,186
Total Liabilities	<u>85,922</u>	<u>238,348</u>	<u>\$ -</u>	<u>324,270</u>
Fund Equity:				
Fund Balances:				
Unassigned	25,999	(226)		25,773
Assigned	31,434		692	32,126
Restricted	-	162,006	-	162,006
Total Fund Equity	<u>57,433</u>	<u>161,780</u>	<u>692</u>	<u>219,905</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 143,355</u>	<u>\$ 400,128</u>	<u>\$ 692</u>	<u>\$ 544,175</u>

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
June 30, 2012

Fund Balances – total governmental funds	\$219,905
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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	226,825
Less accumulated depreciation	<u>(65,124)</u>

Net Assets of Governmental Activities	<u>\$381,606</u>
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Washington West Supervisory Union
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types - Fund Base
For The Year Ended June 30, 2012

EXHIBIT IV

	General Fund	Special Revenue Funds	Capital Project & Other Funds	Totals (Memorandum Only)
REVENUES:				
Assessments	\$ 968,951	\$ 57,000	\$ 877,628	\$ 1,903,579
Tuition		12,225		12,225
Fees		57,865		57,865
Investment Income	575			575
Refunds and Reimbursements		60,753		60,753
Other Revenue	13,190			13,190
Local/Private		237,862		237,862
State		6,959		6,959
Federal	-	1,085,208	-	1,085,208
TOTAL REVENUES	<u>982,716</u>	<u>1,517,872</u>	<u>877,628</u>	<u>3,378,216</u>
EXPENDITURES:				
Direct Services		228,858		228,858
Support Services:				
Students		15,260		15,260
Instructional Staff		167,704		167,704
General Administration	487,807	157,711		645,518
Area Administration	121,661	44,786		166,447
Fiscal Services	352,847	12,016		364,863
Operation and Maintenance of Building		6,150		6,150
Central Support Services		34,917		34,917
Transportation		451	878,632	879,083
Other Outlays	-	865,595	-	865,595
TOTAL EXPENDITURES	<u>962,315</u>	<u>1,533,448</u>	<u>878,632</u>	<u>3,374,395</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	20,401	(15,576)	(1,004)	3,821
OTHER FINANCING SOURCES (USES):				
Transfers In	39	218,744		218,783
Transfers Out	(1,373)	(217,410)	-	(218,783)

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types - Fund Base
For The Year Ended June 30, 2012

EXHIBIT IV

	General Fund	Special Revenue Funds	Capital Project & Other Funds	Totals (Memorandum Only)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 19,067	\$ (14,242)	\$ (1,004)	\$ 3,821
FUND BALANCES, JULY 1, 2011	<u>38,366</u>	<u>176,022</u>	<u>1,696</u>	<u>216,084</u>
FUND BALANCES, JUNE 30, 2012	<u>\$ 57,433</u>	<u>\$ 161,780</u>	<u>\$ 692</u>	<u>\$ 219,905</u>

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For The Year Ended June 30, 2012

Net Changes in fund Balances – total governmental funds	\$ 3,821
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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	0
Less current year depreciation	<u>(23,205)</u>

Change in Net Assets of Governmental Funds	<u>\$(19,384)</u>
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Washington West Supervisory Union
Notes to Financial Statements
For The Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Washington West Supervisory Union ("Supervisory Union") 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 appointed by the boards of member districts to provide oversight and grant administration to its member school districts. Except where noted, the accounting policies conform to generally accepted accounting principles, as applicable to governmental units.

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

Reporting Entity:

The schoolboard is appointed by member districts 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, Supervisory Union is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14. There are no component units included within the reporting entity.

Government-Wide and Fund Financial Statements:

The statement of net assets and the statement of activities are government-wide financial statements. They report information on all of the Washington West Supervisory Union's non-fiduciary activities with most of the Interfund activities removed. *Governmental Activities* include programs supported primarily by Assessments, State funds, grants and other intergovernmental revenues.

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

Washington West Supervisory Union
Notes to Financial Statements (continued)
For The Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Governmental Fund Types:

- General Fund – The general fund is the Supervisory Union’s primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- Special Revenue Funds – The Supervisory Union accounts for resources restricted to, or designated for, specific purposes by the Supervisory Union or a grantor in a special revenue fund. Most federal and some State financial assistance is accounted for in a Special Revenue Fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.
- Other Governmental Funds – The Supervisory Union accounts for resources not considered part of any other fund that is that is designed for specific purposes by the Supervisory Union or a grantor in an other governmental fund. Some of the financial assistance accounted for in this fund that is unused must be returned to the grantor at the close of a specific project period.
- Capital Project Fund – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

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

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is

Washington West Supervisory Union
Notes to Financial Statements (continued)
For The Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

Other Accounting Policies:

Cash and Cash Equivalents:

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

Interfund Receivables and Payables:

Activities between funds that are representative of lending or borrowing arrangements

Washington West Supervisory Union
Notes to Financial Statements (continued)
For The Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

outstanding at the end of the fiscal year are referred to as “due to/from other funds”. All other outstanding balances between funds are also reported as “due to/from other funds”.

Accounts Receivable:

The accounts receivable balances at year end are from governmental entities, no allowance for doubtful accounts is considered necessary.

Prepaid Items:

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

Capital Assets:

Capital assets, which include land, buildings, furniture, and equipment, are reported in the applicable governmental activities column in the governmental wide financial statements. Capital assets are defined by the Supervisory Union 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 Supervisory Union 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 Supervisory Union 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 Supervisory Union and approved by the Washington West Supervisory Union School Board at a properly warned meeting for

Washington West Supervisory Union
Notes to Financial Statements (continued)
For The Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Encumbrances:

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

Net Assets and Fund Balance:

Government-Wide Financial Statements:

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

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

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

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

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

Washington West Supervisory Union
Notes to Financial Statements (continued)
For The Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Based Financial Statements:

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

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

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

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

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

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

Unspendable Fund Balance – The portion of the permanent fund balance that has to be maintained, and cannot be spent by the Town.

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 Supervisory Union 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.

Washington West Supervisory Union
Notes to Financial Statements (continued)
For The Year Ended June 30, 2012

NOTE 2 - CASH AND REPURCHASE AGREEMENTS

Cash deposits with financial institutions at June 30th amounted to \$72,027. As major revenues are received during the year bank deposits may temporarily exceed insured limits.

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

These four levels of risk are as follows:

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

Balances held in each area are as follows:

	Carrying Amount	Bank Balance
- Insured (FDIC) and/or (SIPC)	\$72,027	\$338,236
- Category 1	0	0
- Category 2	0	0
- Category 3	0	0
- Category 4	0	0
Total deposits	<u>\$72,027</u>	<u>\$338,236</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.

The School District holds a letter of credit to cover uninsured deposits. The letter of credit is drawn on the Federal Home Loan Bank of Boston.

Washington West Supervisory Union
Notes to Financial Statements (continued)
For The Year Ended June 30, 2012

NOTE 3 - INTERFUND RECEIVABLES

In compliance with GASB 1300.109 Supervisory Union 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, 2012 is as follows:

Fund Financial Statements:		
Receivable Fund	Payable Fund	Amount
Special Revenue Funds:		
Local Standards Board	General Fund	\$ 1,100
Medicaid IEP	General Fund	22,436
Tobacco	General Fund	9,655
Life Skills Fund	General Fund	1,832
Henderson Foundation	General Fund	2,435
VEHI Pathpoints	General Fund	27,755
Professional Development	General Fund	8,080
EPSDT	General Fund	90,340
Act 230/BEST	General Fund	1,257
H1N1 Vaccinations	General Fund	8,002
Student Assistance Program	General Fund	296
IDEA-B Proportionate	General Fund	518
IDEA-B Preschool Proportionate	General Fund	51
Kids Consortium	General Fund	517
DOL Vocational Grant	General Fund	298
Criminal Record	General Fund	1,490
Wat-Dux SES Services	General Fund	12,732
Wat-Dux Title I School Improve	General Fund	4,750
Human Resources	General Fund	2,500
Capital Project Funds:		
Technology Reserve	General Fund	13
Transportation	General Fund	679
Special Revenue Fund:		
General Fund	Title I	45,382
General Fund	School Wide Program	5,676
General Fund	IDEA-B	29,908
General Fund	Title I School Improvement	1,197
General Fund	ARRA Title I School Imp	4,268
General Fund	IDEA-B Preschool	6,565
General Fund	Title II-A	37,329
General Fund	District Operations & Maint.	16,214

Washington West Supervisory Union
Notes to Financial Statements (continued)
For The Year Ended June 30, 2012

NOTE 3 - INTERFUND RECEIVABLES (CONTINUED)

Fund Financial Statements:			
Receivable Fund	Payable Fund		Amount
	Special Revenue Fund:		
General Fund	Title III	\$	3,556
General Fund	Farm to School		103
General Fund	System Administrator		<u>9,250</u>
Total			<u>\$356,184</u>

NOTE 4 – CAPITAL ASSETS

Capital activity for the Supervisory Union for the year ended June 30, 2012 was as follows:

	<u>Primary Government</u>			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets:				
Furniture and Equipment	<u>\$226,825</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$226,825</u>
Total other capital assets at historical costs	<u>226,825</u>	<u>0</u>	<u>0</u>	<u>226,825</u>
Less accumulated depreciation:				
Furniture and Equipment	<u>41,919</u>	<u>23,205</u>	<u>0</u>	<u>65,124</u>
Total accum. depr.	<u>41,919</u>	<u>23,205</u>	<u>0</u>	<u>65,124</u>
Governmental activities Capital Assets, Net	<u>\$184,906</u>	<u>\$(23,205)</u>	<u>\$ 0</u>	<u>\$161,701</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Direct Services	\$14,225
Support Services:	
Students	0
Instructional Staff	0
General Administration	0
Area Administration	0
Fiscal Services	0
Operation and Maintenance of Plant	0
Transportation	0

Washington West Supervisory Union
Notes to Financial Statements (continued)
For The Year Ended June 30, 2012

NOTE 4 – CAPITAL ASSETS (CONTINUED)

Other Support Services	<u>\$ 8,980</u>
Total governmental activities depreciation expense	<u>\$23,205</u>

NOTE 5 - DEFERRED REVENUE

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

Federal funds	\$ 569
Other funds	<u>1,617</u>
Total deferred revenues	<u>\$2,186</u>

NOTE 6 - SICK LEAVE

It is the Supervisory Union's policy to permit employees to accumulate earned but unused sick pay benefits. Such leave benefits do not vest under the Supervisory Union'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.

Non-teaching staff earn 20 sick days per year, and may accumulate a maximum of 90 days.

NOTE 7 – 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:

Committed for FY13 Budget	<u>\$ 31,434</u>
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Special Revenue Funds:

Title II-A	\$ 1,380
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Washington West Supervisory Union
Notes to Financial Statements (continued)
For The Year Ended June 30, 2012

Special Revenue Funds (continued) :

IDEA-B Preschool/Renovation/ARRA	\$ 3
Student Assistance Program	297
H1N1 Vaccination Campaign	8,002
Life Skills Fund	1,832
Henderson Foundation	2,435
Act 230/BEST	1
Criminal Records	1,358
DOL Vocational	298
VEHI Pathpoints	16,224
Professional Development Fund	7,416
Wat-Dux SES Services	12,732
Human Resources	2,500
Medicaid IEP	23,970
EPSDT	<u>83,558</u>
Total	<u>\$162,006</u>

Other Governmental Fund:

Technology Reserve	\$ 13
Transportation	<u>679</u>
Total	<u>\$ 692</u>

NOTE 8 – 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:

Technology Reserve	\$ 13
Transportation	<u>679</u>
Total	<u>\$ 692</u>

Net Assets Restricted For Other Purposes:

Committed for FY13 Budget	\$ 31,434
Title II-A	1,380
IDEA-B Preschool/Renovation/ARRA	3
Student Assistance Program	297
H1N1 Vaccination Campaign	8,002

Washington West Supervisory Union
Notes to Financial Statements (continued)
For The Year Ended June 30, 2012

NOTE 8 – NET ASSETS RESTRICTED (Government-Wide Financial Statements)
(CONTINUED)

Net Assets Restricted For Other Purposes (continued) :

Life Skills Fund	\$ 1,832
Henderson Foundation	2,435
Act 230/BEST	1
Criminal Records	1,358
DOL Vocational	298
VEHI Pathpoints	16,224
Professional Development Fund	7,416
Wat-Dux SES Services	12,732
Human Resources	2,500
Medicaid IEP	23,970
EPSDT	<u>83,558</u>
Total	<u>\$193,440</u>

NOTE 9 – TRANSFERS IN THE FUND BASED FINANCIAL STATEMENTS

The Supervisory Union 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.

From Special Revenue Funds:

Title I	\$206,998
Title II-A	1,773

To Special Revenue Funds - School Wide for subgranting, based on the approved Consolidated Federal Grant application.

Funds of \$8,600 were transferred from the Special Revenue Fund – Title II-A to the Special Revenue Fund – Title II-D based on the approved Consolidated Federal Grant application.

Funds of \$39 were transferred from the Special Revenue Fund – Child Protect to the General Fund to close out the fund.

Funds of \$24 were transferred from the General Fund to the Special Revenue Fund – Negotiations – Legal to close out the fund.

Funds of \$1,349 were transferred from the General Fund to the Special Revenue Fund – System Administrator to close out the fund.

Washington West Supervisory Union
Notes to Financial Statements (continued)
For The Year Ended June 30, 2012

NOTE 10 - PENSIONS

VERMONT TEACHERS' RETIREMENT SYSTEM

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

Required contributions to the system are made by the State of Vermont based upon a valuation report prepared by the System's actuary. TRS is a cost sharing public employee retirement system with one exception: all risks and costs are not shared by the Supervisory Union but are the liability of the State of Vermont. TRS is funded through state and employee contributions and the Supervisory Union has no legal obligation for paying benefits. The Vermont State Teachers Retirement System estimates the contributions on behalf of the Supervisory Union's employees included in the teacher's retirement plan as required by Government Accounting Standards Board (GASB) Statement 24 to be 7.74% or approximately \$29,967.

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

Contributions by the employees are 5% of gross earnings and are withheld pre income tax by the Supervisory Union. Such withholdings totaled \$19,291 during the year and were paid by the Supervisory Union to the State of Vermont. The Supervisory Union has no other liability under the plan. The Supervisory Union's total payroll for all employees during the year was \$926,827, with \$387,177 of such amount related to employees covered by the retirement plan.

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

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Employees other than Teachers are eligible to participate in the Vermont Municipal Employees' Retirement System ("VMERS") providing they work a minimum of 30 hours per week for the school year employee or a minimum of 24 hours per week for a calendar year employee. There

Washington West Supervisory Union
Notes to Financial Statements (continued)
For The Year Ended June 30, 2012

NOTE 10 – PENSIONS (CONTINUED)

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

are three levels of contributions and benefits in the System called Group A, Group B, Group C and Group D. The Supervisory Union 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. Both the members and the Supervisory Union 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 Supervisory Union's contributions (% of gross wages)	4.0%	5.0%	6.5%	9.5%

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

Employee contributions are withheld pre income tax by the Supervisory Union and are remitted to the State of Vermont. Such withholdings totaled \$9,911 during the year. The Supervisory Union contributed \$15,858 during the year. The Supervisory Union's total payroll for all employees during the year was \$926,827, with \$396,456 of such amount related to employees covered by the Vermont Municipal Employees' Retirement System.

NOTE 11 - RISK MANAGEMENT

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

Washington West Supervisory Union
Notes to Financial Statements (continued)
For The Year Ended June 30, 2012

NOTE 11 - RISK MANAGEMENT (CONTINUED)

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

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

Washington West Supervisory Union
Notes to Financial Statements (continued)
For The Year Ended June 30, 2012

NOTE 11 - RISK MANAGEMENT (CONTINUED)

required obligations, the Program will be terminated with each members assessed their proportionate share of the deficit.

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

NOTE 12 - OPERATING LEASES

On September 5, 2007 Washington West Supervisory Union entered into a lease agreement with Ikon Office Solutions, Inc. for the lease of a copier. The total amount due is \$18,820 plus \$.0087 per copy over 11,000 per month, to be paid in monthly installments of \$267-\$323 over 5 years. The following is a schedule of future minimum lease payments under this lease.

During the year ended June 30, 2013	<u>\$969</u>
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Total lease payments made this year were \$3,876.

On November 14, 2011 Washington West Supervisory Union entered into a lease agreement with M5 Leasing Company, LLC. Company for the lease of office space through June 30, 2015. The minimum amount due is \$32,004, to be paid in monthly installments of \$2,653 over 1 years. There will be price increases for FY14 and FY15 based on the Northeast Consumer Price Index. The following is a schedule of future minimum lease payments under this lease.

During the year ended June 30, 2013	<u>\$32,004</u>
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Total lease payments made this year were \$0.

NOTE 13 - COMMITMENTS

On May 23, 2012 the Supervisory Union entered into an agreement with First Students, Inc. for contracted bus transportation services through June 30, 2015. The contract calls for various costs associated with regular route services. The minimum annual cost to the Supervisory Union for the year ending June 30, 2013 is \$870,679.

Washington West Supervisory Union
Notes to Financial Statements (continued)
For The Year Ended June 30, 2012

NOTE 13 – COMMITMENTS (CONTINUED)

The Supervisory Union 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 Supervisory Union has not complied with the rules and regulations governing the grants, refunds of any money recovered may be required and the collectibility of any related receivable at June 30, 2011 may be impaired. In the opinion of the Supervisory Union, 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 14 - RELATED PARTY

Washington West Supervisory Union provides services to the following school and school districts:

Waitsfield School District	Fayston School District
Duxbury School District	Waterbury School District
Moretown School District	Waterbury-Duxbury School District
Warren School District	Harwood Union High School

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

Washington West Supervisory Union
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
General Fund
For The Year Ended June 30, 2012

Schedule 1

	Object	Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES:				
Assessments:				
Central Office		\$ 607,556	\$ 607,556	\$ -
Fiscal Services		244,923	244,923	-
Business Office		116,472	116,472	-
Investment Income		500	575	75
Other Revenue		<u>14,019</u>	<u>13,190</u>	<u>(829)</u>
TOTAL REVENUES		<u>983,470</u>	<u>982,716</u>	<u>(754)</u>
EXPENDITURES:				
Central Office 2321:				
Superintendent Salaries	110	104,545	104,545	-
Stipends	110	2,000	2,000	-
Administrative Assistant Salaries	111	47,615	47,615	-
Curriculum Support Salaries	112	84,615	84,615	-
Administrative Support Salaries	113	17,953	23,297	(5,344)
Power School Support Salaries	117	4,000	4,000	-
Web Site Development Salaries	118	3,000	-	3,000
Systems Administrator Salaries	119	20,000	20,000	-
Temporary Salaries	120	-	64	(64)
Personal Day Salaries	125	900	1,007	(107)
Health Insurance	210	30,487	27,945	2,542
Section 125	211	200	342	(142)
Insurance Compensation	212	-	700	(700)
Social Security	220	19,487	20,554	(1,067)
Life Insurance	230	1,870	1,447	423
Retirement	240	2,783	3,205	(422)
Workers Compensation	250	5,161	1,972	3,189
Unemployment Compensation	260	2,766	1,420	1,346
Professional Development	270	8,500	1,678	6,822
Dental Benefits	280	3,244	3,144	100
Technology Support Services	321	25,365	24,784	581
Contracted Services	330	665	770	(105)
Legal Fees	360	4,200	577	3,623
Custodial Services	420	2,150	1,910	240
Equipment Repair	430	-	55	(55)
Copier Maintenance	431	4,200	3,575	625
Computer/Server Maintenance	432	19,068	17,632	1,436

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
General Fund
For The Year Ended June 30, 2012

Schedule 1

	Object	Budget	Actual	Variance - Favorable (Unfavorable)
Office Lease	441	\$ 31,863	\$ 33,163	\$ (1,300)
Storage Rental	442	400	1,026	(626)
Property Insurance	521	1,700	1,151	549
Telephone	530	4,250	4,862	(612)
Postage	531	4,250	5,549	(1,299)
Advertising	540	1,200	4,100	(2,900)
Travel	580	3,650	4,136	(486)
Supplies	610	16,000	16,795	(795)
Equipment	730	3,835	9,336	(5,501)
Dues and Fees	810	4,000	3,733	267
Miscellaneous	890	1,000	1,619	(619)
Moving Expense	896	-	3,484	(3,484)
Subtotal		<u>486,922</u>	<u>487,807</u>	<u>(885)</u>
Special Education Administration 2420:				
Administrative Salaries	110	86,442	82,099	4,343
Administrative Support Salaries	112	21,218	10,287	10,931
Personal Day Salaries	125	350	398	(48)
Health Insurance	210	16,032	16,032	-
Insurance Compensation	212	350	700	(350)
Social Security	220	8,236	6,744	1,492
Life Insurance	230	846	620	226
Retirement	240	849	463	386
Workers Compensation	250	888	848	40
Unemployment Compensation	260	478	409	69
Professional Development	270	1,000	303	697
Dental Benefits	280	1,149	1,155	(6)
Advertising	540	15	-	15
Travel	580	1,000	1,000	-
Supplies	610	<u>500</u>	<u>603</u>	<u>(103)</u>
Subtotal		<u>139,353</u>	<u>121,661</u>	<u>17,692</u>
Business Manager's Office 2521:				
Business Manager Salaries	110	83,738	83,738	-
Personal Day Salaries	125	280	280	-
Health Insurance	210	14,192	14,192	-
Social Security	220	6,406	6,157	249
Life Insurance	230	679	463	216
Retirement	240	3,350	3,361	(11)
Workers Compensation	250	719	554	165

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
General Fund
For The Year Ended June 30, 2012

Schedule 1

	Object	Budget	Actual	Variance - Favorable (Unfavorable)
Unemployment Compensation	260	\$ 239	\$ 424	\$ (185)
Professional Development	270	1,500	842	658
Dental Benefits	280	1,149	1,155	(6)
Audit Services	370	4,600	4,600	-
Dues and Fees	810	500	425	75
Subtotal		<u>117,352</u>	<u>116,191</u>	<u>1,161</u>
Fiscal Services 2525:				
Salaries	110	167,790	166,515	1,275
Personal Day Salaries	125	850	805	45
Health Insurance	210	39,874	40,300	(426)
Social Security	220	12,836	11,687	1,149
Life Insurance	230	1,231	911	320
Retirement	240	7,551	7,079	472
Workers Compensation	250	1,439	1,111	328
Unemployment Compensation	260	1,091	851	240
Professional Development	270	1,000	2,034	(1,034)
Dental Benefits	280	2,853	2,902	(49)
Repairs and Maintenance	430	9,160	1,754	7,406
Travel	580	1,100	707	393
Subtotal		<u>246,775</u>	<u>236,656</u>	<u>10,119</u>
TOTAL EXPENDITURES		<u>990,402</u>	<u>962,315</u>	<u>28,087</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		(6,932)	20,401	27,333
OTHER FINANCING SOURCES (USES):				
Transfer From Special Revenue Fund		-	39	39
Transfers To Special Revenue Funds		<u>-</u>	<u>(1,373)</u>	<u>(1,373)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES		(6,932)	19,067	25,999
FUND BALANCES, JULY 1, 2011		<u>6,932</u>	<u>38,366</u>	<u>31,434</u>
FUND BALANCES, JUNE 30, 2012		<u>\$ -</u>	<u>\$ 57,433</u>	<u>\$ 57,433</u>

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Combined Balance Sheet
Special Revenue Funds
June 30, 2012

Schedule 2

	Federal Funds	Non-Federal Funds	Totals
ASSETS:			
Current Assets:			
Due From Other Funds	\$ 13,618	\$ 182,427	\$ 196,045
Accounts Receivable - State	150,050	15,394	165,444
Accounts Receivable - Other LEAs	8,165		8,165
Accounts Receivable - Other		25,442	25,442
Prepaid Expenses	5,000	32	5,032
Total Current Assets	<u>176,833</u>	<u>223,295</u>	<u>400,128</u>
TOTAL ASSETS	<u>\$ 176,833</u>	<u>\$ 223,295</u>	<u>\$ 400,128</u>
LIABILITIES & FUND BALANCES:			
Liabilities:			
Due To Other Funds	\$ 133,881	\$ 25,567	\$ 159,448
Accounts Payable - State	3,225	10,517	13,742
Accounts Payable - Other LEAs	6,086	6,782	12,868
Accounts Payable - Other	19,914	26,711	46,625
Accrued Expenses	3,479		3,479
Deferred Revenue	569	1,617	2,186
Total Liabilities	<u>167,154</u>	<u>71,194</u>	<u>238,348</u>
Fund Balances:			
Unassigned	(3)	(223)	(226)
Restricted	<u>9,682</u>	<u>152,324</u>	<u>162,006</u>
Total Fund Balances	<u>9,679</u>	<u>152,101</u>	<u>161,780</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 176,833</u>	<u>\$ 223,295</u>	<u>\$ 400,128</u>

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
Special Revenue Funds
For The Year Ended June 30, 2012

Schedule 3

	Federal Funds	Non-Federal Funds	Totals
REVENUES:			
Assessments		\$ 57,000	\$ 57,000
Tuition		12,225	12,225
Fees		57,865	57,865
Refunds and Reimbursements		60,753	60,753
Local/Private		237,862	237,862
State		6,959	6,959
Federal	\$ 1,085,208	-	1,085,208
 TOTAL REVENUES	 <u>1,085,208</u>	 <u>432,664</u>	 <u>1,517,872</u>
EXPENDITURES:			
Direct Services	176,450	52,408	228,858
Support Services:			
Students	15,260		15,260
Instructional Staff	160,610	7,094	167,704
General Administration	9,655	148,056	157,711
Area Administration	44,786		44,786
Fiscal Services		12,016	12,016
Operation and Maintenance of Building	6,150		6,150
Central Support Services		34,917	34,917
Transportation	451		451
Other Outlays	670,499	195,096	865,595
 TOTAL EXPENDITURES	 <u>1,083,861</u>	 <u>449,587</u>	 <u>1,533,448</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 1,347	 (16,923)	 (15,576)
OTHER FINANCING SOURCES (USES):			
Transfers In	217,371	1,373	218,744
Transfers Out	(217,371)	(39)	(217,410)
 EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	 1,347	 (15,589)	 (14,242)
 FUND BALANCES, JULY 1, 2011	 <u>8,332</u>	 <u>167,690</u>	 <u>176,022</u>
 FUND BALANCES, JUNE 30, 2012	 <u>\$ 9,679</u>	 <u>\$ 152,101</u>	 <u>\$ 161,780</u>

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Combining Balance Sheet
Special Revenue Funds - Federal Funds
June 30, 2012

Schedule 4
(page 1 of 2)

	Title I	Title II-A	School Wide	IDEA-B & ARRA	IDEA-B Preschool & Renovation & ARRA	IDEA-B Proportionate Share	Subtotals
ASSETS:							
Current Assets:							
Due From Other Funds						\$ 518	\$ 518
Accounts Receivable - State	\$ 45,382	\$ 33,795		53,580	\$ 6,568		139,325
Accounts Receivable - Other LEAs			\$ 7,301	864			8,165
Prepaid Expenses	-	5,000	-	-	-	-	5,000
Total Current Assets	<u>45,382</u>	<u>38,795</u>	<u>7,301</u>	<u>54,444</u>	<u>6,568</u>	<u>518</u>	<u>153,008</u>
TOTAL ASSETS	<u>\$ 45,382</u>	<u>\$ 38,795</u>	<u>\$ 7,301</u>	<u>\$ 54,444</u>	<u>\$ 6,568</u>	<u>\$ 518</u>	<u>\$ 153,008</u>
LIABILITIES & FUND BALANCES:							
Liabilities:							
Due To Other Funds	\$ 45,382	\$ 37,329	\$ 5,676	\$ 29,908	\$ 6,565		\$ 124,860
Accounts Payable - State							-
Accounts Payable - Other LEAs				6,086			6,086
Accounts Payable - Other		86	1,625	16,678			18,389
Accrued Expenses				1,775			1,775
Deferred Revenue	-	-	-	-	-	\$ 518	518
Total Liabilities	<u>45,382</u>	<u>37,415</u>	<u>7,301</u>	<u>54,447</u>	<u>6,565</u>	<u>518</u>	<u>151,628</u>
Fund Balances:							
Unassigned				(3)			(3)
Restricted	-	1,380	-	-	3	-	1,383
Total Fund Balances	<u>-</u>	<u>1,380</u>	<u>-</u>	<u>(3)</u>	<u>3</u>	<u>-</u>	<u>1,380</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 45,382</u>	<u>\$ 38,795</u>	<u>\$ 7,301</u>	<u>\$ 54,444</u>	<u>\$ 6,568</u>	<u>\$ 518</u>	<u>\$ 153,008</u>

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Combining Balance Sheet
Special Revenue Funds - Federal Funds
June 30, 2012

Schedule 4
(page 2 of 2)

	IDEA-B Preschool Proportionate Share	Student Assistance Program	Title III	Title I - School Improvement & ARRA	Wat-Dux Title I - School Improvement	H1N1 Vaccination Campaign	Subtotals	Totals
ASSETS:								
Current Assets:								
Due From Other Funds	\$ 51	\$ 297			\$ 4,750	\$ 8,002	\$ 13,100	\$ 13,618
Accounts Receivable - State			\$ 3,556	\$ 7,169			10,725	150,050
Accounts Receivable - Other LEAs							-	8,165
Prepaid Expenses	-	-	-	-	-	-	-	5,000
Total Current Assets	<u>51</u>	<u>297</u>	<u>3,556</u>	<u>7,169</u>	<u>4,750</u>	<u>8,002</u>	<u>23,825</u>	<u>176,833</u>
TOTAL ASSETS	<u>\$ 51</u>	<u>\$ 297</u>	<u>\$ 3,556</u>	<u>\$ 7,169</u>	<u>\$ 4,750</u>	<u>\$ 8,002</u>	<u>\$ 23,825</u>	<u>\$ 176,833</u>
LIABILITIES & FUND BALANCES:								
Liabilities:								
Due To Other Funds			\$ 3,556	\$ 5,465			\$ 9,021	\$ 133,881
Accounts Payable - State					\$ 3,225		3,225	3,225
Accounts Payable - Other LEAs							-	6,086
Accounts Payable - Other					1,525		1,525	19,914
Accrued Expenses				1,704			1,704	3,479
Deferred Revenue	\$ 51	-	-	-	-	-	51	569
Total Liabilities	<u>51</u>	<u>\$ -</u>	<u>3,556</u>	<u>7,169</u>	<u>4,750</u>	<u>\$ -</u>	<u>15,526</u>	<u>167,154</u>
Fund Balances:								
Unassigned							-	(3)
Restricted	-	297	-	-	-	8,002	8,299	9,682
Total Fund Balances	<u>-</u>	<u>297</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,002</u>	<u>8,299</u>	<u>9,679</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 51</u>	<u>\$ 297</u>	<u>\$ 3,556</u>	<u>\$ 7,169</u>	<u>\$ 4,750</u>	<u>\$ 8,002</u>	<u>\$ 23,825</u>	<u>\$ 176,833</u>

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Special Revenue Funds - Federal Funds
For The Year Ended June 30, 2012

Schedule 5
(page 1 of 2)

	Title I	Title II-A	Title II-D	School Wide	IDEA-B & ARRA	IDEA-B Preschool & Renovation & ARRA	Student Assistance Program	Subtotals
REVENUES:								
Federal	\$ 254,673	\$ 155,850	-	-	\$ 567,398	\$ 21,968	\$ 14,116	\$ 1,014,005
TOTAL REVENUES	<u>254,673</u>	<u>155,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>567,398</u>	<u>21,968</u>	<u>14,116</u>	<u>1,014,005</u>
EXPENDITURES:								
Direct Services	3,071		8,600		122,534			134,205
Support Services:								
Students					1,582			1,582
Instructional Staff		144,097			16,513			160,610
General Administration					9,655			9,655
Area Administration					44,786			44,786
Operation and Maintenance of Buildings						6,150		6,150
Transportation					451			451
Other Outlays	<u>44,603</u>	<u>-</u>	<u>-</u>	<u>208,771</u>	<u>371,876</u>	<u>15,815</u>	<u>14,116</u>	<u>655,181</u>
TOTAL EXPENDITURES	<u>47,674</u>	<u>144,097</u>	<u>8,600</u>	<u>208,771</u>	<u>567,397</u>	<u>21,965</u>	<u>14,116</u>	<u>1,012,620</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	206,999	11,753	(8,600)	(208,771)	1	3	-	1,385
OTHER FINANCING SOURCES (USES):								
Transfers In			8,600	208,771				217,371
Transfers Out	<u>(206,998)</u>	<u>(10,373)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(217,371)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1	1,380	-	-	1	3	-	1,385
FUND BALANCES, JULY 1, 2011	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>297</u>	<u>292</u>
FUND BALANCES, JUNE 30, 2012	<u>\$ -</u>	<u>\$ 1,380</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3)</u>	<u>\$ 3</u>	<u>\$ 297</u>	<u>\$ 1,677</u>

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Special Revenue Funds - Federal Funds
For The Year Ended June 30, 2012

Schedule 5
(page 2 of 2)

	Title III	Title I - School Improvement & ARRA	Wat-Dux Title I - School Improvement	H1N1 Vaccination Campaign	Tropical Storm Disaster	Subtotals	Totals
REVENUES:							
Federal	\$ 4,627	\$ 26,218	\$ 11,400	\$ 13,640	\$ 15,318	\$ 71,203	\$ 1,085,208
TOTAL REVENUES	<u>4,627</u>	<u>26,218</u>	<u>11,400</u>	<u>13,640</u>	<u>15,318</u>	<u>71,203</u>	<u>1,085,208</u>
EXPENDITURES:							
Direct Services	4,627	26,218	11,400			42,245	176,450
Support Services:							
Students				13,678		13,678	15,260
Instructional Staff						-	160,610
General Administration						-	9,655
Area Administration						-	44,786
Operation and Maintenance of Buildings						-	6,150
Transportation						-	451
Other Outlays	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,318</u>	<u>15,318</u>	<u>670,499</u>
TOTAL EXPENDITURES	<u>4,627</u>	<u>26,218</u>	<u>11,400</u>	<u>13,678</u>	<u>15,318</u>	<u>71,241</u>	<u>1,083,861</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	(38)	-	(38)	1,347
OTHER FINANCING SOURCES (USES):							
Transfers In						-	217,371
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(217,371)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	-	-	(38)	-	(38)	1,347
FUND BALANCES, JULY 1, 2011	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,040</u>	<u>-</u>	<u>8,040</u>	<u>8,332</u>
FUND BALANCES, JUNE 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,002</u>	<u>\$ -</u>	<u>\$ 8,002</u>	<u>\$ 9,679</u>

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Combining Balance Sheet
Special Revenue Funds - Non-Federal Funds
June 30, 2012

Schedule 6
(page 1 of 3)

	Local Standards Board	Tobacco Grant	Life Skills Fund	Henderson Foundation	Act 230/ BEST	Kids Consortium	Subtotal
ASSETS:							
Current Assets:							
Due From Other Funds	\$ 1,100	\$ 9,655	\$ 1,832	\$ 2,435	\$ 1,257	\$ 517	\$ 16,796
Accounts Receivable - State					152		152
Accounts Receivable - Other							-
Prepaid Expenses	-	-	-	-	-	-	-
Total Current Assets	<u>1,100</u>	<u>9,655</u>	<u>1,832</u>	<u>2,435</u>	<u>1,409</u>	<u>517</u>	<u>16,948</u>
TOTAL ASSETS	<u>\$ 1,100</u>	<u>\$ 9,655</u>	<u>\$ 1,832</u>	<u>\$ 2,435</u>	<u>\$ 1,409</u>	<u>\$ 517</u>	<u>\$ 16,948</u>
LIABILITIES & FUND BALANCES:							
Liabilities:							
Due To Other Funds							\$ -
Accounts Payable - State		\$ 9,226			\$ 1,291		10,517
Accounts Payable - Other LEAs							-
Accounts Payable - Other		549			117		666
Deferred Revenue	\$ 1,100	-	-	-	-	\$ 517	1,617
Total Liabilities	<u>1,100</u>	<u>9,775</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,408</u>	<u>517</u>	<u>12,800</u>
Fund Balances:							
Unassigned		(120)					(120)
Restricted	-	-	1,832	2,435	1	-	4,268
Total Fund Balances	<u>-</u>	<u>(120)</u>	<u>1,832</u>	<u>2,435</u>	<u>1</u>	<u>-</u>	<u>4,148</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 1,100</u>	<u>\$ 9,655</u>	<u>\$ 1,832</u>	<u>\$ 2,435</u>	<u>\$ 1,409</u>	<u>\$ 517</u>	<u>\$ 16,948</u>

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Combining Balance Sheet
Special Revenue Funds - Non-Federal Funds
June 30, 2012

Schedule 6
(page 2 of 3)

	Criminal Records	DOL Vocational	VT Farm to School	VEHI Pathpoints	District Operations & Maintenance	Professional Development Fund	Subtotals
ASSETS:							
Current Assets:							
Due From Other Funds	\$ 1,490	\$ 298		\$ 27,755		\$ 8,080	\$ 37,623
Accounts Receivable - State							-
Accounts Receivable - Other					\$ 16,192		16,192
Prepaid Expenses	-	-	-	-	22	-	22
Total Current Assets	<u>1,490</u>	<u>298</u>	<u>\$ -</u>	<u>27,755</u>	<u>16,214</u>	<u>8,080</u>	<u>53,837</u>
TOTAL ASSETS	<u>\$ 1,490</u>	<u>\$ 298</u>	<u>\$ -</u>	<u>\$ 27,755</u>	<u>\$ 16,214</u>	<u>\$ 8,080</u>	<u>\$ 53,837</u>
LIABILITIES & FUND BALANCES:							
Liabilities:							
Due To Other Funds			\$ 103		\$ 16,214		\$ 16,317
Accounts Payable - State							-
Accounts Payable - Other LEAs							-
Accounts Payable - Other	\$ 132			\$ 11,531		\$ 664	12,327
Deferred Revenue	-	-	-	-	-	-	-
Total Liabilities	<u>132</u>	<u>\$ -</u>	<u>103</u>	<u>11,531</u>	<u>16,214</u>	<u>664</u>	<u>28,644</u>
Fund Balances:							
Unassigned			(103)				(103)
Restricted	<u>1,358</u>	<u>298</u>	<u>-</u>	<u>16,224</u>	<u>-</u>	<u>7,416</u>	<u>25,296</u>
Total Fund Balances	<u>1,358</u>	<u>298</u>	<u>(103)</u>	<u>16,224</u>	<u>-</u>	<u>7,416</u>	<u>25,193</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 1,490</u>	<u>\$ 298</u>	<u>\$ -</u>	<u>\$ 27,755</u>	<u>\$ 16,214</u>	<u>\$ 8,080</u>	<u>\$ 53,837</u>

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Combining Balance Sheet
Special Revenue Funds - Non-Federal Funds
June 30, 2012

Schedule 6
(page 3 of 3)

	Wat-Dux SES Services	System Administrator	Human Resources	Medicaid IEP	Medicaid EPSDT	Subtotal	Totals
ASSETS:							
Current Assets:							
Due From Other Funds	\$ 12,732		\$ 2,500	\$ 22,436	\$ 90,340	\$ 128,008	\$ 182,427
Accounts Receivable - State				15,242		15,242	15,394
Accounts Receivable - Other		\$ 9,250				9,250	25,442
Prepaid Expenses	-	-	-	10	-	10	32
Total Current Assets	<u>12,732</u>	<u>9,250</u>	<u>2,500</u>	<u>37,688</u>	<u>90,340</u>	<u>152,510</u>	<u>223,295</u>
TOTAL ASSETS	<u>\$ 12,732</u>	<u>\$ 9,250</u>	<u>\$ 2,500</u>	<u>\$ 37,688</u>	<u>\$ 90,340</u>	<u>\$ 152,510</u>	<u>\$ 223,295</u>
LIABILITIES & FUND BALANCES:							
Liabilities:							
Due To Other Funds		\$ 9,250				\$ 9,250	\$ 25,567
Accounts Payable - State						-	10,517
Accounts Payable - Other LEAs					\$ 6,782	6,782	6,782
Accounts Payable - Other				\$ 13,718		13,718	26,711
Deferred Revenue	-	-	-	-	-	-	1,617
Total Liabilities	<u>\$ -</u>	<u>9,250</u>	<u>\$ -</u>	<u>13,718</u>	<u>6,782</u>	<u>29,750</u>	<u>71,194</u>
Fund Balances:							
Unassigned						-	(223)
Restricted	<u>12,732</u>	<u>-</u>	<u>2,500</u>	<u>23,970</u>	<u>83,558</u>	<u>122,760</u>	<u>152,324</u>
Total Fund Balances	<u>12,732</u>	<u>-</u>	<u>2,500</u>	<u>23,970</u>	<u>83,558</u>	<u>122,760</u>	<u>152,101</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 12,732</u>	<u>\$ 9,250</u>	<u>\$ 2,500</u>	<u>\$ 37,688</u>	<u>\$ 90,340</u>	<u>\$ 152,510</u>	<u>\$ 223,295</u>

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Special Revenue Funds - Non-Federal Funds
For The Year Ended June 30, 2012

Schedule 7
(page 1 of 3)

	Tobacco Grant	Life Skills Fund	Henderson Foundation	Act 230/ BEST	Kids Consortium	Criminal Records	DOL Vocational	VT Farm to School	Subtotal
REVENUES:									
Assessments									\$ -
Tuition									-
Fees									-
Refunds and Reimbursements									-
Local/Private	\$ 8,254				\$ 136	\$ 2,291			10,681
State	-	-	-	\$ 6,959	-	-	-	-	6,959
TOTAL REVENUES	8,254	\$ -	\$ -	6,959	136	2,291	\$ -	\$ -	17,640
EXPENDITURES:									
Direct Services						1,898			1,898
Support Services:									
Instructional Staff				6,958	136				7,094
General Administration		1,194							1,194
Fiscal Services									-
Central Support Services									-
Other Outlays	8,254	-	-	-	-	-	-	-	8,254
TOTAL EXPENDITURES	8,254	1,194	-	6,958	136	1,898	-	-	18,440
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(1,194)	-	1	-	393	-	-	(800)
OTHER FINANCING SOURCES (USES):									
Transfers In									-
Transfers Out	-	-	-	-	-	-	-	-	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	(1,194)	-	1	-	393	-	-	(800)
FUND BALANCES, JULY 1, 2011	(120)	3,026	2,435	-	-	965	298	(103)	6,501
FUND BALANCES, JUNE 30, 2012	\$ (120)	\$ 1,832	\$ 2,435	\$ 1	\$ -	\$ 1,358	\$ 298	\$ (103)	\$ 5,701

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Special Revenue Funds - Non-Federal Funds
For The Year Ended June 30, 2012

Schedule 7
(page 2 of 3)

	Negotiations - Legal	VEHI Pathpoints	Child Protect	District Operations & Maintenance	Professional Development Fund	Wat-Dux SES Services	System Administrator	Human Resources	Subtotals
REVENUES:									
Assessments							\$ 57,000		\$ 57,000
Tuition					\$ 12,225				12,225
Fees					17,080	\$ 40,785			57,865
Refunds and Reimbursements				\$ 60,753					60,753
Local/Private		\$ 11,500						\$ 2,500	14,000
State	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	\$ -	11,500	\$ -	60,753	29,305	40,785	57,000	2,500	201,843
EXPENDITURES:									
Direct Services		2,617			19,840	28,053			50,510
Support Services:									-
Instructional Staff									-
General Administration				60,753			58,349		119,102
Fiscal Services									-
Central Support Services		34,917							34,917
Other Outlays	-	-	-	-	9,500	-	-	-	9,500
TOTAL EXPENDITURES	-	37,534	-	60,753	29,340	28,053	58,349	-	214,029
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(26,034)	-	-	(35)	12,732	(1,349)	2,500	(12,186)
OTHER FINANCING SOURCES (USES):									
Transfers In	24						1,349		1,373
Transfers Out	-	-	(39)	-	-	-	-	-	(39)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	24	(26,034)	(39)	-	(35)	12,732	-	2,500	(10,852)
FUND BALANCES, JULY 1, 2011	(24)	42,258	39	-	7,451	-	-	-	49,724
FUND BALANCES, JUNE 30, 2012	\$ -	\$ 16,224	\$ -	\$ -	\$ 7,416	\$ 12,732	\$ -	\$ 2,500	\$ 38,872

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Special Revenue Funds - Non-Federal Funds
For The Year Ended June 30, 2012

Schedule 7
(page 3 of 3)

	Medicaid IEP	Medicaid EPSDT	Subtotal	Totals
REVENUES:				
Assessments			\$ -	\$ 57,000
Tuition			-	12,225
Fees			-	57,865
Refunds and Reimbursements			-	60,753
Local/Private	\$ 197,047	\$ 16,134	213,181	237,862
State	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,959</u>
TOTAL REVENUES	<u>197,047</u>	<u>16,134</u>	<u>213,181</u>	<u>432,664</u>
EXPENDITURES:				
Direct Services			-	52,408
Support Services:				
Instructional Staff			-	7,094
General Administration		27,760	27,760	148,056
Fiscal Services	12,016		12,016	12,016
Central Support Services			-	34,917
Other Outlays	<u>177,342</u>	<u>-</u>	<u>177,342</u>	<u>195,096</u>
TOTAL EXPENDITURES	<u>189,358</u>	<u>27,760</u>	<u>217,118</u>	<u>449,587</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7,689	(11,626)	(3,937)	(16,923)
OTHER FINANCING SOURCES (USES):				
Transfers In			-	1,373
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	7,689	(11,626)	(3,937)	(15,589)
FUND BALANCES, JULY 1, 2011	<u>16,281</u>	<u>95,184</u>	<u>111,465</u>	<u>167,690</u>
FUND BALANCES, JUNE 30, 2012	<u>\$ 23,970</u>	<u>\$ 83,558</u>	<u>\$ 107,528</u>	<u>\$ 152,101</u>

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Combined Balance Sheet
Capital Project & Other Funds
June 30, 2012

Schedule 8

	Computer/ Technology Reserve	Transportation	Totals
ASSETS:			
Current Assets:			
Due From Other Funds	\$ 13	\$ 679	\$ 692
Total Current Assets	<u>13</u>	<u>679</u>	<u>692</u>
TOTAL ASSETS	<u>\$ 13</u>	<u>\$ 679</u>	<u>\$ 692</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
None	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Committed	<u>13</u>	<u>679</u>	<u>692</u>
Total Fund Balances	<u>13</u>	<u>679</u>	<u>692</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 13</u>	<u>\$ 679</u>	<u>\$ 692</u>

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
Capital Project & Other Funds
For The Year Ended June 30, 2012

Schedule 9

	Computer/ Technology Reserve	Transportation	Totals
REVENUES:			
Assessments	<u>-</u>	<u>\$ 877,628</u>	<u>\$ 877,628</u>
TOTAL REVENUES	<u>\$ -</u>	<u>877,628</u>	<u>877,628</u>
EXPENDITURES:			
Transportation	<u>-</u>	<u>878,632</u>	<u>878,632</u>
TOTAL EXPENDITURES	<u>-</u>	<u>878,632</u>	<u>878,632</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(1,004)	(1,004)
FUND BALANCES, JULY 1, 2011	<u>13</u>	<u>1,683</u>	<u>1,696</u>
FUND BALANCES, JUNE 30, 2012	<u>\$ 13</u>	<u>\$ 679</u>	<u>\$ 692</u>

The accompanying notes are an integral part of these financial statements



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

To the School Board
Washington West Supervisory Union

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Washington West Supervisory Union, Vermont as of and for the year ended June 30, 2012, which collectively comprise the entity's basic financial statements and have issued our report thereon dated February 12, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Washington West Supervisory Union in a separate letter dated February 12, 2013.

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

Angolano & Company

Angolano & Company
Shelburne, Vermont
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February 12, 2013



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

To the School Board
Washington West Supervisory Union

Compliance

We have audited the compliance of Washington West Supervisory Union with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. Washington West Supervisory Union's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Washington West Supervisory Union's management. Our responsibility is to express an opinion on Washington West Supervisory Union's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Washington West Supervisory Union's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Washington West Supervisory Union's compliance with those requirements.

In our opinion, Washington West Supervisory Union complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Washington West Supervisory Union is responsible for establishing and

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

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

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

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

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Firm Registration Number 92-0000141

February 12, 2013

Washington West Supervisory Union
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>
84.027	IDEA-B
84.391	ARRA IDEA-B
84.173	IDEA-B Preschool
84.392	ARRA IDEA-B Preschool
84.027	IDEA-B Discretionary

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

Auditee qualified as low-risk auditee Yes ____ No X

Washington West Supervisory Union
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

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

None

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

None

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2011-1: The issue regarding the miscoding of equipment purchased with Title II-A funds has been resolved.

Washington West Supervisory Union
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Agency Pass Through Number	Federal Expenditures
U.S. Department of Education:			
Passed Through the State of Vermont			
Title I Cluster:			
Title I	84.010	4250S0421201	\$ 254,673
Title I School Improvement	84.010	4255S0421201	14,747
Title I School Improvement	84.010	4255S0421202	11,400
ARRA School Improvement	84.389	4255S0421201	<u>11,471</u>
Total Title I Cluster			<u>292,291</u>
IDEA-B Cluster:			
IDEA-B Flow Through	84.027	4226S0421201	496,233
ARRA IDEA-B Flow Through	84.391	4756S0421201	71,164
IDEA-B Preschool	84.173	4228S0421201	12,117
ARRA IDEA-B Preschool	84.392	4758S0421202	9,848
IDEA-B Discretionary	84.027	4225S0421201	<u>15,318</u>
Total IDEA-B Cluster			<u>604,680</u>
Title II-A	84.367 A	4651S0421201	154,470
Passed Through the Montpelier School District			
Title III	84.365A	4375	<u>4,627</u>
Subtotal			<u>1,056,068</u>
U.S. Department of Health:			
Passed Through the State of Vermont			
Substance Abuse Prevention and Treatment Block Grant	93.959	03420-A12100P	14,116
Patient Protection and Affordable Care	93.521	03420-5805S	<u>13,678</u>
Subtotal			<u>27,794</u>
Totals			<u>\$1,083,862</u>

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

Washington West Supervisory Union
Footnotes to the Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2012

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUBRECIPIENTS

The Washington West Supervisory Union provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Title I	84.010	\$44,603
IDEA-B	84.027	360,865
IDEA-B Preschool	84.173	5,967
ARRA IDEA-B Preschool	84.392	9,848
IDEA-B Discretionary	84.010	15,318
Substance Abuse Prevention & Treatment Block Grant	93.959	14,116



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To the School Board
Washington West Supervisory Union

In planning and performing our audit of the financial statements of Washington West Supervisory Union as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered Washington West Supervisory Union's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Washington West Supervisory Union's internal control. Accordingly, we do not express an opinion on the effectiveness of Washington West Supervisory Union's internal control.

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

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

In addition, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. Our comments and suggestions regarding those matters are summarized below. We previously reported on the Washington West Supervisory Union's internal control in our report dated February 12, 2013. This letter does not affect our report dated February 12, 2013 in the financial statements of Washington West Supervisory Union.

Other Matters and Suggestions:

Licensing Fees Grant:

- The final Form SDE report sent to the Vermont Department of Education shows that the entire grant amount of \$1,100 was spent. However, the expenditure report for that fund shows that none of the grant was spent. If the grant was not spent, the money is either due back to the State or a carryforward into the next fiscal year.

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

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

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February 12, 2013



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August 24, 2012

To the School Board
Washington West Supervisory Union

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Washington West Supervisory Union** for the year ended June 30, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, Government Auditing Standards and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 24, 2012. 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 Washington West Supervisory Union 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, 2012. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the lives of property, plant, and equipment is based on expected usefulness. We evaluated the key factors and assumptions used to develop the lives of property, plant, and equipment in determining that it is reasonable in relation to the financial statements taken as a whole.

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

The disclosure of Reserved Fund Balances and Net Assets in Notes 7 and 8 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 Washington West Supervisory Union 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
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