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March 10, 2014

Washington West Supervisory Union  
Att: Michelle Baker, Bus. Mgr.  
340 Mad River Park, 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, 2013. In addition I will be mailing you 11 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, 2013

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Washington West Supervisory Union  
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## INDEPENDENT AUDITOR'S REPORT

To the School Board  
Washington West Supervisory Union, Vermont

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

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, 2013, and the related notes to the financial statements, which collectively comprise the Supervisory Union's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

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

## **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6 and 30-33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Washington West Supervisory Union, Vermont's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 also not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2014, on our consideration of the Washington West Supervisory Union, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Washington West Supervisory Union, Vermont's internal control over financial reporting and compliance.

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

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

February 24, 2014

WASHINGTON WEST SUPERVISORY UNION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2013

**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, 2013 (FY 13). The Union is organized under the guidance of the Board of Directors to provide management services for member districts of Fayston, Moretown, Waitsfield, Warren, Duxbury, Waterbury-Duxbury Union and Harwood Union High School.

**Financial Highlights**

- Government-wide assets totaled \$694,944 and government-wide liabilities totaled \$385,780.
- The Supervisory Union's general fund actual revenues were \$1,055,087, while the budgeted revenues were \$1,056,856; a difference of \$1,769.
- The Supervisory Union's general fund actual expenditures were \$1,075,939, while the budgeted expenditures were \$1,088,290, a savings of \$12,351 or 1.1%.
- Special Revenue Funds totaling \$133,101 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, 2013 was \$690.

**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 through 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 13-29.



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.

			TABLE I
Washington West Supervisory Union			
Statement of Net Assets and Fund Balance Reconciliation			
June 30, 2013			
	Governmental	Governmental	
	Balance Sheet	Activities	
	Fund Based	Government-Wide	Difference
ASSETS:			
Current Assets:			
Cash	281,469	281,469	-
Accounts Receivable:			
Other	21,448	21,448	-
Other LEA's	19,514	19,514	-
State	231,445	231,445	-
Prepaid Expenses	2,572	2,572	-
<b>TOTAL CURRENT ASSETS</b>	<b>556,448</b>	<b>556,448</b>	<b>-</b>
Capital Assets, Net	-	138,496	(138,496)
<b>TOTAL ASSETS</b>	<b>556,448</b>	<b>694,944</b>	<b>(138,496)</b>
LIABILITIES:			
Current Liabilities:			
Accounts Payable:			
Other	59,873	59,873	-
Other LEA's	318,168	318,168	-
State	1,041	1,041	-
Accrued Expenses	4,322	4,322	-
Due to Other Funds	1	1	-
Deferred Revenue	2,375	2,375	-
<b>TOTAL LIABILITIES</b>	<b>385,780</b>	<b>385,780</b>	<b>-</b>
NET ASSETS:			
Investment in Capital Assets, net of related Debt	-	138,496	(138,496)
Restricted for Capital Projects	690	690	-
Restricted for Other Purposes	159,506	159,506	-
Unrestricted	10,472	10,472	-
<b>TOTAL NET ASSETS</b>	<b>170,668</b>	<b>309,164</b>	<b>(138,496)</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>556,448</b>	<b>694,944</b>	<b>(138,496)</b>

*Governmental Activities:*

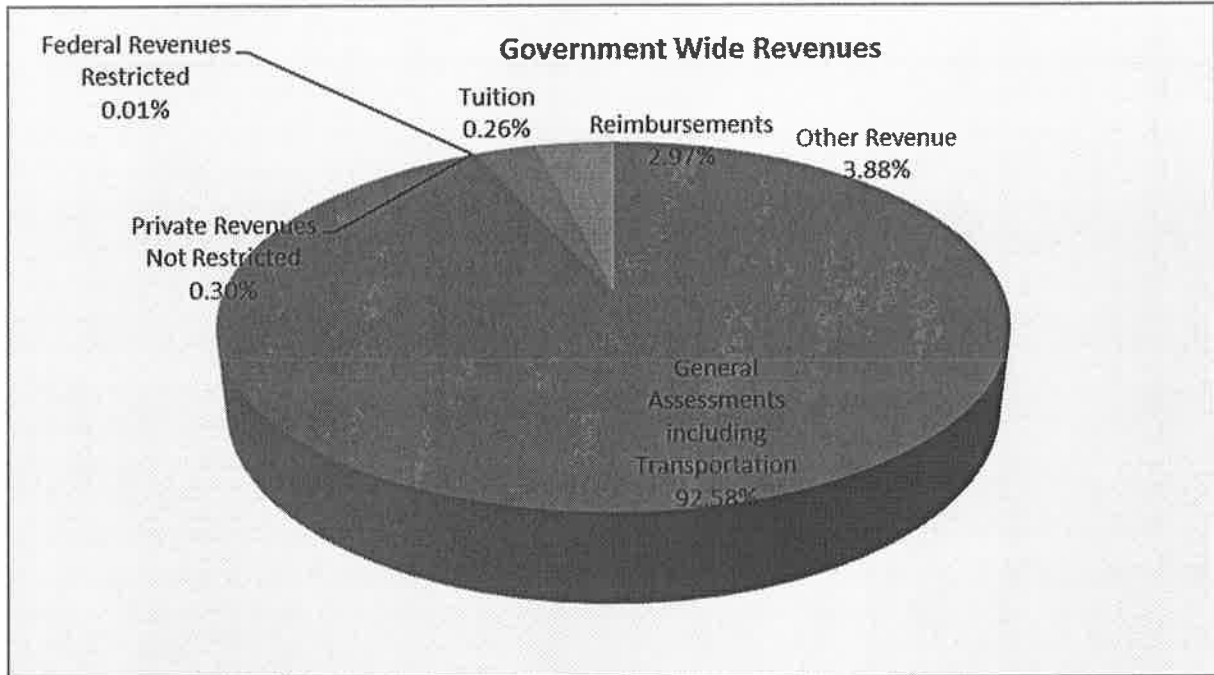
Governmental Activities revenues totaled \$2,145,670 and net expenses totaled \$2,216,835 resulting in a decrease in net assets of \$71,165.

*Business Type Activities:*

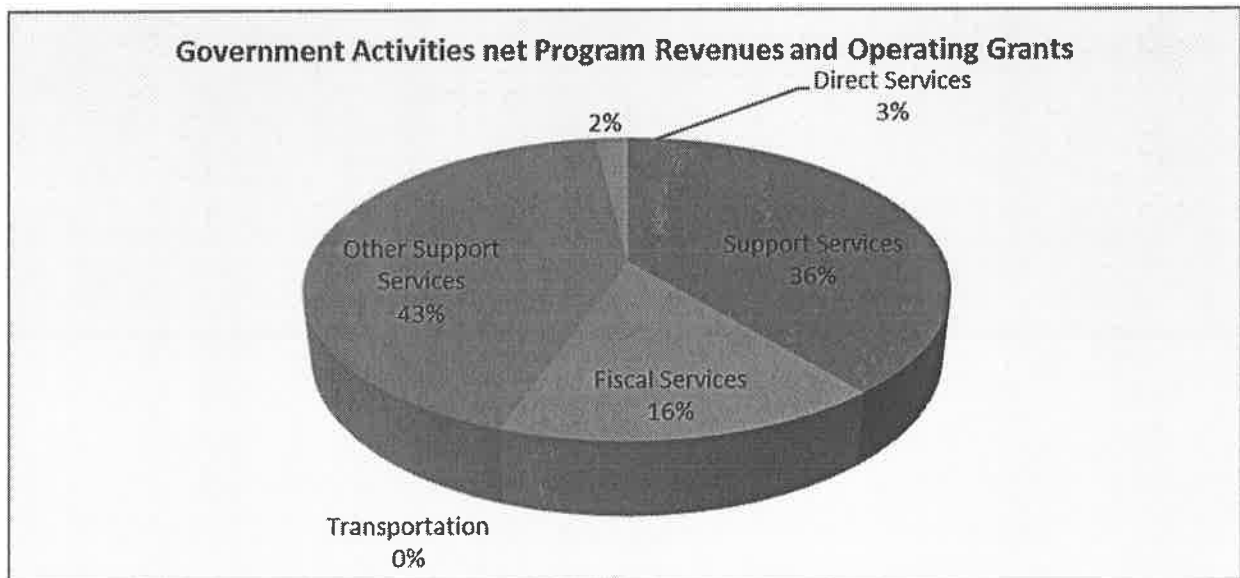
The Union had no Business Type activities.

### Fund Financial Analysis

Governmental Revenues summarized are as follows:



Governmental expenses are as follows:



*Governmental Fund Types:*

Fund balances in the Governmental Fund types decreased from \$219,905 to \$170,668, a decrease of \$47,960. This decrease was reflected in the General Fund by a decrease of \$20,556, a decrease of \$27,402 in the Special Revenue Funds, and a decrease of \$2 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.

<b>Washington West Supervisory Union</b>			TABLE VI
	<b>Capital Assets</b>		
	<b>June 30, 2013</b>		
		Accumulated	
	<u>Cost</u>	<u>Depreciation</u>	<u>Net Value</u>
<b>Governmental Activities:</b>			
Buildings and Improvements	\$ -	\$ -	\$ -
Vehicles	-	-	-
Furniture and Equipment	226,825	88,329	138,496
Total	\$ 226,825	\$ 88,329	\$ 138,496
<b>Business Type Activities:</b>			
Furniture and Equipment	\$ -	\$ -	\$ -
Total	\$ 226,825	\$ 88,329	\$ 138,496

**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.
- The FY2015 Budget includes new accounting software for the Supervisory Union.

### *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, 2013

EXHIBIT I

	Governmental Activities	Total
<b>ASSETS:</b>		
Cash and Cash Equivalents	\$ 281,469	\$ 281,469
Accounts Receivable - State	231,445	231,445
Accounts Receivable - Other LEAs	19,514	19,514
Accounts Receivable - Other	21,448	21,448
Prepaid Expenses	2,572	2,572
Capital Assets, net (Note 4)	<u>138,496</u>	<u>138,496</u>
Total Assets	<u>694,944</u>	<u>694,944</u>
<b>LIABILITIES:</b>		
Accounts Payable - State	1,041	1,041
Accounts Payable - Other LEAs	318,168	318,168
Accounts Payable - Other	59,874	59,874
Accrued Expenses	4,322	4,322
Deferred Revenue	<u>2,375</u>	<u>2,375</u>
Total Liabilities	<u>385,780</u>	<u>385,780</u>
<b>NET ASSETS:</b>		
Investment in Capital Assets, net of related debt	138,496	138,496
Restricted for Capital Projects	690	690
Restricted for Other Purposes	159,506	159,506
Unrestricted	<u>10,472</u>	<u>10,472</u>
Total Net Assets	<u>\$ 309,164</u>	<u>\$ 309,164</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, 2013

EXHIBIT II

		Program Revenues	Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Operating Grants	Governmental Activities	Total
Instructional:				
Direct Services	\$ 212,325	\$ 136,522	\$ (75,803)	\$ (75,803)
Support Services:				
Students	7,617	3,832	(3,785)	(3,785)
Instructional Services	124,150	27,680	(96,470)	(96,470)
General Administrative Services	585,654	20,088	(565,566)	(565,566)
Area Administrative Services	168,999	44,241	(124,758)	(124,758)
Fiscal Services	376,179	13,914	(362,265)	(362,265)
Transportation	944,349	242	(944,107)	(944,107)
Other Support Services	<u>1,325,932</u>	<u>1,281,851</u>	<u>(44,081)</u>	<u>(44,081)</u>
Total	<u>\$ 3,745,205</u>	<u>\$ 1,528,370</u>	<u>(2,216,835)</u>	<u>(2,216,835)</u>
General Revenues:				
Assessments			1,986,441	1,986,441
Tuition			5,599	5,599
Federal Revenues not Restricted to Specific Programs			175	175
Private Revenues not Restricted to Specific Programs			6,368	6,368
Refunds and Reimbursements			63,814	63,814
Miscellaneous			<u>83,273</u>	<u>83,273</u>
Total General Revenues			<u>2,145,670</u>	<u>2,145,670</u>
Excess (Deficiency) of Revenues Over Expenses			(71,165)	(71,165)
Net Assets - Beginning			381,606	381,606
Prior Period Adjustments			<u>(1,277)</u>	<u>(1,277)</u>
Net Assets - Ending			<u>\$ 309,164</u>	<u>\$ 309,164</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, 2013

EXHIBIT III

	Governmental Fund Types			Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Capital Project & Other Funds	
ASSETS:				
Current Assets:				
Cash	\$ 281,469			\$ 281,469
Due From Other Funds		\$ 283,417	\$ 35,636	319,053
Accounts Receivable - State		231,445		231,445
Accounts Receivable - Other LEAs	19,514			19,514
Accounts Receivable - Other	4,396	17,052		21,448
Prepaid Expenses	2,748	(176)	-	2,572
Total Current Assets	<u>308,127</u>	<u>531,738</u>	<u>35,636</u>	<u>875,501</u>
TOTAL ASSETS	<u>\$ 308,127</u>	<u>\$ 531,738</u>	<u>\$ 35,636</u>	<u>\$ 875,501</u>
LIABILITIES AND FUND EQUITY:				
Liabilities:				
Due To Other Funds	\$ 246,337	\$ 72,717		\$ 319,054
Accounts Payable - State		1,041		1,041
Accounts Payable - Other LEAs	19,458	298,710		318,168
Accounts Payable - Other	1,133	23,794	\$ 34,946	59,873
Accrued Expenses	4,322			4,322
Deferred Revenue	-	2,375	-	2,375
Total Liabilities	<u>271,250</u>	<u>398,637</u>	<u>34,946</u>	<u>704,833</u>
Fund Equity:				
Fund Balances:				
Unassigned	10,878	(406)		10,472
Committed	25,999		690	26,689
Restricted	-	133,507	-	133,507
Total Fund Equity	<u>36,877</u>	<u>133,101</u>	<u>690</u>	<u>170,668</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 308,127</u>	<u>\$ 531,738</u>	<u>\$ 35,636</u>	<u>\$ 875,501</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, 2013

Fund Balances – total governmental funds	\$170,668
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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>(88,329)</u>

Net Assets of Governmental Activities	<u>\$309,164</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, 2013

EXHIBIT IV

	General Fund	Special Revenue Funds	Capital Project & Other Funds	Totals (Memorandum Only)
REVENUES:				
Assessments	\$ 1,042,336		\$ 944,105	\$ 1,986,441
Tuition		5,599		5,599
Fees		69,255		69,255
Refunds and Reimbursements		63,814		63,814
Other Revenue	12,751	1,267		14,018
Local/Private		254,825		254,825
State		32,034		32,034
Federal	-	1,248,054	-	1,248,054
TOTAL REVENUES	<u>1,055,087</u>	<u>1,674,848</u>	<u>944,105</u>	<u>3,674,040</u>
EXPENDITURES:				
Direct Services		198,100		198,100
Support Services:				
Students		7,617		7,617
Instructional Staff	89,548	34,602		124,150
General Administration	499,368	86,286		585,654
Area Administration	124,758	44,241		168,999
Fiscal Services	362,265	13,914		376,179
Central Support Services		17,147		17,147
Transportation		242	944,107	944,349
Other Outlays	-	1,299,805	-	1,299,805
TOTAL EXPENDITURES	<u>1,075,939</u>	<u>1,701,954</u>	<u>944,107</u>	<u>3,722,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(20,852)	(27,106)	(2)	(47,960)
OTHER FINANCING SOURCES (USES):				
Transfers In	296	216,271		216,567
Transfers Out	-	(216,567)	-	(216,567)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (20,556)	\$ (27,402)	\$ (2)	\$ (47,960)
FUND BALANCES, JULY 1, 2012	57,433	161,780	692	219,905
Prior Period Adjustments	-	(1,277)	-	(1,277)
FUND BALANCES, JUNE 30, 2013	<u>\$ 36,877</u>	<u>\$ 133,101</u>	<u>\$ 690</u>	<u>\$ 170,668</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, 2013

Net Changes in fund Balances – total governmental funds	\$(49,237)
---	------------

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>\$(72,442)</u>
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Washington West Supervisory Union  
Notes to Financial Statements  
For The Year Ended June 30, 2013

**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 financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Supervisory Union are discussed below. Supervisory Union also complies with the requirements of the Vermont Department of Education's Handbook for Financial Accounting of Vermont School Systems (The Handbook).

**Reporting Entity:**

The schoolboard is 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.

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

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

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

The government-wide Statement of Activity reports both the gross and net cost of the Supervisory Union's functions and business-type activities. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must

Washington West Supervisory Union  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

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

be directly associated with the function, or a business-type activity. Operating grants include operating-specific and discretionary grants.

The net costs are normally covered by general revenue.

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

**Basis Financial Statements – Fund Financial Statements:**

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

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

**Governmental Fund Types:**

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

Washington West Supervisory Union  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

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

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

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

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

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

Other Accounting Policies:

Cash and Cash Equivalents:

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

Interfund Receivables and Payables:

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

Accounts Receivable:

All receivables are reported net of estimated uncollectible amounts. The accounts receivable balances at year end are from governmental entities, no allowance for doubtful accounts is considered necessary.

Prepaid Items:

Certain payments to vendors reflect costs applicable to future periods. In the fund based

Washington West Supervisory Union  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

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

financial statements, the cost of prepaid items is recorded as expenditures 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 Superintendent and the Business Manager of the Supervisory Union and approved by the Washington West Supervisory Union Board at a properly warned meeting.

**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.

Washington West Supervisory Union  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

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

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 generally uses restricted net assets first. Net assets on the Statement of Net Assets include the following:

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

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

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

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

Fund Based Financial Statements:

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

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

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

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



Washington West Supervisory Union  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

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

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

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

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

Function and Object Codes:

Function and object codes refer to the account code structure prescribed by the Vermont Department of Education. The Vermont Department of Education requires 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.

**NOTE 2 - CASH AND REPURCHASE AGREEMENTS**

Cash deposits with financial institutions at June 30th amounted to \$281,469. As major revenues are received during the year bank deposits may temporarily exceed insured limits.

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

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:

Washington West Supervisory Union  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

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

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

Balances held in each area are as follows:

	Carrying Amount	Bank Balance
- Insured (FDIC) and/or (SIPC)	\$250,000	\$250,000
- Category 1	0	0
- Category 2	0	0
- Category 3	31,469	39,274
- Category 4	0	0
Total deposits	<u>\$281,469</u>	<u>\$289,324</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 Pittsburgh .

**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, 2013 is as follows:

Washington West Supervisory Union  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

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

Fund Financial Statements:

Receivable Fund	Payable Fund	Amount
Special Revenue Funds:		
Local Standards Board	General Fund	\$ 770
Medicaid IEP	General Fund	28,140
Tobacco	General Fund	8,199
Life Skills Fund	General Fund	1,832
Schoolwide Program	General Fund	103,244
VEHI Path Points	General Fund	6,957
Professional Development	General Fund	21,614
EPSDT	General Fund	45,585
Act 230/BEST	General Fund	5,450
H1N1 Vaccinations	General Fund	4,218
VTCLA Fund	General Fund	3,245
IDEA-B Proportionate	General Fund	454
IDEA-B Preschool	General Fund	4,628
Act 230 Higher Collaborative	General Fund	3,385
DOL Vocational Grant	General Fund	298
Criminal Record	General Fund	1,945
Wat-Dux SES Services	General Fund	7,787
Title II-D	General Fund	176
Safety Grant	General Fund	3,852
Capital Project Funds:		
Technology Reserve	General Fund	13
Transportation	General Fund	35,623
Special Revenue Fund:		
General Fund	Title I	38,518
General Fund	Maternal & child Health	550
General Fund	IDEA-B	7,671
General Fund	Title I School Improvement	81
General Fund	Title II-A	9,957
General Fund	District Operations & Maint.	15,738
General Fund	Title III	202
Enterprise Fund:		
Food Program	General Fund	<u>33,638</u>
Total		<u>\$355,454</u>

Washington West Supervisory Union  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

**NOTE 4 – CAPITAL ASSETS**

Capital activity for the Supervisory Union for the year ended June 30, 2013 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>65,124</u>	<u>23,205</u>	<u>0</u>	<u>88,329</u>
Total accum. Depr.	<u>65,124</u>	<u>23,205</u>	<u>0</u>	<u>88,329</u>
Governmental activities Capital Assets, Net	<u>\$161,701</u>	<u>\$(23,205)</u>	<u>\$ 0</u>	<u>\$138,496</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
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	\$ 505
Other funds	<u>1,870</u>
Total deferred revenues	<u>\$2,375</u>

Washington West Supervisory Union  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

**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.

Teaching staff earn 20 sick days per year, and may accumulate a maximum of 90 days. Non-teaching staff earn 12 sick days per year, and may accumulate a maximum of 90 days. Central Office 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 FY14 Budget	<u>\$25,999</u>
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Special Revenue Fund:

IDEA-B Preschool	\$ 3
Food Program	175
H1N1 Vaccination Campaign	4,218
Life Skills Fund	1,832
VTCLA Foundation	4,080
Act 230/BEST	1
Criminal Records	1,879
DOL Vocational	298
VEHI Pathpoints	7,077
District Operations & Maintenance	200
Professional Development Fund	18,620
Wat-Dux SES Services	7,787
Medicaid IEP	29,817
EPSDT	<u>57,520</u>
Total	<u>\$133,307</u>

Washington West Supervisory Union  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

**NOTE 7 – RESTRICTED, COMMITTED AND ASSIGNED FUND BALANCES (Fund Financial Statements) (CONTINUED)**

Other Governmental Fund:

Technology Reserve	\$ 13
Transportation	<u>677</u>
Total	<u>\$ 690</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 Other Purposes:

Committed for FY14 Budget	\$ 25,999
IDEA-B Preschool	3
Food Program	175
H1N1 Vaccination Campaign	4,218
Life Skills Fund	1,832
VTCLA Foundation	4,080
Act 230/BEST	1
Criminal Records	1,879
DOL Vocational	298
VEHI Pathpoints	7,077
District Operations & Maintenance	200
Professional Development Fund	18,620
Wat-Dux SES Services	7,787
Medicaid IEP	29,817
EPSDT	57,520
Technology Reserve	13
Transportation	<u>677</u>
Total	<u>\$159,996</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.

Washington West Supervisory Union  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

**NOTE 9 – TRANSFERS IN THE FUND BASED FINANCIAL STATEMENTS  
(CONTINUED)**

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	\$212,671
Title II-A	3,600

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

Funds of \$396 were transferred from the Special Revenue Fund – Student Assistance Program to the General Fund to close out the fund.

**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. The State Legislature has sole authority to amend benefit provisions.

Required contributions to the system are made by the State of Vermont based upon a valuation report prepared by the System's actuary. TRS is a cost sharing public employee retirement system with one exception: all risks and costs are not shared by the 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 8.45% or approximately \$35,566.

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

Washington West Supervisory Union  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

**NOTE 10 – PENSIONS (CONTINUED)**

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

of service and leaves teaching before age 55 is entitled to a vested retirement benefit payable at age 62 or a reduced amount at age 55.

Contributions by the employees are 5% of gross earnings and are withheld pre income tax by the Supervisory Union. Such withholdings totaled \$17,812 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 \$912,554, with \$420,900 of such amount related to employees covered by the retirement plan.

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

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

Employees other than Teachers are eligible to participate in the Vermont Municipal Employees' Retirement System ("VMERS") providing they work a minimum of 30 hours per week for the school year employee or a minimum of 24 hours per week for a calendar year employee. There are three levels of contributions and benefits in the System called Group A, Group B, Group C and Group D. The 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. The State Legislature has sole authority to amend benefit provisions. 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%



Washington West Supervisory Union  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

**NOTE 10 – PENSIONS (CONTINUED)**

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

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

Employee contributions are withheld pre income tax by the Supervisory Union and are remitted to the State of Vermont. Such withholdings totaled \$10,250 during the year. The Supervisory Union contributed \$16,401 during the year. The Supervisory Union's total payroll for all employees during the year was \$912,554, with \$410,020 of such amount related to employees covered by the Vermont Municipal Employees' Retirement System. The plan had 8 members at June 30, 2013.

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

**NOTE 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, students and guess; as well as natural disasters. Supervisory Union uses risk sharing pools and carries commercial insurance to cover these risks. There have been no significant reductions in coverage from the prior year. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Supervisory Union.

In addition, Washington West Supervisory Union as a member of Vermont School Boards Association (Association), participates in that entity's public entity risk pools. The Association has set up two insurance 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.

Washington West Supervisory Union  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

**NOTE 11 - RISK MANAGEMENT (CONTINUED)**

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

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

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

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

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

Washington West Supervisory Union  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

**NOTE 12 - OPERATING LEASES**

On April 19, 2013 Washington West Supervisory Union entered into a lease agreement with US Bank for the lease of a copier. The total amount due is \$11,812, to be paid in monthly installments of \$328.10 over 3 years. The following is a schedule of future minimum lease payments under this lease.

During the year ended June 30, 2014	\$ 3,937
2015	3,937
2016	3,281
Thereafter	<u>0</u>
Total	<u>\$11,155</u>

Total lease payments made this year were \$656.

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>\$33,350</u>
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Total lease payments made this year were \$34,752.

**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, 2014 is \$967,359.

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, 2013 may be impaired. In the opinion of the Supervisory Union, there are no significant contingent liabilities relating to compliance with the rules and

Washington West Supervisory Union  
Notes to Financial Statements (continued)  
For The Year Ended June 30, 2013

**NOTE 13 – COMMITMENTS (CONTINUED)**

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 No. 14 paragraph 71. Supervisory Union also provides the busing for the School Districts, the cost of which is assessed to the School Districts. Supervisory Union collects the food program reimbursement from the State and passes it through the School Districts.

Washington West Supervisory Union  
Statement of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual  
General Fund  
For The Year Ended June 30, 2013

Schedule 1

	Object	Budget	Actual	Variance - Favorable (Unfavorable)
<b>REVENUES:</b>				
Assessments:				
Central Office		\$ 604,228	\$ 604,228	\$ -
Fiscal Services		242,972	242,972	-
Business Office		115,600	115,600	-
System Administrator		79,537	79,536	(1)
Investment Income		500	-	(500)
Other Revenue		<u>14,019</u>	<u>12,751</u>	<u>(1,268)</u>
<b>TOTAL REVENUES</b>		<u>1,056,856</u>	<u>1,055,087</u>	<u>(1,769)</u>
<b>EXPENDITURES:</b>				
System Administrator 2230:				
Salaries	110	66,950	66,950	-
Health Insurance	210	7,304	11,311	(4,007)
Social Security	220	4,807	4,886	(79)
Life Insurance	230	160	320	(160)
Retirement	240	2,678	3,431	(753)
Unemployment Compensation	260	-	243	(243)
Professional Development	270	-	435	(435)
Dental Benefits	280	338	1,932	(1,594)
Dues and Fees	810	<u>-</u>	<u>40</u>	<u>(40)</u>
Subtotal		<u>82,237</u>	<u>89,548</u>	<u>(7,311)</u>
Central Office 2321:				
Superintendent Salaries	110	113,000	113,000	-
Stipends	110	2,000	2,000	-
Administrative Assistant Salaries	111	49,043	49,043	-
Curriculum Support Salaries	112	87,153	87,153	-
Administrative Support Salaries	113	34,964	34,953	11
Power School Support Salaries	117	4,500	2,534	1,966
Web Site Development Salaries	118	500	-	500
Temporary Salaries	120	-	64	(64)
Personal Day Salaries	125	900	701	199
Health Insurance	210	27,760	29,467	(1,707)
Section 125	211	200	342	(142)
Insurance Compensation	212	910	350	560
Social Security	220	22,053	21,885	168
Life Insurance	230	2,512	1,520	992

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, 2013

Schedule 1

	Object	Budget	Actual	Variance - Favorable (Unfavorable)
Retirement	240	\$ 3,540	\$ 3,447	\$ 93
Workers Compensation	250	6,180	2,608	3,572
Unemployment Compensation	260	3,005	1,409	1,596
Professional Development	270	8,500	6,124	2,376
Dental Benefits	280	3,633	3,149	484
Technology Support Services	321	24,515	23,287	1,228
Contracted Services	330	-	500	(500)
Legal Fees	360	4,200	34	4,166
Custodial Services	420	2,150	2,400	(250)
Copier Maintenance	431	4,200	4,338	(138)
Computer/Server Maintenance	432	7,920	8,354	(434)
Office Lease	441	32,004	32,004	-
Storage Rental	442	400	880	(480)
Property Insurance	521	1,700	1,288	412
Telephone	530	4,250	5,853	(1,603)
Postage	531	4,250	5,045	(795)
Advertising	540	1,200	3,971	(2,771)
Travel	580	3,650	5,990	(2,340)
District Communications	590	-	152	(152)
Supplies	610	16,000	15,274	726
Software	612	425	964	(539)
Equipment	730	12,900	14,693	(1,793)
Dues and Fees	810	4,000	4,707	(707)
Miscellaneous	890	11,000	9,146	1,854
Moving Expense	896	-	739	(739)
Subtotal		<u>505,117</u>	<u>499,368</u>	<u>5,749</u>
Special Education Administration 2420:				
Administrative Salaries	110	86,975	86,975	-
Administrative Support Salaries	112	13,111	7,879	5,232
Personal Day Salaries	125	350	123	227
Health Insurance	210	16,723	16,593	130
Insurance Compensation	212	-	700	(700)
Social Security	220	7,657	7,000	657
Life Insurance	230	837	615	222
Retirement	240	524	662	(138)
Workers Compensation	250	871	653	218
Unemployment Compensation	260	478	487	(9)
Professional Development	270	1,000	575	425
Dental Benefits	280	1,213	1,213	-

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, 2013

Schedule 1

	Object	Budget	Actual	Variance - Favorable (Unfavorable)
Advertising	540	\$ 15	\$ -	\$ 15
Travel	580	1,000	1,263	(263)
Supplies	610	500	-	500
Dues and Fees	810	-	20	(20)
Subtotal		<u>131,254</u>	<u>124,758</u>	<u>6,496</u>
Business Manager's Office 2521:				
Business Manager Salaries	110	86,250	86,250	-
Personal Day Salaries	125	280	280	-
Health Insurance	210	14,618	14,850	(232)
Social Security	220	6,598	6,340	258
Life Insurance	230	698	472	226
Retirement	240	3,450	3,461	(11)
Workers Compensation	250	752	628	124
Unemployment Compensation	260	239	419	(180)
Professional Development	270	1,500	1,042	458
Dental Benefits	280	1,213	1,213	-
Audit Services	370	4,600	5,100	(500)
Dues and Fees	810	500	446	54
Subtotal		<u>120,698</u>	<u>120,501</u>	<u>197</u>
Fiscal Services 2525:				
Salaries	110	172,618	172,977	(359)
Personal Day Salaries	125	850	298	552
Health Insurance	210	41,070	41,020	50
Social Security	220	13,205	12,169	1,036
Life Insurance	230	1,269	928	341
Retirement	240	7,768	7,309	459
Workers Compensation	250	1,503	1,277	226
Unemployment Compensation	260	1,091	856	235
Professional Development	270	1,000	440	560
Dental Benefits	280	3,010	2,498	512
Repairs and Maintenance	430	4,500	597	3,903
Travel	580	1,100	1,196	(96)
Equipment	730	-	199	(199)
Subtotal		<u>248,984</u>	<u>241,764</u>	<u>7,220</u>
TOTAL EXPENDITURES		<u>1,088,290</u>	<u>1,075,939</u>	<u>12,351</u>

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, 2013

Schedule 1

	Object	Budget	Actual	Variance - Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		\$ (31,434)	\$ (20,852)	\$ 10,582
OTHER FINANCING SOURCES (USES):				
Transfer From Special Revenue Fund		<u>-</u>	<u>296</u>	<u>296</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES		(31,434)	(20,556)	10,878
FUND BALANCES, JULY 1, 2012		<u>31,434</u>	<u>57,433</u>	<u>25,999</u>
FUND BALANCES, JUNE 30, 2013		<u>\$ -</u>	<u>\$ 36,877</u>	<u>\$ 36,877</u>

The accompanying notes are an integral part of these financial statements



Washington West Supervisory Union  
Combined Balance Sheet  
Special Revenue Funds  
June 30, 2013

Schedule 2

	Federal Funds	Non-Federal Funds	Totals
<b>ASSETS:</b>			
Current Assets:			
Due From Other Funds	\$ 146,358	\$ 137,059	\$ 283,417
Accounts Receivable - State	199,087	32,358	231,445
Accounts Receivable - Other		17,052	17,052
Prepaid Expenses	<u>(176)</u>	<u>-</u>	<u>(176)</u>
Total Current Assets	<u>345,269</u>	<u>186,469</u>	<u>531,738</u>
 TOTAL ASSETS	 <u>\$ 345,269</u>	 <u>\$ 186,469</u>	 <u>\$ 531,738</u>
 <b>LIABILITIES &amp; FUND BALANCES:</b>			
Liabilities:			
Due To Other Funds	\$ 56,429	\$ 16,288	\$ 72,717
Accounts Payable - State		1,041	1,041
Accounts Payable - Other LEAs	284,036	14,674	298,710
Accounts Payable - Other	189	23,605	23,794
Deferred Revenue	<u>505</u>	<u>1,870</u>	<u>2,375</u>
Total Liabilities	<u>341,159</u>	<u>57,478</u>	<u>398,637</u>
 Fund Balances:			
Unassigned	(286)	(120)	(406)
Restricted	<u>4,396</u>	<u>129,111</u>	<u>133,507</u>
Total Fund Balances	<u>4,110</u>	<u>128,991</u>	<u>133,101</u>
 TOTAL LIABILITIES & FUND BALANCES	 <u>\$ 345,269</u>	 <u>\$ 186,469</u>	 <u>\$ 531,738</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, 2013

Schedule 3

	Federal Funds	Non-Federal Funds	Totals
REVENUES:			
Tuition		\$ 5,599	\$ 5,599
Fees		69,255	69,255
Refunds and Reimbursements		63,814	63,814
Other Revenue		1,267	1,267
Local/Private		254,825	254,825
State	\$ 12,077	19,957	32,034
Federal	<u>1,248,054</u>	<u>-</u>	<u>1,248,054</u>
 TOTAL REVENUES	 <u>1,260,131</u>	 <u>414,717</u>	 <u>1,674,848</u>
EXPENDITURES:			
Direct Services	134,610	63,490	198,100
Support Services:			
Students	7,617		7,617
Instructional Staff	20,425	14,177	34,602
General Administration		86,286	86,286
Area Administration	44,241		44,241
Fiscal Services		13,914	13,914
Central Support Services		17,147	17,147
Transportation	242		242
Other Outlays	<u>1,056,889</u>	<u>242,916</u>	<u>1,299,805</u>
 TOTAL EXPENDITURES	 <u>1,264,024</u>	 <u>437,930</u>	 <u>1,701,954</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 (3,893)	 (23,213)	 (27,106)
OTHER FINANCING SOURCES (USES):			
Transfers In	216,271		216,271
Transfers Out	<u>(216,567)</u>	<u>-</u>	<u>(216,567)</u>
 EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	 (4,189)	 (23,213)	 (27,402)
 FUND BALANCES, JULY 1, 2012	 9,679	 152,101	 161,780
Prior Period Adjustments	<u>(1,380)</u>	<u>103</u>	<u>(1,277)</u>
FUND BALANCES, JUNE 30, 2013	<u>\$ 4,110</u>	<u>\$ 128,991</u>	<u>\$ 133,101</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, 2013

Schedule 4  
(page 1 of 2)

	Title I	Title II-A	Title II-D	School Wide	IDEA-B	IDEA-B Preschool	Subtotals
<b>ASSETS:</b>							
<b>Current Assets:</b>							
Due From Other Funds			\$ 176	\$ 103,244		\$ 4,628	\$ 108,048
Accounts Receivable - State	\$ 38,518	\$ 9,957			\$ 128,680	4,141	181,296
Prepaid Expenses	<u>-</u>	<u>-</u>	<u>(176)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(176)</u>
Total Current Assets	<u>38,518</u>	<u>9,957</u>	<u>-</u>	<u>103,244</u>	<u>128,680</u>	<u>8,769</u>	<u>289,168</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 38,518</u></b>	<b><u>\$ 9,957</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 103,244</u></b>	<b><u>\$ 128,680</u></b>	<b><u>\$ 8,769</u></b>	<b><u>\$ 289,168</u></b>
<b>LIABILITIES &amp; FUND BALANCES:</b>							
<b>Liabilities:</b>							
Due To Other Funds	\$ 38,518	\$ 9,957			\$ 7,671		\$ 56,146
Accounts Payable - Other LEAs				\$ 103,244	120,823	\$ 8,715	232,782
Accounts Payable - Other					189		189
Deferred Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51</u>	<u>51</u>
Total Liabilities	<u>38,518</u>	<u>9,957</u>	<u>\$ -</u>	<u>103,244</u>	<u>128,683</u>	<u>8,766</u>	<u>289,168</u>
<b>Fund Balances:</b>							
Unassigned					(3)		(3)
Restricted	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3)</u>	<u>3</u>	<u>-</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b><u>\$ 38,518</u></b>	<b><u>\$ 9,957</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 103,244</u></b>	<b><u>\$ 128,680</u></b>	<b><u>\$ 8,769</u></b>	<b><u>\$ 289,168</u></b>

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, 2013

Schedule 4  
(page 2 of 2)

	IDEA-B Proportionate Share	Title III	Title I - School Improvement	H1N1 Vaccination Campaign	Food Program	Subtotals	Totals
<b>ASSETS:</b>							
<b>Current Assets:</b>							
Due From Other Funds	\$ 454			\$ 4,218	\$ 33,638	\$ 38,310	\$ 146,358
Accounts Receivable - State					17,791	17,791	199,087
Prepaid Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(176)</u>
Total Current Assets	<u>454</u>	<u>\$ -</u>	<u>\$ -</u>	<u>4,218</u>	<u>51,429</u>	<u>56,101</u>	<u>345,269</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 454</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 4,218</b></u>	<u><b>\$ 51,429</b></u>	<u><b>\$ 56,101</b></u>	<u><b>\$ 345,269</b></u>
<b>LIABILITIES &amp; FUND BALANCES:</b>							
<b>Liabilities:</b>							
Due To Other Funds		\$ 202	\$ 81			\$ 283	\$ 56,429
Accounts Payable - Other LEAs					\$ 51,254	51,254	284,036
Accounts Payable - Other						-	189
Deferred Revenue	<u>\$ 454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>454</u>	<u>505</u>
Total Liabilities	<u>454</u>	<u>202</u>	<u>81</u>	<u>\$ -</u>	<u>51,254</u>	<u>51,991</u>	<u>341,159</u>
<b>Fund Balances:</b>							
Unassigned		(202)	(81)			(283)	(286)
Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,218</u>	<u>175</u>	<u>4,393</u>	<u>4,396</u>
Total Fund Balances	<u>-</u>	<u>(202)</u>	<u>(81)</u>	<u>4,218</u>	<u>175</u>	<u>4,110</u>	<u>4,110</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<u><b>\$ 454</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 4,218</b></u>	<u><b>\$ 51,429</b></u>	<u><b>\$ 56,101</b></u>	<u><b>\$ 345,269</b></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, 2013

Schedule 5  
(page 1 of 2)

	Title I	Title II-A	School Wide	IDEA-B	IDEA-B Preschool	Student Assistance Program	Title III	Subtotals
REVENUES:								
State								\$ -
Federal	\$ 258,841	\$ 124,900	-	\$ 582,897	\$ 13,792	-	\$ 5,440	985,870
TOTAL REVENUES	<u>258,841</u>	<u>124,900</u>	<u>\$ -</u>	<u>582,897</u>	<u>13,792</u>	<u>\$ -</u>	<u>5,440</u>	<u>985,870</u>
EXPENDITURES:								
Direct Services		121,300		7,587			5,642	134,529
Support Services:								
Students				3,832		1		3,833
Instructional Staff	2,385			18,040				20,425
Area Administration				44,241				44,241
Transportation				242				242
Other Outlays	<u>43,785</u>	<u>-</u>	<u>216,271</u>	<u>508,955</u>	<u>13,792</u>	<u>-</u>	<u>-</u>	<u>782,803</u>
TOTAL EXPENDITURES	<u>46,170</u>	<u>121,300</u>	<u>216,271</u>	<u>582,897</u>	<u>13,792</u>	<u>1</u>	<u>5,642</u>	<u>986,073</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	212,671	3,600	(216,271)	-	-	(1)	(202)	(203)
OTHER FINANCING SOURCES (USES):								
Transfers In			216,271					216,271
Transfers Out	<u>(212,671)</u>	<u>(3,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(296)</u>	<u>-</u>	<u>(216,567)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	-	-	-	-	(297)	(202)	(499)
FUND BALANCES, JULY 1, 2012	-	1,380	-	(3)	3	297	-	1,677
Prior Period Adjustments	<u>-</u>	<u>(1,380)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,380)</u>
FUND BALANCES, JUNE 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3)</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ (202)</u>	<u>\$ (202)</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, 2013

Schedule 5  
(page 2 of 2)

	Title I - School Improvement	H1N1 Vaccination Campaign	Food Program	Subtotals	Totals
REVENUES:					
State			\$ 12,077	\$ 12,077	\$ 12,077
Federal	-	-	262,184	262,184	1,248,054
	<u>-</u>	<u>-</u>	<u>262,184</u>	<u>262,184</u>	<u>1,248,054</u>
TOTAL REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>274,261</u>	<u>274,261</u>	<u>1,260,131</u>
EXPENDITURES:					
Direct Services	81			81	134,610
Support Services:					
Students		3,784		3,784	7,617
Instructional Staff				-	20,425
Area Administration				-	44,241
Transportation				-	242
Other Outlays	-	-	274,086	274,086	1,056,889
	<u>-</u>	<u>-</u>	<u>274,086</u>	<u>274,086</u>	<u>1,056,889</u>
TOTAL EXPENDITURES	<u>81</u>	<u>3,784</u>	<u>274,086</u>	<u>277,951</u>	<u>1,264,024</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(81)	(3,784)	175	(3,690)	(3,893)
OTHER FINANCING SOURCES (USES):					
Transfers In				-	216,271
Transfers Out	-	-	-	-	(216,567)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(216,567)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(81)	(3,784)	175	(3,690)	(4,189)
FUND BALANCES, JULY 1, 2012	-	8,002	-	8,002	9,679
Prior Period Adjustments	-	-	-	-	(1,380)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,380)</u>
FUND BALANCES, JUNE 30, 2013	<u>\$ (81)</u>	<u>\$ 4,218</u>	<u>\$ 175</u>	<u>\$ 4,312</u>	<u>\$ 4,110</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, 2013

Schedule 6  
(page 1 of 3)

	VTCLA Foundation	Local Standards Board	Tobacco Grant	Act 230/ Higher Ed Collaborative	Life Skills Fund	Maternal & Child Health	Subtotal
<b>ASSETS:</b>							
<b>Current Assets:</b>							
Due From Other Funds	\$ 3,245	\$ 770	\$ 8,199	\$ 3,385	\$ 1,832		\$ 17,431
Accounts Receivable - State		1,100				\$ 550	1,650
Accounts Receivable - Other	<u>835</u>	<u>-</u>	<u>-</u>	<u>159</u>	<u>-</u>	<u>-</u>	<u>994</u>
Total Current Assets	<u>4,080</u>	<u>1,870</u>	<u>8,199</u>	<u>3,544</u>	<u>1,832</u>	<u>550</u>	<u>20,075</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 4,080</u></b>	<b><u>\$ 1,870</u></b>	<b><u>\$ 8,199</u></b>	<b><u>\$ 3,544</u></b>	<b><u>\$ 1,832</u></b>	<b><u>\$ 550</u></b>	<b><u>\$ 20,075</u></b>
<b>LIABILITIES &amp; FUND BALANCES:</b>							
<b>Liabilities:</b>							
Due To Other Funds						\$ 550	\$ 550
Accounts Payable - State			\$ 669	\$ 372			1,041
Accounts Payable - Other LEAs			7,650	3,172			10,822
Accounts Payable - Other							-
Deferred Revenue	<u>-</u>	<u>\$ 1,870</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,870</u>
Total Liabilities	<u>\$ -</u>	<u>1,870</u>	<u>8,319</u>	<u>3,544</u>	<u>\$ -</u>	<u>550</u>	<u>14,283</u>
<b>Fund Balances:</b>							
Unassigned			(120)				(120)
Restricted	<u>4,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,832</u>	<u>-</u>	<u>5,912</u>
Total Fund Balances	<u>4,080</u>	<u>-</u>	<u>(120)</u>	<u>-</u>	<u>1,832</u>	<u>-</u>	<u>5,792</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b><u>\$ 4,080</u></b>	<b><u>\$ 1,870</u></b>	<b><u>\$ 8,199</u></b>	<b><u>\$ 3,544</u></b>	<b><u>\$ 1,832</u></b>	<b><u>\$ 550</u></b>	<b><u>\$ 20,075</u></b>

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, 2013

Schedule 6  
(page 2 of 3)

	Act 230/ BEST	Criminal Records	DOL Vocational	Safety Grant	VEHI Pathpoints	District Operations & Maintenance	Subtotals
<b>ASSETS:</b>							
<b>Current Assets:</b>							
Due From Other Funds	\$ 5,450	\$ 1,945	\$ 298	\$ 3,852	\$ 6,957		\$ 18,502
Accounts Receivable - State	1						1
Accounts Receivable - Other	-	-	-	-	120	\$ 15,938	16,058
Total Current Assets	<u>5,451</u>	<u>1,945</u>	<u>298</u>	<u>3,852</u>	<u>7,077</u>	<u>15,938</u>	<u>34,561</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,451</u>	<u>\$ 1,945</u>	<u>\$ 298</u>	<u>\$ 3,852</u>	<u>\$ 7,077</u>	<u>\$ 15,938</u>	<u>\$ 34,561</u>
<b>LIABILITIES &amp; FUND BALANCES:</b>							
<b>Liabilities:</b>							
Due To Other Funds						\$ 15,738	\$ 15,738
Accounts Payable - State							-
Accounts Payable - Other LEAs				\$ 3,852			3,852
Accounts Payable - Other	\$ 5,450	\$ 66					5,516
Deferred Revenue	-	-	-	-	-	-	-
Total Liabilities	<u>5,450</u>	<u>66</u>	<u>\$ -</u>	<u>3,852</u>	<u>\$ -</u>	<u>15,738</u>	<u>25,106</u>
<b>Fund Balances:</b>							
Unassigned							-
Restricted	1	1,879	298	-	7,077	200	9,455
Total Fund Balances	<u>1</u>	<u>1,879</u>	<u>298</u>	<u>-</u>	<u>7,077</u>	<u>200</u>	<u>9,455</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<u>\$ 5,451</u>	<u>\$ 1,945</u>	<u>\$ 298</u>	<u>\$ 3,852</u>	<u>\$ 7,077</u>	<u>\$ 15,938</u>	<u>\$ 34,561</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, 2013

Schedule 6  
(page 3 of 3)

	Professional Development Fund	Wat-Dux SES Services	Medicaid IEP	Medicaid EPSDT	Subtotal	Totals
<b>ASSETS:</b>						
<b>Current Assets:</b>						
Due From Other Funds	\$ 21,614	\$ 7,787	\$ 28,140	\$ 43,585	\$ 101,126	\$ 137,059
Accounts Receivable - State			16,772	13,935	30,707	32,358
Accounts Receivable - Other	-	-	-	-	-	17,052
Total Current Assets	<u>21,614</u>	<u>7,787</u>	<u>44,912</u>	<u>57,520</u>	<u>131,833</u>	<u>186,469</u>
<b>TOTAL ASSETS</b>	<u>\$ 21,614</u>	<u>\$ 7,787</u>	<u>\$ 44,912</u>	<u>\$ 57,520</u>	<u>\$ 131,833</u>	<u>\$ 186,469</u>
<b>LIABILITIES &amp; FUND BALANCES:</b>						
<b>Liabilities:</b>						
Due To Other Funds					\$ -	\$ 16,288
Accounts Payable - State					-	1,041
Accounts Payable - Other LEAs					-	14,674
Accounts Payable - Other	\$ 2,994		\$ 15,095		18,089	23,605
Deferred Revenue	-	-	-	-	-	1,870
Total Liabilities	<u>2,994</u>	<u>\$ -</u>	<u>15,095</u>	<u>\$ -</u>	<u>18,089</u>	<u>57,478</u>
<b>Fund Balances:</b>						
Unassigned					-	(120)
Restricted	<u>18,620</u>	<u>7,787</u>	<u>29,817</u>	<u>57,520</u>	<u>113,744</u>	<u>129,111</u>
Total Fund Balances	<u>18,620</u>	<u>7,787</u>	<u>29,817</u>	<u>57,520</u>	<u>113,744</u>	<u>128,991</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<u>\$ 21,614</u>	<u>\$ 7,787</u>	<u>\$ 44,912</u>	<u>\$ 57,520</u>	<u>\$ 131,833</u>	<u>\$ 186,469</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, 2013

Schedule 7  
(page 1 of 3)

	VTCLA Foundation	Local Standards Board	Tobacco Grant	Act 230/ Higher Ed Collaborative	Life Skills Fund	Henderson Foundation	Maternal & Child Health	Subtotal
REVENUES:								
Tuition								\$ -
Fees	\$ 9,735							9,735
Refunds and Reimbursements								-
Other Revenue	1,267							1,267
Local/Private		\$ 330	\$ 16,811					17,141
State	-	-	-	\$ 12,799	-	-	\$ 750	13,549
	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 12,799</u>	<u>-</u>	<u>-</u>	<u>\$ 750</u>	<u>13,549</u>
TOTAL REVENUES	<u>11,002</u>	<u>330</u>	<u>16,811</u>	<u>12,799</u>	<u>\$ -</u>	<u>\$ -</u>	<u>750</u>	<u>41,692</u>
EXPENDITURES:								
Direct Services						2,435		2,435
Support Services:								
Instructional Staff	6,922	330						7,252
General Administration							750	750
Fiscal Services								-
Central Support Services								-
Other Outlays	-	-	16,811	12,799	-	-	-	29,610
	<u>-</u>	<u>-</u>	<u>16,811</u>	<u>12,799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,610</u>
TOTAL EXPENDITURES	<u>6,922</u>	<u>330</u>	<u>16,811</u>	<u>12,799</u>	<u>-</u>	<u>2,435</u>	<u>750</u>	<u>40,047</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,080	-	-	-	-	(2,435)	-	1,645
FUND BALANCES, JULY 1, 2012	-	-	(120)	-	1,832	2,435	-	4,147
Prior Period Adjustments	-	-	-	-	-	-	-	-
FUND BALANCES, JUNE 30, 2013	<u>\$ 4,080</u>	<u>\$ -</u>	<u>\$ (120)</u>	<u>\$ -</u>	<u>\$ 1,832</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,792</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, 2013

Schedule 7  
(page 2 of 3)

	Act 230/ BEST	Kids Consortium	Criminal Records	DOL Vocational	Safety Grant	VT Farm to School	VEHI Pathpoints	Subtotals
REVENUES:								
Tuition								\$ -
Fees								-
Refunds and Reimbursements								-
Other Revenue								-
Local/Private		\$ 517	\$ 2,716		\$ 5,500		\$ 8,000	16,733
State	\$ 6,408	-	-	-	-	-	-	6,408
<b>TOTAL REVENUES</b>	<b>6,408</b>	<b>517</b>	<b>2,716</b>	<b>\$ -</b>	<b>5,500</b>	<b>\$ -</b>	<b>8,000</b>	<b>23,141</b>
EXPENDITURES:								
Direct Services			2,195					2,195
Support Services:								
Instructional Staff	6,408	517						6,925
General Administration								-
Fiscal Services								-
Central Support Services							17,147	17,147
Other Outlays	-	-	-	-	5,500	-	-	5,500
<b>TOTAL EXPENDITURES</b>	<b>6,408</b>	<b>517</b>	<b>2,195</b>	<b>-</b>	<b>5,500</b>	<b>-</b>	<b>17,147</b>	<b>31,767</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	521	-	-	-	(9,147)	(8,626)
FUND BALANCES, JULY 1, 2012	1	-	1,358	298	-	(103)	16,224	17,778
Prior Period Adjustments	-	-	-	-	-	103	-	103
<b>FUND BALANCES, JUNE 30, 2013</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 1,879</b>	<b>\$ 298</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,077</b>	<b>\$ 9,255</b>

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, 2013

Schedule 7  
(page 3 of 3)

	District Operations & Maintenance	Professional Development Fund	Wat-Dux SES Services	Human Resources	Medicaid IEP	Medicaid EPSDT	Subtotal	Totals
REVENUES:								
Tuition		\$ 5,599					\$ 5,599	\$ 5,599
Fees		59,520					59,520	69,255
Refunds and Reimbursements	\$ 63,663					\$ 151	63,814	63,814
Other Revenue							-	1,267
Local/Private					\$ 201,613	19,338	220,951	254,825
State	-	-	-	-	-	-	-	19,957
	<u>63,663</u>	<u>65,119</u>	<u>\$ -</u>	<u>\$ -</u>	<u>201,613</u>	<u>19,489</u>	<u>349,884</u>	<u>414,717</u>
TOTAL REVENUES								
EXPENDITURES:								
Direct Services		53,915	4,945				58,860	63,490
Support Services:							-	14,177
Instructional Staff							-	14,177
General Administration	63,463			2,500		19,573	85,536	86,286
Fiscal Services					13,914		13,914	13,914
Central Support Services							-	17,147
Other Outlays	-	-	-	-	181,852	25,954	207,806	242,916
	<u>63,463</u>	<u>53,915</u>	<u>4,945</u>	<u>2,500</u>	<u>195,766</u>	<u>45,527</u>	<u>366,116</u>	<u>437,930</u>
TOTAL EXPENDITURES								
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	200	11,204	(4,945)	(2,500)	5,847	(26,038)	(16,232)	(23,213)
FUND BALANCES, JULY 1, 2012	-	7,416	12,732	2,500	23,970	83,558	130,176	152,101
Prior Period Adjustments	-	-	-	-	-	-	-	103
FUND BALANCES, JUNE 30, 2013	<u>\$ 200</u>	<u>\$ 18,620</u>	<u>\$ 7,787</u>	<u>\$ -</u>	<u>\$ 29,817</u>	<u>\$ 57,520</u>	<u>\$ 113,944</u>	<u>\$ 128,991</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, 2013

Schedule 8

	Computer/ Technology Reserve	Transportation	Totals
<b>ASSETS:</b>			
Current Assets:			
Due From Other Funds	\$ 13	\$ 35,623	\$ 35,636
Total Current Assets	<u>13</u>	<u>35,623</u>	<u>35,636</u>
<b>TOTAL ASSETS</b>	<u>\$ 13</u>	<u>\$ 35,623</u>	<u>\$ 35,636</u>
<b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
Accounts Payable - Other	<u>-</u>	<u>\$ 34,946</u>	<u>\$ 34,946</u>
Total Liabilities	<u>\$ -</u>	<u>34,946</u>	<u>34,946</u>
Fund Balances:			
Committed	<u>13</u>	<u>677</u>	<u>690</u>
Total Fund Balances	<u>13</u>	<u>677</u>	<u>690</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 13</u>	<u>\$ 35,623</u>	<u>\$ 35,636</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, 2013

Schedule 9

	Computer/ Technology Reserve	Transportation	Totals
REVENUES:			
Assessments	<u>-</u>	<u>\$ 944,105</u>	<u>\$ 944,105</u>
TOTAL REVENUES	<u>\$ -</u>	<u>944,105</u>	<u>944,105</u>
EXPENDITURES:			
Transportation	<u>-</u>	<u>944,107</u>	<u>944,107</u>
TOTAL EXPENDITURES	<u>-</u>	<u>944,107</u>	<u>944,107</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(2)	(2)
FUND BALANCES, JULY 1, 2012	<u>13</u>	<u>679</u>	<u>692</u>
FUND BALANCES, JUNE 30, 2013	<u>\$ 13</u>	<u>\$ 677</u>	<u>\$ 690</u>

The accompanying notes are an integral part of these financial statements



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

To the School Board  
Washington West Supervisory Union, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Washington West Supervisory Union, Vermont, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Washington West Supervisory Union, Vermont's basic financial statements and have issued our report thereon dated February 24, 2014.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

## ***Angolano & Company***

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

February 24, 2014





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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the School Board  
Washington West Supervisory Union, Vermont

**Report on Compliance for Each Major Federal Program**

We have audited Washington West Supervisory Union, Vermont's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Washington West Supervisory Union, Vermont's major federal programs for the year ended June 30, 2013. Washington West Supervisory Union, Vermont's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Washington West Supervisory Union, Vermont's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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, Vermont's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major Federal Program**

In our opinion, Washington West Supervisory Union, Vermont complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

*A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a

federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-1 to be a significant deficiency.

Washington West Supervisory Union, Vermont's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Washington West Supervisory Union, Vermont's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

## *Angolano & Company*

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

February 24, 2014

Washington West Supervisory Union  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2013

**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 X No \_\_\_\_
- Type of auditors’ report issued Unqualified
- Any audit findings that are required to be reported in accordance with 510(a) of Circular A-133? Yes X No \_\_\_\_

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>
84.027	IDEA-B
84.173	IDEA-B Preschool
84.367	Title II-A

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 (continued)  
For the Year Ended June 30, 2013

**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**

See 2013-1

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

None

Washington West Supervisory Union  
Schedule of Findings and Questioned Costs (continued)  
For The Year Ended June 30, 2013

Reference Number

2013-1

Program

CFDA Number and Title:	84.027 IDEA-B
Federal Agency:	US Department of Education
Pass-through entity:	State of Vermont

Criteria

Expenditures must agree with approved budget. The approved budget and encumbrances should be entered into the accounting records to provide budget control to the grant. No line items in the budget are allowed to be overspent by more than 10% without amending the budget.

Condition Found

When tracing the expenditures to the approved amended grant budget we found that the Supervisory Union overspent salaries by greater than 10%.

Questioned Costs

\$163.76

Cause and Possible Effects

Budget to actual expenditures should be reconciled regularly to be sure line items are not overspent without amending the grant. The effect is money may have to be returned for disallowed expenditures.

Recommendation

The grant administrator should review and approve all expenditures before they are paid and make sure they have the correct expenditure codes. Budget to actual expenditures should be closely monitored to make sure line items are not overspent without amending the grant and that expenditures are being recorded correctly.

Auditee Views

Washington West Supervisory Union  
Schedule of Findings and Questioned Costs (continued)  
For The Year Ended June 30, 2013

Reference Number

2013-1 (continued)

Corrective Action Plan

The Director of Finance will review all expenditures charged to grants as part of approving any SU board order for payment to make sure grant expenditures are charged to the correct expenditure code. The Director of Finance will review all grant expenditures compared to budget monthly and make sure that no expenditure exceeds the approved grant budget by more than 10%. Any expenditure that exceeds 10% will be brought to the grant administrator's attention and corrected.

Washington West Supervisory Union  
Schedule of Expenditures of Federal Awards  
For The Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Agency Pass Through Number	Federal Expenditures
U.S. Department of Agriculture:			
Passed Through the State of Vermont			
School Lunch Program	10.555	4450S0421301	\$ 213,534
School Breakfast Program	10.553	4452S0421301	<u>48,650</u>
Subtotal			<u>262,184</u>
U.S. Department of Education:			
Passed Through the State of Vermont			
IDEA-B Cluster:			
IDEA-B Flow Through	84.027	4226S0421301	582,897
IDEA-B Preschool	84.173	4228S0421301	<u>13,792</u>
Total IDEA-B Cluster			<u>596,689</u>
Title I	84.010	4250S0421301	258,841
Title II-A	84.367 A	4651S0421301	124,900
Passed Through the Montpelier School District			
Title III	84.365A		<u>5,440</u>
Subtotal			<u>985,870</u>
Totals			<u>\$1,248,054</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, 2013

**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>
School Lunch Program	10.555	\$213,534
School Breakfast Program	10.553	48,650
Title I	84.010	43,785
IDEA-B	84.027	508,955
IDEA-B Preschool	84.173	13,792



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To the School Board  
Washington West Supervisory Union, Vermont

In planning and performing our audit of the financial statements of Washington West Supervisory Union, Vermont as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered Washington West Supervisory Union, Vermont'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, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of Washington West Supervisory Union, Vermont's internal control.

*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.

*A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described below to be significant deficiencies.

#### IDEA-B

Expenditures must agree with the approved budget. The approved budget and encumbrances should be entered into the accounting records to provide budget control to the grant. No line items in the budget are allowed to be overspent by more than 10% without amending the budget. When tracing the expenditures to the approved amended grant budget we found that the Supervisory Union overspent salaries by greater than 10%. Budget to actual expenditures should be reconciled regularly to be sure line items are not overspent without amending the grant. The effect is money may have to be returned for disallowed expenditures. The grant administrator should review and approve all expenditures before

they are paid and make sure they have the correct expenditure codes. Budget to actual expenditures should be closely monitored to make sure line items are not overspent without amending the grant and that expenditures are being recorded correctly.

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

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

## *Angolano & Company*

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

February 24, 2014



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August 23, 2013

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, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, Government Auditing Standards and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 29, 2013. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

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

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by 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, 2013. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

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

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

The disclosure of retirement incentives in Note \_\_\_\_ to the financial statements as to how it is being offered and any contingent and real liabilities that exist.

#### *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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