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

January 31, 2012

Moretown School District  
Att: Michelle Baker, Bus. Mgr.  
1673 Main St., Ste. A  
Waitsfield, VT 05673

Dear Michelle :

I have electronically forwarded the final financial statements for Moretown School District as of and for the year ended June 30, 2011. In addition I will be mailing you 10 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

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

Moretown School District  
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For The Year Ended June 30, 2011

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## Independent Auditors' Report

To The School Board  
Moretown School District

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of Moretown School District, Vermont, as of June 30, 2011, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of Moretown School District, as of June 30, 2011, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2012 on our consideration of Moretown School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 5 and 30 through 38 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

*Angolano & Company*

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

January 26, 2012

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

*Introduction*

The discussion and analysis of The Moretown School District's ("the District") financial performance provides a narrative introduction and overview of the school District's financial activities for the fiscal year ending June 30, 2011 (FY 11). The District is organized under the guidance of the Board of School Directors to provide public education for Moretown.

*Financial Highlights*

- Government-wide assets totaled \$1,420,608 and government-wide liabilities totaled \$1,149,495.
- Long-term debt (more than one year) totaled \$1,069,919 at year end.
- The District's general fund actual revenues were \$2,097,193, while the budgeted revenues were \$2,133,967, a decrease of \$36,774. Essential Early Education was \$18,907 below budget and IDEA B was \$15,115 less than budget.
- The District's general fund actual expenditures were \$1,919,405, while the budgeted expenditures were \$1,978,443, a decrease of \$59,038 or 2.8%.
- Special Revenue Funds totaling \$39,684 are held in the District's accounts for various Federal, State and Private Grants.
- Capital Projects Funds represent amounts from prior years which have been set aside for Maintenance Reserve. The fund balance at June 30, 2011 is \$36,719.
- 

*Overview of the Financial Statements*

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

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

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

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

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

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

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

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

The District maintains four (4) governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Special Revenue and Debt Service. The basic governmental funds financial statements can be found on pages 7-10.

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 11-29.

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 and Combining Balance Sheets and Statements of Revenues, Expenditures and Changes in Fund Balances for the various Special Revenue Funds, ADM Audit Report, and a Report on Compliance and Internal Control.

### *Government-Wide Financial Analysis*

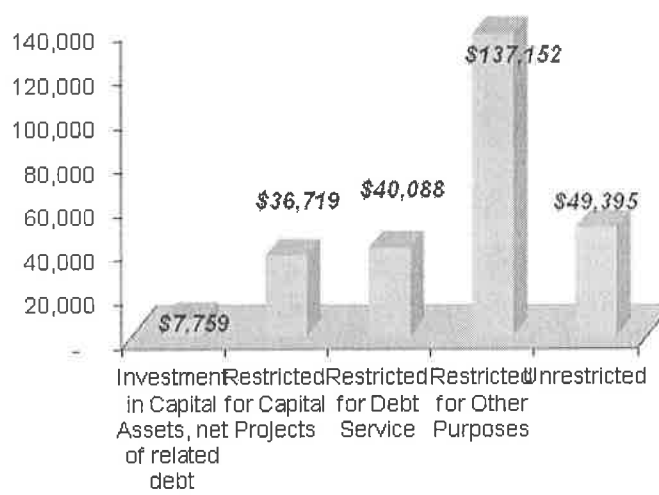
Our analysis of the District's major funds begins on Table 1. The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, the District's Board of Directors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

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

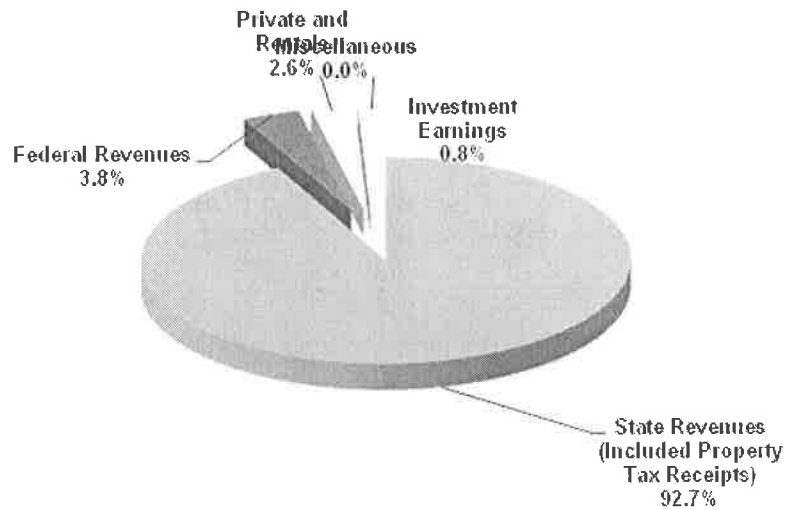
**Moretown School District**  
**Statement of Net Assets and Fund Balance Reconciliation**  
**June 30, 2011**

|   | Summary of<br>Financial<br>Operations and<br>Fund Balance | Governmental<br>Activities<br>Government-Wide | Difference                |
|---|---|---|---------------------------|
| <b>ASSETS</b>                                     |   |   |                           |
| <u>Current Assets:</u>                            |   |   |                           |
| Cash  | 279,613   | 279,613                                       | -                         |
| Investments                                       | 40,088  | 40,088  | -                         |
| Accounts Receivable                               |   |   |                           |
| State   | 1,377   | 1,377   | -                         |
| Supervisory Union                                 | 13,332  | 13,332  | -                         |
| Other   | 8,520   | 8,520   | -                         |
| Total Current Assets                              | <u>342,930</u>  | <u>342,930</u>                                | <u>-</u>                  |
| <u>Non-current Assets:</u>                        |   |   |                           |
| <u>Capital Assets:</u>                            |   |   |                           |
| Building & Equipment, net of Accum. Depr.         | -   | 1,077,678                                     | (1,077,678)               |
| Total Non-current Assets                          | <u>-</u>  | <u>1,077,678</u>                              | <u>(1,077,678)</u>        |
| <b>TOTAL ASSETS</b>                               | <b><u>342,930</u></b>                                     | <b><u>1,420,608</u></b>                       | <b><u>(1,077,678)</u></b> |
| <b>LIABILITIES</b>                                |   |   |                           |
| <u>Current Liabilities:</u>                       |   |   |                           |
| <u>Accounts Payable</u>                           |   |   |                           |
| Other   | 76,426  | 76,426  | -                         |
| Deferred Revenue                                  | 3,150   | 3,150   | -                         |
| Current Portion of Long-Term Obligations          | -   | 62,282  | (62,282)                  |
| Total Current Liabilities                         | <u>79,576</u>   | <u>141,858</u>                                | <u>(62,282)</u>           |
| <u>Non-current Liabilities:</u>                   |   |   |                           |
| Bonds Payable                                     | -   | 1,007,637                                     | (1,007,637)               |
| Total Non-current Liabilities                     | <u>-</u>  | <u>1,007,637</u>                              | <u>(1,007,637)</u>        |
| <b>TOTAL LIABILITIES</b>                          | <b><u>79,576</u></b>                                      | <b><u>1,149,495</u></b>                       | <b><u>(1,069,919)</u></b> |
| <b>NET ASSETS</b>                                 |   |   |                           |
| Investment in Capital Assets, net of related Debt | -   | 7,759   | (7,759)                   |
| Restricted for Capital Projects                   | 36,719  | 36,719  | -                         |
| Restricted for Debt Service                       | 40,088  | 40,088  | -                         |
| Restricted for Other Purposes                     | 137,152   | 137,152                                       | -                         |
| Unrestricted                                      | 49,395  | 49,395  | -                         |
| <b>TOTAL NET ASSETS</b>                           | <b><u>263,354</u></b>                                     | <b><u>271,113</u></b>                         | <b><u>(7,759)</u></b>     |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>           | <b><u>342,930</u></b>                                     | <b><u>1,420,608</u></b>                       | <b><u>(1,077,678)</u></b> |

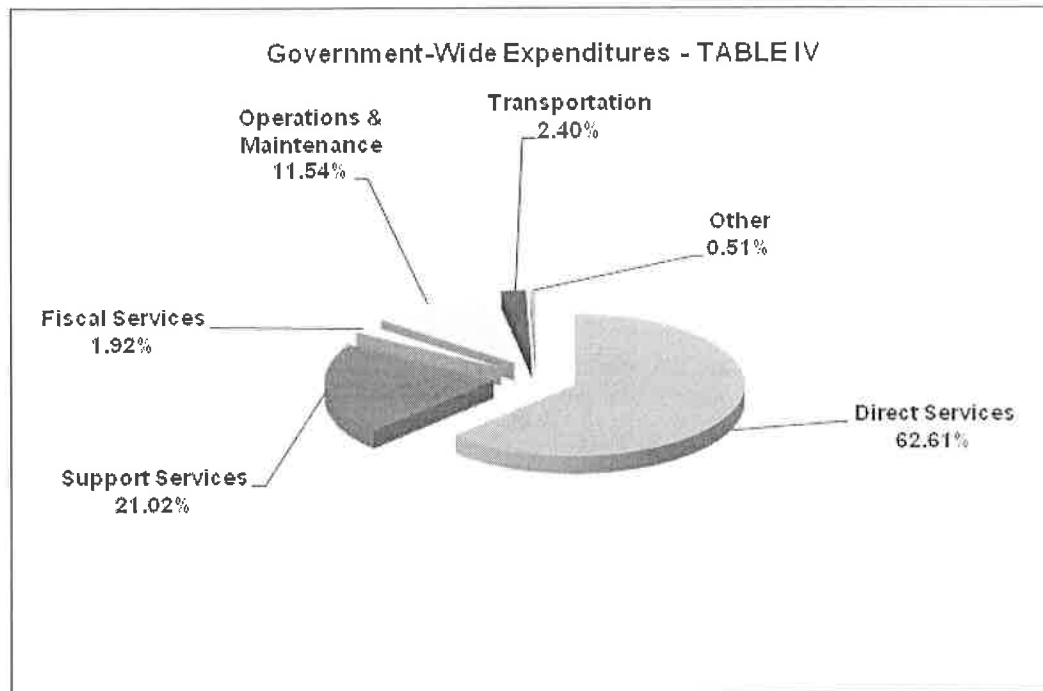
**Government-Wide Net Assets - TABLE II**



**Government-Wide Revenues - TABLE III**



Government-wide revenues consisted of \$80,929 in federal revenue, \$1,955,368 in state revenue and \$16,872 in investment earnings and \$54,920 in grants, \$550 in rental, \$116 refunds and \$433 miscellaneous revenues.



Government-wide expenses consist of \$1,246,769 in direct services, \$418,658 in support services, \$38,136 in fiscal services, \$229,808 in operations and maintenance, \$47,774 in transportation and \$10,107 in other expenditures for a total of \$1,991,252.

*Governmental Activities:*

Governmental Activities revenues totaled \$2,109,188 and expenses net of program revenues totaled \$1,991,252 resulting in an increase in net assets of \$117,936.

**Fund Financial Analysis**

*Governmental Fund Types:*

Fund balances in the Governmental Fund types increased from \$144,346 to \$263,364, an increase of \$119,008. This increase was reflected in the General Fund by an increase of \$49,836, an increase of \$24,271 in the Special Revenue Funds, an increase of \$4,813 in the Capital Project Fund, and an increase of \$40,088 in Other Governmental Funds.

|   | Summary of<br>Financial<br>Operations and<br>Fund Balance<br>6/30/2011 | Summary of<br>Financial<br>Operations and<br>Fund Balance<br>6/30/2010 | Summary of<br>Financial<br>Operations and<br>Fund Balance<br>6/30/2009 |
|---|--|--|--|
| <b>ASSETS</b>                           |  |  |  |
| <u>Current Assets:</u>                  |  |  |  |
| Cash                                    | 279,613  | 188,488  | 24,337   |
| Investments                             | 40,088   | -  |  |
| Accounts Receivable                     |  |  |  |
| State                                   | 1,377  | -  | 20,114   |
| Supervisory Union                       | 13,332   | 5,748  | 19,874   |
| Other LEA's                             | -  | 9,688  | -  |
| Other                                   | 8,520  | 390  | 8,861  |
| Prepaid Expenses                        | -  | -  | 3,430  |
| <b>Total Current Assets</b>             | <b>342,930</b>   | <b>204,314</b>   | <b>76,616</b>  |
| <b>LIABILITIES</b>                      |  |  |  |
| <u>Current Liabilities:</u>             |  |  |  |
| Accounts Payable                        |  |  |  |
| State                                   | -  | 45,692   | 13,903   |
| Other LEA's                             | -  | -  | 2,036  |
| Other                                   | 76,426   | 11,127   | 26,705   |
| Deferred Revenue                        | 3,150  | 3,150  | 1,150  |
| <b>Total Current Liabilities</b>        | <b>79,576</b>  | <b>59,969</b>  | <b>43,794</b>  |
| <b>NET ASSETS</b>                       |  |  |  |
| Restricted for Capital Projects         | 36,719   | 42,654   | 485  |
| Restricted for Debt Service             | 40,088   | -  |  |
| Restricted for Other Purposes           | 137,152  | 15,437   | 106,244  |
| Unrestricted                            | 49,395   | 86,254   | (73,907)   |
| <b>TOTAL NET ASSETS</b>                 | <b>263,354</b>   | <b>144,345</b>   | <b>32,822</b>  |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <b>342,930</b>   | <b>204,314</b>   | <b>76,616</b>  |

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

| <b>Moretown School District</b> |                     |                                     | TABLE VI            |
|---------------------------------|---------------------|-------------------------------------|---------------------|
| <b>Capital Assets</b>           |                     |                                     |                     |
| <b>June 30, 2011</b>            |                     |                                     |                     |
|                                 | <u>Cost</u>         | <u>Accumulated<br/>Depreciation</u> | <u>Net Value</u>    |
| <b>Governmental Activities:</b> |                     |                                     |                     |
| Construction in Progress        | -                   | -                                   | -                   |
| Land Improvements               | 89,106              | 75,738                              | 13,368              |
| Buildings                       | 26,567              | 26,567                              | -                   |
| Building Improvements           | 1,439,485           | \$ 420,200                          | 1,019,285           |
| Infrastructure                  | 39,919              | \$ 1,596                            | 38,323              |
| Furniture and Equipment         | 16,676              | 9,974                               | 6,702               |
| <b>Total</b>                    | <b>\$ 1,611,753</b> | <b>\$ 534,075</b>                   | <b>\$ 1,077,678</b> |

#### Long-Term Debt

The District has one category of long-term debt, defined as debt due and payable beyond one year. At June 30, 2010, the District had \$1,069,919 in outstanding principal and interest. Bond principal and interest are being paid from the General Fund

#### Current Issues

- Student enrollment has progressively decreased in Moretown and continues.
- The Moretown Elementary School was damaged by flooding during tropical storm Irene in August 2011. Significant costs were incurred in the flood clean up and it is uncertain at this time what amount of cleanup and restoration costs will not be covered by insurance, FEMA and donations made to the school. Some of the expense incurred may need to be paid by the school district.
- Moretown has an above average cost per pupil. In FY2012 the statewide average cost per equalized pupil was 12,288, Moretown's cost per equalized pupil in FY2012 is \$14,484, 17.87% above the state average.
- The Moretown Elementary School facility and property have deferred maintenance that is leading to increased maintenance costs. The Board has identified the capital needs and a maintenance reserve fund has been established.
- Act 153 requires special education, compensatory and remedial services to be provided by the Supervisory Union by July 1, 2013. The effects of this Legislation are unknown at this time as no implementation guidance has been received regarding the new legislation.

#### Contact for Further Information

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

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

EXHIBIT I

|   | Governmental<br>Activities | Total             |
|---|----------------------------|-------------------|
| <b>ASSETS:</b>                                    |                            |                   |
| Cash and Cash Equivalents                         | \$ 279,613                 | \$ 279,613        |
| Investments                                       | 40,088                     | 40,088            |
| Accounts Receivable - State                       | 1,377                      | 1,377             |
| Accounts Receivable - Supervisory Union           | 13,332                     | 13,332            |
| Accounts Receivable - Other                       | 8,520                      | 8,520             |
| Capital Assets, net (Note 5)                      | <u>1,077,678</u>           | <u>1,077,678</u>  |
| Total Assets                                      | <u>1,420,608</u>           | <u>1,420,608</u>  |
| <b>LIABILITIES:</b>                               |                            |                   |
| Accounts Payable - Other                          | 76,426                     | 76,426            |
| Deferred Revenues                                 | 3,150                      | 3,150             |
| Long-Term Liabilities (Note 10):                  |                            |                   |
| Due Within One Year                               | 62,282                     | 62,282            |
| Due in More Than One Year                         | <u>1,007,637</u>           | <u>1,007,637</u>  |
| Total Liabilities                                 | <u>1,149,495</u>           | <u>1,149,495</u>  |
| <b>NET ASSETS:</b>                                |                            |                   |
| Investment in Capital Assets, net of related debt | 7,759                      | 7,759             |
| Restricted for Capital Projects                   | 36,719                     | 36,719            |
| Restricted for Debt Service                       | 40,088                     | 40,088            |
| Restricted for Other Purposes                     | 137,152                    | 137,152           |
| Unrestricted                                      | <u>49,395</u>              | <u>49,395</u>     |
| Total Net Assets                                  | <u>\$ 271,113</u>          | <u>\$ 271,113</u> |

The accompanying notes are an integral part of these financial statements

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

EXHIBIT II

|  |                     | Program<br>Revenues | Net (Expense)<br>Revenue and<br>Changes in<br>Net Assets |                   |
|--|---------------------|---------------------|--|-------------------|
|  | Expenses            | Operating<br>Grants | Governmental<br>Activities                               | Total             |
| Instructional:                                       |                     |                     |  |                   |
| Direct Services                                      | \$ 1,255,738        | \$ 8,969            | \$ (1,246,769)   | \$ (1,246,769)    |
| Support Services:                                    |                     |                     |  |                   |
| Student Services                                     | 147,456             |                     | (147,456)  | (147,456)         |
| Instructional Services                               | 43,745              |                     | (43,745)   | (43,745)          |
| General Administrative Services                      | 50,566              |                     | (50,566)   | (50,566)          |
| Area Administrative Services                         | 176,891             |                     | (176,891)  | (176,891)         |
| Fiscal Services                                      | 38,136              |                     | (38,136)   | (38,136)          |
| Building Operations and Maintenance                  | 229,808             |                     | (229,808)  | (229,808)         |
| Transportation                                       | 86,873              | 39,099              | (47,774)   | (47,774)          |
| Other Support Services                               | 10,107              | -                   | (10,107)   | (10,107)          |
| Total  | <u>\$ 2,039,320</u> | <u>\$ 48,068</u>    | (1,991,252)  | (1,991,252)       |
|  |                     |                     |  |                   |
| General Revenues:                                    |                     |                     |  |                   |
| State Revenues not Restricted to Specific Programs   |                     |                     | 1,955,368  | 1,955,368         |
| Federal Revenues not Restricted to Specific Programs |                     |                     | 80,929   | 80,929            |
| Private Revenues not Restricted to Specific Programs |                     |                     | 54,920   | 54,920            |
| Investment Earnings                                  |                     |                     | 16,872   | 16,872            |
| Rentals  |                     |                     | 550  | 550               |
| Refunds and Reimbursements                           |                     |                     | 116  | 116               |
| Miscellaneous  |                     |                     | 433  | 433               |
| Total General Revenues                               |                     |                     | <u>2,109,188</u>   | <u>2,109,188</u>  |
| Excess (Deficiency) of Revenues Over Expenses        |                     |                     | 117,936  | 117,936           |
| Net Assets - Beginning                               |                     |                     | <u>153,177</u>   | <u>153,177</u>    |
| Net Assets - Ending                                  |                     |                     | <u>\$ 271,113</u>  | <u>\$ 271,113</u> |

The accompanying notes are an integral part of these financial statements

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

EXHIBIT III

|  | Governmental Fund Types  |                            |                            |                               | Totals<br>(Memorandum<br>Only) |
|--|--------------------------|----------------------------|----------------------------|-------------------------------|--------------------------------|
|  | General<br>Fund          | Special<br>Revenue<br>Fund | Capital<br>Project<br>Fund | Other<br>Governmental<br>Fund |                                |
| <b>ASSETS:</b>                             |                          |                            |                            |                               |                                |
| <b>Current Assets:</b>                     |                          |                            |                            |                               |                                |
| Cash                                       | \$ 244,908               |                            | \$ 34,705                  |                               | \$ 279,613                     |
| Investments                                |                          |                            |                            | \$ 40,088                     | 40,088                         |
| Accounts Receivable - State                | 1,377                    |                            |                            |                               | 1,377                          |
| Accounts Receivable - Supervisory Union    | 5,888                    | \$ 7,444                   |                            |                               | 13,332                         |
| Accounts Receivable - Other                | 8,520                    |                            |                            |                               | 8,520                          |
| Due From Other Funds                       | -                        | 34,861                     | 2,027                      | -                             | 36,888                         |
| Total Current Assets                       | <u>260,693</u>           | <u>42,305</u>              | <u>36,732</u>              | <u>40,088</u>                 | <u>379,818</u>                 |
| <b>TOTAL ASSETS</b>                        | <b><u>\$ 260,693</u></b> | <b><u>\$ 42,305</u></b>    | <b><u>\$ 36,732</u></b>    | <b><u>\$ 40,088</u></b>       | <b><u>\$ 379,818</u></b>       |
| <b>LIABILITIES AND FUND EQUITIES:</b>      |                          |                            |                            |                               |                                |
| <b>Liabilities:</b>                        |                          |                            |                            |                               |                                |
| Accounts Payable - Other                   | \$ 76,421                | \$ 6                       |                            |                               | \$ 76,427                      |
| Due to Other Funds                         | 34,259                   | 2,615                      | \$ 13                      |                               | 36,887                         |
| Deferred Revenue                           | 3,150                    | -                          | -                          | -                             | 3,150                          |
| Total Liabilities                          | <u>113,830</u>           | <u>2,621</u>               | <u>13</u>                  | <u>\$ -</u>                   | <u>116,464</u>                 |
| <b>Fund Equity:</b>                        |                          |                            |                            |                               |                                |
| <b>Fund Balances:</b>                      |                          |                            |                            |                               |                                |
| Unassigned                                 | 49,835                   | (440)                      |                            |                               | 49,395                         |
| Committed                                  | 97,028                   |                            | 36,719                     | 40,088                        | 173,835                        |
| Restricted                                 | -                        | 40,124                     | -                          | -                             | 40,124                         |
| Total Fund Equities                        | <u>146,863</u>           | <u>39,684</u>              | <u>36,719</u>              | <u>40,088</u>                 | <u>263,354</u>                 |
| <b>TOTAL LIABILITIES AND FUND EQUITIES</b> | <b><u>\$ 260,693</u></b> | <b><u>\$ 42,305</u></b>    | <b><u>\$ 36,732</u></b>    | <b><u>\$ 40,088</u></b>       | <b><u>\$ 379,818</u></b>       |

The accompanying notes are an integral part of these financial statements

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

Fund Balances – total governmental funds \$ 263,354

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

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

|                               |           |
|-------------------------------|-----------|
| Governmental capital assets   | 1,611,753 |
| Less accumulated depreciation | (534,075) |

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

|               |                 |
|---------------|-----------------|
| Bonds Payable | (1,030,000)     |
| Notes Payable | <u>(39,919)</u> |

Net Assets of Governmental Activities \$ 271,113

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

EXHIBIT IV

|  | General<br>Fund   | Special<br>Revenue<br>Fund | Capital<br>Project<br>Fund | Other<br>Governmental<br>Fund | Debt<br>Service<br>Fund | Totals<br>(Memorandum<br>Only) |
|--|-------------------|----------------------------|----------------------------|-------------------------------|-------------------------|--------------------------------|
| <b>REVENUES:</b>   |                   |                            |                            |                               |                         |                                |
| Interest on Investments  | \$ 15,718         |                            | \$ 66                      | \$ 1,088                      |                         | \$ 16,872                      |
| Rental Income  | 550               |                            |                            |                               |                         | 550                            |
| Refunds and Reimbursements   |                   |                            | 116                        |                               |                         | 116                            |
| Miscellaneous  | 433               |                            |                            |                               |                         | 433                            |
| Private/Local/Other  | 5,600             | \$ 35,916                  | 24,000                     |                               |                         | 65,516                         |
| State  | 1,993,963         |                            |                            |                               |                         | 1,993,963                      |
| Federal  | <u>80,929</u>     | <u>5,466</u>               | <u>-</u>                   | <u>-</u>                      | <u>-</u>                | <u>86,395</u>                  |
| <b>TOTAL REVENUES</b>  | <u>2,097,193</u>  | <u>41,382</u>              | <u>24,182</u>              | <u>1,088</u>                  | <u>\$ -</u>             | <u>2,163,845</u>               |
| <b>EXPENDITURES:</b>   |                   |                            |                            |                               |                         |                                |
| Direct Services  | 1,204,001         | 10,018                     |                            |                               |                         | 1,214,019                      |
| Support Services:  |                   |                            |                            |                               |                         |                                |
| Students   | 146,877           | 6,589                      |                            |                               |                         | 153,466                        |
| Instructional Staff  | 40,850            |                            |                            |                               |                         | 40,850                         |
| General Administration   | 50,566            |                            |                            |                               |                         | 50,566                         |
| Area Administration  | 176,601           |                            |                            |                               |                         | 176,601                        |
| Fiscal Services  | 38,136            |                            |                            |                               |                         | 38,136                         |
| Operation & Maintenance of Building  | 165,898           |                            | 30,117                     |                               |                         | 196,015                        |
| Transportation   | 86,369            | 504                        |                            |                               |                         | 86,873                         |
| Food Service   | 10,107            |                            |                            |                               |                         | 10,107                         |
| Debt Service:  |                   |                            |                            |                               |                         |                                |
| Interest Charges   |                   |                            |                            |                               | 28,952                  | 28,952                         |
| Principal Retirement   | -                 | -                          | -                          | -                             | 60,000                  | 60,000                         |
| <b>TOTAL EXPENDITURES</b>  | <u>1,919,405</u>  | <u>17,111</u>              | <u>30,117</u>              | <u>-</u>                      | <u>88,952</u>           | <u>2,055,585</u>               |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b>                                      | 177,788           | 24,271                     | (5,935)                    | 1,088                         | (88,952)                | 108,260                        |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                   |                            |                            |                               |                         |                                |
| Bond/Loan Proceeds   |                   |                            | 10,748                     |                               |                         | 10,748                         |
| Transfers In   |                   |                            |                            | 39,000                        | 88,952                  | 127,952                        |
| Transfers Out  | <u>(127,952)</u>  | <u>-</u>                   | <u>-</u>                   | <u>-</u>                      | <u>-</u>                | <u>(127,952)</u>               |
| <b>EXCESS OF REVENUES AND OTHER<br/>SOURCES OVER (UNDER)<br/>EXPENDITURES AND OTHER USES</b> | 49,836            | 24,271                     | 4,813                      | 40,088                        | -                       | 119,008                        |
| <b>FUND BALANCE, JULY 1, 2010</b>  | <u>97,027</u>     | <u>15,413</u>              | <u>31,906</u>              | <u>-</u>                      | <u>-</u>                | <u>144,346</u>                 |
| <b>FUND BALANCE, JUNE 30, 2011</b>   | <u>\$ 146,863</u> | <u>\$ 39,684</u>           | <u>\$ 36,719</u>           | <u>\$ 40,088</u>              | <u>\$ -</u>             | <u>\$ 263,354</u>              |

The accompanying notes are an integral part of these financial statements

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

|  |                  |
|--|------------------|
| Net Changes in fund Balances – total governmental funds  | \$119,008        |
| Amount reported for governmental activities in the Statement of<br>Activities are different because:   |                  |
| Governmental funds report capital outlays as expenditures. However,<br>in the Statement of Activities, the cost of those assets is<br>depreciated over their estimated useful lives:   |                  |
| Expenditures for capital assets  | 0                |
| Less current year depreciation   | (50,324)         |
| Bond proceeds provide current financial resources to governmental<br>funds, but issuing debt increases long-term liabilities in the<br>statement of Net Assets. Repayment of bond principal is an<br>expenditure in the governmental funds, but the repayment<br>reduces long-term liabilities in the Statement of Net Assets. |                  |
| Note proceeds  | (10,748)         |
| Repayment of bonds   | <u>60,000</u>    |
| Change in Net Assets of Governmental Funds   | <u>\$117,936</u> |

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

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

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

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

Reporting Entity:

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

Government -Wide and Fund Financial Statements:

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

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

Interfund activities between governmental funds and proprietary funds appear as due to/due from on the governmental fund balance sheet and proprietary fund statement of net assets and as other

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

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

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

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

Governmental Fund Types:

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

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

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

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

Other Accounting Policies:

Cash and Cash Equivalents:

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

Interfund Receivables and Payables:

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

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

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

Accounts Receivable:

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

Capital Assets:

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

Long-term Debt:

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

Budgets:

The School District is required by state law to adopt a budget for the General Fund. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles ("GAAP"). The operating budget is prepared by the School District's administration with direction from the School Board and assistance from the Superintendent and Business Manager of the Washington West Supervisory Union and approved by the Moretown School District School Board at a properly warned meeting for presentation to the voters. The operating budget includes proposed expenditures by line item and the means of financing them. The budget is approved by School District Voters at a properly warned annual meeting. The voters vote on the total expense amount and not on the individual line items presented in these financial statements.

Encumbrances:

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund,

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

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

Special Revenue Funds, and Capital Projects Fund. Encumbrances are not liabilities and, therefore, should not be recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The School District has elected to treat its encumbrances as liabilities for budgetary control purposes.

Net Assets and Fund Balance:

Government -Wide Financial Statements:

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

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

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

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

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

Fund Based Financial Statements:

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

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

Assigned Fund Balance – Includes amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental

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

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

funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

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

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

Function and Object Codes:

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

Memorandum Only Columns:

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

**NOTE 2 - CASH AND REPURCHASE AGREEMENTS**

Cash deposits with financial institutions at June 30th amounted to \$279,613. As major revenues are received during the year bank deposits may temporarily exceed insured limits.

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

These four levels of risk are as follows:

- Category 1 Deposits which are insured or collateralized with securities held by the School District or by its agent in the School District’s name (repurchase agreements).
- Category 2 Deposits which are collateralized with securities held by the pledging financial institution’s trust department or agent in the Bank’s name.
- Category 3 Private commercial insurance protection or letter of credit for funds in excess of FDIC limits.

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

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

Category 4 Deposits which are not collateralized or insured (includes cash on hand).

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

Balances held in each area are as follows:

|                                | Carrying<br>Amount | Bank<br>Balance  |
|--------------------------------|--------------------|------------------|
| - Insured (FDIC) and/or (SIPC) | \$ 36,100          | \$ 48,600        |
| - Category 1                   | 230,953            | 282,751          |
| - Category 2                   | 0                  | 0                |
| - Category 3                   | 0                  | 0                |
| - Category 4                   | <u>0</u>           | <u>0</u>         |
| Total deposits                 | <u>\$279,613</u>   | <u>\$331,411</u> |

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

**NOTE 3 – INVESTMENTS**

The School District invests its assets in various entities and/or debt instruments as described below. As noted some are insured by the SIPC (Securities Investor Protections Corporation). If the broker-dealer fails, the SIPC provides protection for customer accounts by returning securities registered in the name of the investor, distributing all remaining customer assets on a pro rata basis, and providing SIPC funds for all remaining claims of each customer up to a maximum of \$500,000, including up to \$100,000 on claims for cash.

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

|   | Cost | Market<br>Value |
|---|------|-----------------|
| Securities held by School District registered to<br>School District uninsured by SIPC | \$ 0 | \$ 0            |

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

**NOTE 3 – INVESTMENTS (CONTINUED)**

|   | Cost            | Market Value    |
|---|-----------------|-----------------|
| Insured (SIPC) and registered held by dealer/<br>broker in School District's name |                 |                 |
| U. S. Treasury Notes  | \$38,397        | \$39,588        |
| Money Market  | 500             | 500             |
| Uninsured, registered held by dealer/broker in<br>School District's name          | 0               | 0               |
| Insured (SIPC) unregistered held by dealer/broker                                 | 0               | 0               |
| Uninsured, unregistered held by dealer/broker                                     | <u>0</u>        | <u>0</u>        |
| TOTAL   | <u>\$38,897</u> | <u>\$40,088</u> |

**NOTE 4 - INTERFUND RECEIVABLES**

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

| Fund Financial Statements: |                       |        |
|----------------------------|-----------------------|--------|
| Receivable Fund            | Payable Fund          | Amount |
| Special Revenue Fund:      |                       |        |
| Vermont Energy Grant       | General Fund          | \$ 56  |
| VKAT                       | General Fund          | 60     |
| Girls on the Run           | General Fund          | 490    |
| Exxon Mobil Grant          | General Fund          | 431    |
| Book Fair                  | General Fund          | 7      |
| Medicaid                   | General Fund          | 32,804 |
| VSBIT Wellness Grant       | General Fund          | 67     |
| Field Trip Grand 1-2       | General Fund          | 446    |
| Educator Grant             | General Fund          | 500    |
|                            | Special Revenue Fund: |        |
| General Fund               | Title II A            | 2,175  |
| General Fund               | Field Trip Grade 5-6  | 229    |

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

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

|                            |                       |  |                 |
|----------------------------|-----------------------|--|-----------------|
| Fund Financial Statements: |                       |  |                 |
| Receivable Fund            | Payable Fund          |  | Amount          |
| Capital Project Fund:      |                       |  |                 |
| Roof Construction          | General Fund          |  | \$ 2,027        |
| General Fund               | Capital Project Fund: |  |                 |
|                            | Maintenance Reserve   |  | <u>13</u>       |
|                            | Total                 |  | <u>\$39,305</u> |

**NOTE 5 – CAPITAL ASSETS**

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

|   | <u>Primary Government</u> |                   |             |                    |
|---|---------------------------|-------------------|-------------|--------------------|
|   | Beginning<br>Balance      | Increases         | Decreases   | Ending<br>Balance  |
| Governmental activities:                          |                           |                   |             |                    |
| Capital assets:                                   |                           |                   |             |                    |
| Land Improvements                                 | \$ 89,106                 | \$ 0              | \$ 0        | \$ 89,106          |
| Buildings   | 26,567                    | 0                 | 0           | 26,567             |
| Building Improvements                             | 1,439,485                 | 0                 | 0           | 1,439,485          |
| Infrastructure                                    | 39,919                    | 0                 | 0           | 39,919             |
| Furniture and Equipment                           | <u>16,676</u>             | <u>0</u>          | <u>0</u>    | <u>16,676</u>      |
| Total other capital assets<br>at historical costs | <u>1,611,753</u>          | <u>0</u>          | <u>0</u>    | <u>1,611,753</u>   |
| Less accumulated depreciation:                    |                           |                   |             |                    |
| Land Improvements                                 | 71,283                    | 4,455             | 0           | 75,738             |
| Buildings   | 26,567                    | 0                 | 0           | 26,567             |
| Building Improvements                             | 377,637                   | 42,563            | 0           | 420,200            |
| Infrastructure                                    | 798                       | 798               | 0           | 1,596              |
| Furniture and Equipment                           | <u>7,466</u>              | <u>2,508</u>      | <u>0</u>    | <u>9,974</u>       |
| Total accum. depr.                                | <u>483,751</u>            | <u>50,324</u>     | <u>0</u>    | <u>534,075</u>     |
| Governmental activities                           |                           |                   |             |                    |
| Capital Assets, Net                               | <u>\$1,128,002</u>        | <u>\$(50,324)</u> | <u>\$ 0</u> | <u>\$1,077,678</u> |

Depreciation expense was charged to functions as follows:

|                          |          |
|--------------------------|----------|
| Governmental activities: |          |
| Direct Services          | \$17,110 |

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

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

|  |                 |
|--|-----------------|
| Support Services:                                  |                 |
| Students   | \$ 0            |
| Instructional Staff                                | 0               |
| General Administration                             | 0               |
| Area Administration                                | 0               |
| Fiscal Services                                    | 0               |
| Operation and Maintenance of Plant                 | 33,214          |
| Transportation                                     | 0               |
| Other Support Services                             | <u>0</u>        |
| Total governmental activities depreciation expense | <u>\$50,324</u> |

**NOTE 6 - ACCRUED VACATION & LEAVE TIME**

Accrued vacation and leave time represent vested time earned by employees but not used. If the employee were to leave, this accrued time must be paid. Therefore, it is a liability to the School District at June 30, 2011. Teachers do not receive paid vacations, and are paid only for the number of days they are required to work each year. Administrative and maintenance personnel are granted vacation leave in varying amounts. The School District has a liability for unused vacation that was allowed to be carried forward. No liability is shown in the fund based financial statement. The liability is reported in the Statement of Financial Position as an accrued liability. The School District did not have any liability at year end. Vacation pay is charged to operations when taken by the employee of the School District.

**NOTE 7 - DEFERRED REVENUE**

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

|                         |                |
|-------------------------|----------------|
| Federal funds           | \$ 0           |
| State funds             | 0              |
| Other funds             | <u>3,150</u>   |
| Total deferred revenues | <u>\$3,150</u> |

**NOTE 8 - SICK LEAVE**

It is the School District's policy to permit employees to accumulate earned but unused sick pay benefits. Such leave benefits do not vest under the School District's policy, accordingly benefits must be used during employment. Since the employees' accumulating rights to receive compensation for future absences are contingent upon the absences being caused by future

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

**NOTE 8 - SICK LEAVE (CONTINUED)**

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 120 days.

**NOTE 9 - RETIREMENT INCENTIVES**

Occasionally, the Board offers retirement incentive to teachers. The decision to offer such an incentive is at the Board's discretion. No such incentive was offered during 2010-2011 school year.

**NOTE 10 - LONG-TERM DEBT**

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

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

|  | Balance<br>July 1, 2010 | Borrowings | Retirements | Balance<br>June 30, 2011 |
|--|-------------------------|------------|-------------|--------------------------|
| Vermont Municipal Bond Bank, bond payable, interest at 4.971% interest paid semi-annually, principle of \$60,000 due on December 1 <sup>st</sup> of each year until 2013, then \$55,000 due on December 1 <sup>st</sup> of each year until 2016, originally borrowed \$1,180,000 on July 31, 1996 for building addition. | \$ 400,000              | \$ 0       | \$60,000    | \$ 340,000               |
| Vermont Environmental Protection Agency, water planning loan payable, interest at 0%, principal of \$978 due   |                         |            |             |                          |

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

**NOTE 10 - LONG-TERM DEBT (CONTINUED)**

|   | Balance<br>July 1, 2010 | Borrowings      | Retirements     | Balance<br>June 30, 2011 |
|---|-------------------------|-----------------|-----------------|--------------------------|
| on October 1 <sup>st</sup> of each year starting in 2013 until 2017. Originally approved For \$5,200 in 2008 for water project, amended to \$4,889 on June 14, 2010.  | \$ 4,889                | \$ 0            | \$ 0            | \$ 4,889                 |
| Vermont Environmental Protection Agency, water construction loan payable, interest at 1.0%, administrative fee of 2.0%, total payments of \$2,354.56 due on October 1 <sup>st</sup> of each year starting in October 2011 until 2030. Originally approved for \$25,800 in 2009 for water project, amended to \$35,030 on June 23, 2010. | 24,282                  | 10,748          | 0               | 35,030                   |
| Merchants Bank, bond payable, interest at 1%, interest paid semi-annually, sinking fund payment of \$40,000 due on March 1 <sup>st</sup> of each year until 2027, originally borrowed \$690,000 on July 1, 2010   | <u>690,000</u>          | <u>0</u>        | <u>0</u>        | <u>690,000</u>           |
| Total Long-Term Debt  | <u>\$1,119,171</u>      | <u>\$10,748</u> | <u>\$60,000</u> | <u>\$1,069,919</u>       |

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

|                                     | Principal          | Interest         | Total              |
|-------------------------------------|--------------------|------------------|--------------------|
| During the year ended June 30, 2012 | \$ 62,282          | \$ 26,696        | \$ 88,978          |
| 2013                                | 57,321             | 23,106           | 80,427             |
| 2014                                | 57,361             | 19,635           | 76,996             |
| 2015                                | 57,403             | 16,283           | 73,686             |
| 2016                                | 57,444             | 12,908           | 70,352             |
| Thereafter                          | <u>778,108</u>     | <u>85,885</u>    | <u>863,993</u>     |
| Totals                              | <u>\$1,069,919</u> | <u>\$184,513</u> | <u>\$1,254,432</u> |

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

**NOTE 11 – 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:

|                          |                  |
|--------------------------|------------------|
| Budgeted Surplus FY11-12 | \$ 48,514        |
| Maintenance Reserve      | <u>48,514</u>    |
| Total                    | <u>\$ 97,028</u> |

Special Revenue Funds:

|                      |                  |
|----------------------|------------------|
| Medicaid             | \$ 38,067        |
| Vermont Energy Grant | 56               |
| VKAT                 | 60               |
| Exxon/Mobil grant    | 431              |
| Girls on the Run     | 490              |
| Book Fair            | 7                |
| VSBIT Wellness Grant | 67               |
| Field Trip Grade 1-2 | 446              |
| Educator Grant       | <u>500</u>       |
| Total                | <u>\$ 40,124</u> |

Capital Projects Fund:

|                      |                  |
|----------------------|------------------|
| Capital Improvements | \$ 34,692        |
| Roof Construction    | <u>2,027</u>     |
| Total                | <u>\$ 36,719</u> |

Other Governmental Fund:

|                   |                  |
|-------------------|------------------|
| Bond Sinking Fund | <u>\$ 40,088</u> |
|-------------------|------------------|

**NOTE 12 – 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:

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

**NOTE 12 – NET ASSETS RESTRICTED (Government -Wide Financial Statements)**  
**(CONTINUED)**

Net Assets Restricted For Capital Projects:

|                      |                  |
|----------------------|------------------|
| Capital Improvements | \$ 34,692        |
| Roof Construction    | <u>2,027</u>     |
| Total                | <u>\$ 36,719</u> |

Net Assets Restricted For Other Purposes:

|                          |                  |
|--------------------------|------------------|
| Budgeted Surplus FY11-12 | \$ 48,514        |
| Maintenance Reserve      | 48,514           |
| Bond Sinking Fund        | 40,088           |
| Medicaid                 | 38,067           |
| Vermont Energy Grant     | 56               |
| VKAT                     | 60               |
| Exxon/Mobil grant        | 431              |
| Girls on the Run         | 490              |
| Book Fair                | 7                |
| VSBIT Wellness Grant     | 67               |
| Field Trip Grade 1-2     | 446              |
| Educator Grant           | <u>500</u>       |
| Total                    | <u>\$177,240</u> |

**NOTE 13 - PENSIONS**

VERMONT TEACHERS' RETIREMENT SYSTEM

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

Required contributions to the system are made by the State of Vermont based upon a valuation report prepared by the System's actuary. TRS is a cost sharing public employee retirement system with one exception: all risks and costs are not shared by the School District but are the liability of the State of Vermont. TRS is funded through state and employee contributions and the School District has no legal obligation for paying benefits. The Vermont State Teachers Retirement System estimates the contributions on behalf of the School District's employees

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

**NOTE 13 – PENSIONS (CONTINUED)**

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

included in the teacher's retirement plan as required by Government Accounting Standards Board (GASB) Statement 24 to be 7.74% or approximately \$66,683.

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

Contributions by the employees are 5% of gross earnings and are withheld pre income tax by the School District. Such withholdings totaled \$43,025 during the year and were paid by the School District to the State of Vermont. The School District has no other liability under the plan. The School District's total payroll for all employees during the year was \$1,178,864, with \$861,532 of such amount related to employees covered by the retirement plan.

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

**VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM**

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

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

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

**NOTE 13 – PENSIONS (CONTINUED)**

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

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

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

Employee contributions are withheld pre income tax by the School District and are remitted to the State of Vermont. Such withholdings totaled \$9,003 during the year. The School District contributed \$10,003 during the year. The School District's total payroll for all employees during the year was \$1,178,864, with \$200,053 of such amount related to employees covered by the Vermont Municipal Employees' Retirement System.

**NOTE 14 - RISK MANAGEMENT**

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

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

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

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

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

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 estimate d contributions and actual expenses.

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

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

**NOTE 15 - OPERATING LEASES**

On October 25, 2007 Moretown School District entered into a lease agreement with IKON Office Solutions, Inc. for the lease of a copier. The total amount due is \$39,260, to be paid in monthly installments of \$527.40 for first 12 months and 686.06 for the next 48 months. The following is a schedule of future minimum lease payments under this lease.

|                                     |          |
|-------------------------------------|----------|
| During the year ended June 30, 2012 | \$ 8,233 |
|-------------------------------------|----------|

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

**NOTE 15 - OPERATING LEASES (CONTINUED)**

|                                     |                 |
|-------------------------------------|-----------------|
| During the year ended June 30, 2013 | \$ 2,744        |
| Thereafter                          | <u>0</u>        |
| Total                               | <u>\$10,977</u> |

Total lease payments made this year were \$9,306.

**NOTE 16 - SUBSEQUENT EVENTS**

On July 1, 2011 Moretown School District borrowed \$400,000 from Merchants Bank in a Revenue Anticipation Note at 1.75%. The interest and principal are due at maturity on June 30, 2012.

**NOTE 17 - COMMITMENTS**

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

**NOTE 18 - RELATED PARTY**

The School District has an ongoing financial responsibility to Washington West Supervisory Union as defined in GASB 14, paragraph 71. Through Washington West Supervisory Union's assessment process, the School District's assessment can be increased to cover a share of any prior year deficits and decreased to share in any prior year surpluses. Separate financial statements on Washington West Supervisory Union are available from Washington West Supervisory Union.

The School District is part of the Harwood Union School District and has an ongoing financial responsibility as defined in GASB 14, paragraph 71. As a member of the Union School District, the School District is responsible for a share of any debt carried by the Union School District. Separate financial statements on the Union School District are available from Washington West Supervisory Union.

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

**NOTE 19 - CONTINGENCY**

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

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

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

Schedule 1

|  | Object | Budget           | Actual           | Variance<br>Favorable<br>(Unfavorable) |
|--|--------|------------------|------------------|--|
| <b>REVENUES:</b>                             |        |                  |                  |  |
| Interest on Investments                      |        | \$ 17,000        | \$ 15,718        | \$ (1,282)                             |
| Building Use                                 |        | -                | 550              | 550                                    |
| Miscellaneous                                |        | -                | 433              | 433                                    |
| Private/Local:                               |        |                  |                  |  |
| Other Subgrants                              |        | 9,891            | 5,600            | (4,291)                                |
| State:                                       |        |                  |                  |  |
| Education Spending Grant                     |        | 1,788,907        | 1,727,863        | (61,044)                               |
| Transportation Aid                           |        | 36,600           | 38,595           | 1,995                                  |
| Mainstream Block Grant                       |        | 40,489           | 40,489           | -                                      |
| Special Education Expenditures Reimbursement |        | 189,877          | 191,414          | 1,537                                  |
| Essential Early Education                    |        | 14,509           | (4,398)          | (18,907)                               |
| Federal:                                     |        |                  |                  |  |
| ARRA Education Spending Grant                |        | -                | 61,044           | 61,044                                 |
| IDEA-B                                       |        | 35,000           | 19,885           | (15,115)                               |
| IDEA-B Preschool                             |        | 1,694            | -                | (1,694)                                |
|  |        | <u>2,133,967</u> | <u>2,097,193</u> | <u>(36,774)</u>                        |
| <b>TOTAL REVENUES</b>                        |        |                  |                  |  |
| <b>EXPENDITURES:</b>                         |        |                  |                  |  |
| Regular Instruction 1100:                    |        |                  |                  |  |
| Salaries                                     | 110    | 404,235          | 405,058          | (823)                                  |
| Retirement Salaries                          | 110    | -                | 5,250            | (5,250)                                |
| Mentoring Salaries                           | 110    | -                | 750              | (750)                                  |
| Aide Salaries                                | 115    | 9,493            | 275              | 9,218                                  |
| Temporary Salaries                           | 120    | 12,000           | 18,859           | (6,859)                                |
| Personal Days                                | 125    | -                | 781              | (781)                                  |
| Health Insurance                             | 210    | 97,751           | 97,766           | (15)                                   |
| Section 125 Plan                             | 211    | 500              | 475              | 25                                     |
| Insurance Compensation                       | 212    | 493              | -                | 493                                    |
| Social Security                              | 220    | 32,568           | 31,856           | 712                                    |
| Life Insurance                               | 230    | 2,730            | 1,777            | 953                                    |
| Retirement                                   | 240    | 475              | 42               | 433                                    |
| Workers Compensation                         | 250    | 2,262            | 2,561            | (299)                                  |
| Unemployment Compensation                    | 260    | 467              | 251              | 216                                    |
| Tuition Reimbursement                        | 270    | 14,000           | 12,963           | 1,037                                  |
| Dental Insurance                             | 280    | 6,512            | 6,768            | (256)                                  |
| Purchased Services                           | 330    | 1,300            | 3,143            | (1,843)                                |
| Copier                                       | 410    | 10,033           | 9,306            | 727                                    |

The accompanying notes are an integral part of these financial statements

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

Schedule 1

|                                  | Object | Budget         | Actual         | Variance<br>Favorable<br>(Unfavorable) |
|----------------------------------|--------|----------------|----------------|--|
| Travel                           | 580    | \$ -           | \$ 118         | \$ (118)                               |
| Supplies                         | 610    | 14,500         | 12,383         | 2,117                                  |
| Books and Periodicals            | 640    | 10,500         | 10,592         | (92)                                   |
| Equipment                        | 730    | 8,500          | 1,984          | 6,516                                  |
| Subtotal                         |        | <u>628,319</u> | <u>622,958</u> | <u>5,361</u>                           |
| Early Education 1100:            |        |                |                |  |
| Salaries                         | 110    | 43,255         | 43,255         | -                                      |
| Aide Salaries                    | 115    | 7,819          | 9,149          | (1,330)                                |
| Personal Days                    | 125    | -              | 70             | (70)                                   |
| Health Insurance                 | 210    | -              | 2,485          | (2,485)                                |
| Insurance Compensation           | 212    | 1,094          | 560            | 534                                    |
| Social Security                  | 220    | 3,909          | 4,040          | (131)                                  |
| Life Insurance                   | 230    | 368            | 252            | 116                                    |
| Retirement                       | 240    | 391            | 457            | (66)                                   |
| Workers Compensation             | 250    | 279            | 307            | (28)                                   |
| Unemployment Compensation        | 260    | 104            | 30             | 74                                     |
| Purchased Services               | 330    | 324            | 299            | 25                                     |
| Supplies                         | 610    | 500            | 811            | (311)                                  |
| Subtotal                         |        | <u>58,043</u>  | <u>61,715</u>  | <u>(3,672)</u>                         |
| ESL Instructional Services 1101: |        |                |                |  |
| Purchased Services               | 330    | 7,020          | -              | 7,020                                  |
| Subtotal                         |        | <u>7,020</u>   | <u>-</u>       | <u>7,020</u>                           |
| Art 1102:                        |        |                |                |  |
| Salaries                         | 110    | 23,373         | 23,928         | (555)                                  |
| Personal Days                    | 125    | -              | 84             | (84)                                   |
| Insurance Compensation           | 212    | 700            | 280            | 420                                    |
| Social Security                  | 220    | 1,788          | 1,858          | (70)                                   |
| Life Insurance                   | 230    | 242            | 160            | 82                                     |
| Workers Compensation             | 250    | 128            | 141            | (13)                                   |
| Unemployment Compensation        | 260    | 58             | 14             | 44                                     |
| Supplies                         | 610    | 2,000          | 1,894          | 106                                    |
| Subtotal                         |        | <u>28,289</u>  | <u>28,359</u>  | <u>(70)</u>                            |
| Foreign Language 1106:           |        |                |                |  |
| Salaries                         | 110    | 18,391         | 18,391         | -                                      |
| Personal Days                    | 125    | -              | 84             | (84)                                   |
| Health Insurance                 | 210    | 2,286          | -              | 2,286                                  |
| Social Security                  | 220    | 1,406          | 1,413          | (7)                                    |

The accompanying notes are an integral part of these financial statements

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

Schedule 1

|                           | Object | Budget        | Actual        | Variance<br>Favorable<br>(Unfavorable) |
|---------------------------|--------|---------------|---------------|--|
| Life Insurance            | 230    | \$ 222        | \$ -          | \$ 222                                 |
| Workers Compensation      | 250    | 101           | 105           | (4)                                    |
| Unemployment Compensation | 260    | 58            | 11            | 47                                     |
| Dental Insurance          | 280    | 154           | 401           | (247)                                  |
| Books and Periodicals     | 640    | 500           | 222           | 278                                    |
| Subtotal                  |        | <u>23,118</u> | <u>20,627</u> | <u>2,491</u>                           |
| Physical Education 1108:  |        |               |               |  |
| Salaries                  | 110    | 18,882        | 18,882        | -                                      |
| Personal Days             | 125    | -             | 14            | (14)                                   |
| Insurance Compensation    | 212    | 700           | 280           | 420                                    |
| Social Security           | 220    | 1,444         | 1,467         | (23)                                   |
| Life Insurance            | 230    | 222           | 111           | 111                                    |
| Workers Compensation      | 250    | 103           | 113           | (10)                                   |
| Unemployment Compensation | 260    | 58            | 11            | 47                                     |
| Dental Insurance          | 280    | 410           | 422           | (12)                                   |
| Equipment                 | 730    | 500           | -             | 500                                    |
| Subtotal                  |        | <u>22,319</u> | <u>21,300</u> | <u>1,019</u>                           |
| Music 1112:               |        |               |               |  |
| Salaries                  | 110    | 22,351        | 22,351        | -                                      |
| Personal Days             | 125    | -             | 105           | (105)                                  |
| Insurance Compensation    | 212    | 700           | 350           | 350                                    |
| Social Security           | 220    | 1,710         | 1,745         | (35)                                   |
| Life Insurance            | 230    | 238           | 157           | 81                                     |
| Workers Compensation      | 250    | 122           | 135           | (13)                                   |
| Unemployment Compensation | 260    | 58            | 13            | 45                                     |
| Supplies                  | 610    | -             | 453           | (453)                                  |
| Books and Periodicals     | 640    | 1,000         | 216           | 784                                    |
| Software                  | 650    | 1,000         | 347           | 653                                    |
| Subtotal                  |        | <u>27,179</u> | <u>25,872</u> | <u>1,307</u>                           |
| Computer Technology 1123: |        |               |               |  |
| Purchased Services        | 330    | 10,000        | 6,497         | 3,503                                  |
| Supplies                  | 610    | 1,800         | 2,123         | (323)                                  |
| Equipment                 | 730    | 10,800        | 13,871        | (3,071)                                |
| Subtotal                  |        | <u>22,600</u> | <u>22,491</u> | <u>109</u>                             |
| Special Education 1200:   |        |               |               |  |
| Salaries                  | 110    | 117,928       | 116,268       | 1,660                                  |
| Tutor                     | 112    | 9,495         | 5,121         | 4,374                                  |

The accompanying notes are an integral part of these financial statements

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

Schedule 1

|                                 | Object | Budget         | Actual         | Variance<br>Favorable<br>(Unfavorable) |
|---------------------------------|--------|----------------|----------------|--|
| Aide Salaries                   | 115    | \$ 100,767     | \$ 107,852     | \$ (7,085)                             |
| Temporary Salaries              | 120    | 5,000          | 8,900          | (3,900)                                |
| Health Insurance                | 210    | 62,414         | 67,842         | (5,428)                                |
| Insurance Compensation          | 212    | 1,479          | 1,628          | (149)                                  |
| Social Security                 | 220    | 16,730         | 17,531         | (801)                                  |
| Life Insurance                  | 230    | 1,332          | 949            | 383                                    |
| Retirement                      | 240    | 5,038          | 5,566          | (528)                                  |
| Workers Compensation            | 250    | 1,196          | 1,409          | (213)                                  |
| Unemployment Compensation       | 260    | 432            | 138            | 294                                    |
| Tuition Reimbursement           | 270    | 2,500          | 4,073          | (1,573)                                |
| Dental Insurance                | 280    | 1,719          | 1,787          | (68)                                   |
| Travel                          | 580    | 1,000          | 467            | 533                                    |
| Supplies                        | 610    | 1,600          | 1,403          | 197                                    |
| Books and Periodicals           | 640    | 1,900          | 1,593          | 307                                    |
| Audio Visual Materials          | 650    | 500            | 555            | (55)                                   |
| Equipment                       | 730    | 1,000          | 419            | 581                                    |
| Subtotal                        |        | <u>332,030</u> | <u>343,501</u> | <u>(11,471)</u>                        |
| Essential Early Education 1200: |        |                |                |  |
| Summer Services                 | 112    | 1,500          | -              | 1,500                                  |
| Aide Salaries                   | 115    | 7,819          | 9,118          | (1,299)                                |
| Health Insurance                | 210    | -              | 2,485          | (2,485)                                |
| Insurance Compensation          | 212    | 394            | -              | 394                                    |
| Social Security                 | 220    | 599            | 666            | (67)                                   |
| Life Insurance                  | 230    | -              | 27             | (27)                                   |
| Retirement                      | 240    | 391            | 456            | (65)                                   |
| Workers Compensation            | 250    | 43             | -              | 43                                     |
| Unemployment Compensation       | 260    | 57             | -              | 57                                     |
| Testing Services                | 332    | 1,500          | -              | 1,500                                  |
| Purchased Services              | 333    | 1,500          | -              | 1,500                                  |
| Supplies                        | 610    | 400            | -              | 400                                    |
| Subtotal                        |        | <u>14,203</u>  | <u>12,752</u>  | <u>1,451</u>                           |
| Compensatory Education 1250:    |        |                |                |  |
| Salaries                        | 110    | 26,431         | 22,331         | 4,100                                  |
| Aide Salaries                   | 115    | 10,329         | 11,551         | (1,222)                                |
| Health Insurance                | 210    | 6,003          | 6,962          | (959)                                  |
| Social Security                 | 220    | 2,812          | 2,514          | 298                                    |
| Life Insurance                  | 230    | 311            | 47             | 264                                    |
| Retirement                      | 240    | 516            | 578            | (62)                                   |

The accompanying notes are an integral part of these financial statements

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

Schedule 1

|                                   | Object | Budget        | Actual        | Variance<br>Favorable<br>(Unfavorable) |
|-----------------------------------|--------|---------------|---------------|--|
| Workers Compensation              | 250    | \$ 201        | \$ 219        | \$ (18)                                |
| Unemployment Compensation         | 260    | -             | 22            | (22)                                   |
| Testing Services                  | 332    | -             | 137           | (137)                                  |
| Supplies                          | 610    | -             | 65            | (65)                                   |
| Subtotal                          |        | <u>46,603</u> | <u>44,426</u> | <u>2,177</u>                           |
| Guidance Services 2120:           |        |               |               |  |
| Salaries                          | 110    | 13,150        | 10,299        | 2,851                                  |
| Personal Days                     | 125    | -             | 53            | (53)                                   |
| Insurance Compensation            | 212    | -             | 280           | (280)                                  |
| Social Security                   | 220    | 1,007         | 809           | 198                                    |
| Life Insurance                    | 230    | 201           | 60            | 141                                    |
| Workers Compensation              | 250    | 72            | 82            | (10)                                   |
| Unemployment Compensation         | 260    | 58            | 8             | 50                                     |
| Dental Insurance                  | 280    | -             | 160           | (160)                                  |
| Subtotal                          |        | <u>14,488</u> | <u>11,751</u> | <u>2,737</u>                           |
| Health Services 2130:             |        |               |               |  |
| Salaries                          | 110    | 44,652        | 6,137         | 38,515                                 |
| Long-Term Substitute Salaries     | 110    | -             | 17,693        | (17,693)                               |
| Temporary Salaries                | 120    | -             | 630           | (630)                                  |
| Substitute Salaries               | 120    | -             | 1,444         | (1,444)                                |
| Personal Days                     | 125    | -             | 34            | (34)                                   |
| Insurance Compensation            | 212    | 700           | -             | 700                                    |
| Social Security                   | 220    | 3,415         | 1,874         | 1,541                                  |
| Life Insurance                    | 230    | 329           | 22            | 307                                    |
| Workers Compensation              | 250    | 244           | 273           | (29)                                   |
| Unemployment Compensation         | 260    | 58            | 26            | 32                                     |
| Dental Insurance                  | 280    | 1,025         | -             | 1,025                                  |
| Supplies                          | 610    | 1,000         | 1,061         | (61)                                   |
| Subtotal                          |        | <u>51,423</u> | <u>29,194</u> | <u>22,229</u>                          |
| SPED Psychological Services 2140: |        |               |               |  |
| Contracted Services               | 300    | <u>14,800</u> | <u>20,590</u> | <u>(5,790)</u>                         |
| Subtotal                          |        | <u>14,800</u> | <u>20,590</u> | <u>(5,790)</u>                         |
| EEE Psychological Services 2140:  |        |               |               |  |
| Contracted Services               | 300    | <u>1,000</u>  | <u>-</u>      | <u>1,000</u>                           |
| Subtotal                          |        | <u>1,000</u>  | <u>-</u>      | <u>1,000</u>                           |
| SPED Speech Services 2150:        |        |               |               |  |
| Salaries                          | 110    | 55,561        | 55,561        | -                                      |

The accompanying notes are an integral part of these financial statements

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

Schedule 1

|  | Object | Budget        | Actual        | Variance<br>Favorable<br>(Unfavorable) |
|--|--------|---------------|---------------|--|
| Summer Services                          | 112    | \$ 5,000      | \$ 2,858      | \$ 2,142                               |
| Aide Salaries                            | 116    | -             | (464)         | 464                                    |
| Personal Days                            | 125    | -             | 70            | (70)                                   |
| Health Insurance                         | 210    | 15,057        | 16,038        | (981)                                  |
| Social Security                          | 220    | 4,250         | 4,264         | (14)                                   |
| Life Insurance                           | 230    | 374           | 265           | 109                                    |
| Retirement                               | 240    | -             | (16)          | 16                                     |
| Workers Compensation                     | 250    | 304           | 365           | (61)                                   |
| Unemployment Compensation                | 260    | 58            | 36            | 22                                     |
| Dental Insurance                         | 280    | <u>1,025</u>  | <u>1,065</u>  | <u>(40)</u>                            |
| Subtotal                                 |        | <u>81,629</u> | <u>80,042</u> | <u>1,587</u>                           |
| SPED Occupational Therapy Services 2160: |        |               |               |  |
| Contracted Services                      | 300    | <u>18,200</u> | <u>4,655</u>  | <u>13,545</u>                          |
| Subtotal                                 |        | <u>18,200</u> | <u>4,655</u>  | <u>13,545</u>                          |
| EEE Occupational Therapy Services 2160:  |        |               |               |  |
| Contracted Services                      | 300    | <u>1,000</u>  | <u>-</u>      | <u>1,000</u>                           |
| Subtotal                                 |        | <u>1,000</u>  | <u>-</u>      | <u>1,000</u>                           |
| SPED Physical Therapy Services 2190:     |        |               |               |  |
| Contracted Services                      | 300    | <u>2,800</u>  | <u>645</u>    | <u>2,155</u>                           |
| Subtotal                                 |        | <u>2,800</u>  | <u>645</u>    | <u>2,155</u>                           |
| Improvement of Instruction 2210:         |        |               |               |  |
| Curricular Development                   | 322    | <u>2,000</u>  | <u>-</u>      | <u>2,000</u>                           |
| Subtotal                                 |        | <u>2,000</u>  | <u>-</u>      | <u>2,000</u>                           |
| Media Center 2220:                       |        |               |               |  |
| Salaries                                 | 110    | 31,839        | 33,181        | (1,342)                                |
| Assistant Salaries                       | 115    | -             | (93)          | 93                                     |
| Personal Days                            | 125    | -             | 99            | (99)                                   |
| Insurance Compensation                   | 212    | 2,205         | 560           | 1,645                                  |
| Social Security                          | 220    | 2,437         | 2,539         | (102)                                  |
| Life Insurance                           | 230    | 275           | 159           | 116                                    |
| Retirement                               | 240    | -             | (5)           | 5                                      |
| Workers Compensation                     | 250    | 174           | 194           | (20)                                   |
| Unemployment Compensation                | 260    | 58            | 19            | 39                                     |
| Repairs and Maintenance                  | 430    | 600           | -             | 600                                    |
| Supplies                                 | 610    | 300           | 1,090         | (790)                                  |
| Books and Periodicals                    | 640    | <u>3,400</u>  | <u>3,107</u>  | <u>293</u>                             |
| Subtotal                                 |        | <u>41,288</u> | <u>40,850</u> | <u>438</u>                             |

The accompanying notes are an integral part of these financial statements

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

Schedule 1

|                                  | Object | Budget         | Actual         | Variance<br>Favorable<br>(Unfavorable) |
|----------------------------------|--------|----------------|----------------|--|
| Board of Education 2310:         |        |                |                |  |
| Recording Secretary Salaries     | 115    | \$ -           | \$ 341         | \$ (341)                               |
| Social Security                  | 220    | -              | 41             | (41)                                   |
| Reimbursement                    | 310    | 500            | 300            | 200                                    |
| Legal                            | 360    | 10,000         | 4,565          | 5,435                                  |
| Insurance                        | 523    | -              | 1,669          | (1,669)                                |
| Advertising                      | 540    | 1,000          | 2,998          | (1,998)                                |
| Miscellaneous                    | 550    | 500            | 208            | 292                                    |
| Dues and Fees                    | 810    | <u>1,200</u>   | <u>1,200</u>   | <u>-</u>                               |
| Subtotal                         |        | <u>13,200</u>  | <u>11,322</u>  | <u>1,878</u>                           |
| District Treasurer 2313:         |        |                |                |  |
| Town Office                      | 300    | <u>2,500</u>   | <u>2,500</u>   | <u>-</u>                               |
| Subtotal                         |        | <u>2,500</u>   | <u>2,500</u>   | <u>-</u>                               |
| WWSU Assessment 2321:            |        |                |                |  |
| Assessment                       | 331    | <u>36,744</u>  | <u>36,744</u>  | <u>-</u>                               |
| Subtotal                         |        | <u>36,744</u>  | <u>36,744</u>  | <u>-</u>                               |
| Administration 2400:             |        |                |                |  |
| Salaries                         | 110    | 83,640         | 82,000         | 1,640                                  |
| Temporary Administrator Salaries | 110    | -              | 6,750          | (6,750)                                |
| Support Staff Salaries           | 111    | 31,312         | 31,312         | -                                      |
| Temporary Salaries               | 120    | -              | 595            | (595)                                  |
| Health Insurance                 | 210    | 29,314         | 35,319         | (6,005)                                |
| Social Security                  | 220    | 8,793          | 9,048          | (255)                                  |
| Life Insurance                   | 230    | 908            | 543            | 365                                    |
| Retirement                       | 240    | 1,565          | 1,566          | (1)                                    |
| Workers Compensation             | 250    | 628            | 709            | (81)                                   |
| Unemployment Compensation        | 260    | 117            | 69             | 48                                     |
| Tuition Reimbursement            | 270    | 2,000          | 1,883          | 117                                    |
| Dental Insurance                 | 280    | 1,773          | 2,200          | (427)                                  |
| Postage                          | 531    | 1,000          | 1,073          | (73)                                   |
| Travel                           | 580    | 200            | -              | 200                                    |
| Supplies                         | 610    | 1,000          | 2,147          | (1,147)                                |
| Equipment                        | 730    | <u>2,500</u>   | <u>1,387</u>   | <u>1,113</u>                           |
| Subtotal                         |        | <u>164,750</u> | <u>176,601</u> | <u>(11,851)</u>                        |
| Fiscal Services 2520:            |        |                |                |  |
| Business Manager Assessment      | 331    | 7,379          | 7,379          | -                                      |
| Accounting Services Assessment   | 331    | 15,220         | 15,220         | -                                      |

The accompanying notes are an integral part of these financial statements

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

Schedule 1

|  | Object | Budget         | Actual         | Variance<br>Favorable<br>(Unfavorable) |
|--|--------|----------------|----------------|--|
| Audit                                  | 370    | \$ 2,900       | \$ 2,900       | \$ -                                   |
| Current Interest                       | 830    | <u>10,300</u>  | <u>12,637</u>  | <u>(2,337)</u>                         |
| Subtotal                               |        | <u>35,799</u>  | <u>38,136</u>  | <u>(2,337)</u>                         |
| Building Maintenance & Operation 2600: |        |                |                |  |
| Salaries                               | 110    | 38,753         | 40,595         | (1,842)                                |
| Assistant Salaries                     | 111    | 16,037         | 15,498         | 539                                    |
| Temporary Salaries                     | 120    | -              | 380            | (380)                                  |
| Health Insurance                       | 210    | -              | 13,573         | (13,573)                               |
| Insurance Compensation                 | 212    | 1,478          | 490            | 988                                    |
| Social Security                        | 220    | 4,192          | 4,219          | (27)                                   |
| Life Insurance                         | 230    | 268            | 134            | 134                                    |
| Retirement                             | 240    | 2,739          | 2,000          | 739                                    |
| Workers Compensation                   | 250    | 3,604          | 306            | 3,298                                  |
| Unemployment Compensation              | 260    | 126            | 32             | 94                                     |
| Professional Development               | 270    | -              | 42             | (42)                                   |
| Dental Insurance                       | 280    | -              | 757            | (757)                                  |
| Snow Removal                           | 422    | 2,700          | 2,175          | 525                                    |
| Repairs and Maintenance                | 430    | 25,000         | 27,702         | (2,702)                                |
| Property Insurance                     | 521    | 5,896          | 4,745          | 1,151                                  |
| Telephone                              | 530    | 6,000          | 4,983          | 1,017                                  |
| Supplies                               | 610    | 8,500          | 6,800          | 1,700                                  |
| Electricity                            | 622    | 21,000         | 18,005         | 2,995                                  |
| Gas                                    | 623    | 1,200          | 355            | 845                                    |
| Oil                                    | 624    | 34,400         | 20,059         | 14,341                                 |
| Equipment                              | 730    | <u>2,100</u>   | <u>3,048</u>   | <u>(948)</u>                           |
| Subtotal                               |        | <u>173,993</u> | <u>165,898</u> | <u>8,095</u>                           |
| Special Education Transportation 2700: |        |                |                |  |
| Contracted Services                    | 519    | <u>-</u>       | <u>1,080</u>   | <u>(1,080)</u>                         |
| Subtotal                               |        | <u>-</u>       | <u>1,080</u>   | <u>(1,080)</u>                         |
| Contracted Transportation 2710:        |        |                |                |  |
| Contracted Services                    | 519    | <u>93,272</u>  | <u>81,082</u>  | <u>12,190</u>                          |
| Subtotal                               |        | <u>93,272</u>  | <u>81,082</u>  | <u>12,190</u>                          |
| Co-Curricular Transportation 2720:     |        |                |                |  |
| Field Trips                            | 519    | <u>3,500</u>   | <u>1,060</u>   | <u>2,440</u>                           |
| Subtotal                               |        | <u>3,500</u>   | <u>1,060</u>   | <u>2,440</u>                           |
| Lunch Transportation 2750:             |        |                |                |  |
| Salaries                               | 110    | 2,701          | 2,161          | 540                                    |

The accompanying notes are an integral part of these financial statements

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

Schedule 1

|   | Object | Budget               | Actual                | Variance<br>Favorable<br>(Unfavorable) |
|---|--------|----------------------|-----------------------|--|
| Social Security   | 220    | \$ 208               | \$ 165                | \$ 43                                  |
| Workers Compensation  | 250    | -                    | 13                    | (13)                                   |
| Travel  | 580    | 900                  | 808                   | 92                                     |
| Subtotal  |        | <u>3,809</u>         | <u>3,147</u>          | <u>662</u>                             |
| Food Service 3100:  |        |                      |                       |  |
| Contracted Services   | 500    | 12,525               | 10,107                | 2,418                                  |
| Subtotal  |        | <u>12,525</u>        | <u>10,107</u>         | <u>2,418</u>                           |
| <br>TOTAL EXPENDITURES  |        | <br><u>1,978,443</u> | <br><u>1,919,405</u>  | <br><u>59,038</u>                      |
| <br>EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES                                     |        | <br>155,524          | <br>177,788           | <br>(22,264)                           |
| <br>OTHER FINANCING SOURCES (USES):   |        |                      |                       |  |
| Transfer To Debt Service Fund   |        | (106,666)            | (88,952)              | (17,714)                               |
| Transfer To Other Governmental Fund   |        | <u>(46,667)</u>      | <u>(39,000)</u>       | <u>(7,667)</u>                         |
| <br>EXCESS OF REVENUES AND OTHER<br>SOURCES OVER (UNDER)<br>EXPENDITURES AND OTHER USES |        | <br>2,191            | <br>49,836            | <br>(47,645)                           |
| <br>FUND BALANCE, JULY 1, 2010  |        | <br><u>(2,191)</u>   | <br><u>97,027</u>     | <br><u>99,218</u>                      |
| <br>FUND BALANCE, JUNE 30, 2011   |        | <br><u>\$ -</u>      | <br><u>\$ 146,863</u> | <br><u>\$ 146,863</u>                  |

The accompanying notes are an integral part of these financial statements

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

Schedule 2  
(page 1 of 2)

|  | Care and<br>Custody | VKAT             | Vermont<br>Energy<br>Grant | Exxon Mobil<br>Grant | Girls on<br>the Run | Title II-A          | Subtotals           |
|--|---------------------|------------------|----------------------------|----------------------|---------------------|---------------------|---------------------|
| <b>ASSETS:</b>                               |                     |                  |                            |                      |                     |                     |                     |
| <b>Current Assets:</b>                       |                     |                  |                            |                      |                     |                     |                     |
| Accounts Receivable - Supervisory Union      |                     |                  |                            |                      |                     | \$ 2,175            | \$ 2,175            |
| Due From Other Funds                         | -                   | \$ 60            | \$ 56                      | \$ 431               | \$ 490              | -                   | 1,037               |
| Total Current Assets                         | <u>\$ -</u>         | <u>60</u>        | <u>56</u>                  | <u>431</u>           | <u>490</u>          | <u>2,175</u>        | <u>3,212</u>        |
| <b>TOTAL ASSETS</b>                          | <b><u>\$ -</u></b>  | <b><u>60</u></b> | <b><u>56</u></b>           | <b><u>431</u></b>    | <b><u>490</u></b>   | <b><u>2,175</u></b> | <b><u>3,212</u></b> |
| <b>LIABILITIES AND FUND BALANCES:</b>        |                     |                  |                            |                      |                     |                     |                     |
| <b>Liabilities:</b>                          |                     |                  |                            |                      |                     |                     |                     |
| Accounts Payable - Other                     |                     |                  |                            |                      |                     |                     | \$ -                |
| Due To Other Funds                           | \$ 211              | -                | -                          | -                    | -                   | \$ 2,175            | 2,386               |
| Total Liabilities                            | <u>211</u>          | <u>\$ -</u>      | <u>\$ -</u>                | <u>\$ -</u>          | <u>\$ -</u>         | <u>2,175</u>        | <u>2,386</u>        |
| <b>Fund Balances:</b>                        |                     |                  |                            |                      |                     |                     |                     |
| Unassigned                                   | (211)               |                  |                            |                      |                     |                     | (211)               |
| Restricted                                   | -                   | 60               | 56                         | 431                  | 490                 | -                   | 1,037               |
| Total Fund Balances                          | <u>(211)</u>        | <u>60</u>        | <u>56</u>                  | <u>431</u>           | <u>490</u>          | <u>-</u>            | <u>826</u>          |
| <b>TOTAL LIABILITIES &amp; FUND BALANCES</b> | <b><u>\$ -</u></b>  | <b><u>60</u></b> | <b><u>56</u></b>           | <b><u>431</u></b>    | <b><u>490</u></b>   | <b><u>2,175</u></b> | <b><u>3,212</u></b> |

The accompanying notes are an integral part of these financial statements

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

Schedule 2  
(page 2 of 2)

|  | Book Fair          | VSBIT<br>Wellness   | Field Trip<br>Grades 1-2 | Field Trip<br>Grades 5-6 | Educator<br>Grant    | Medicaid                | Subtotals               | Totals                  |
|--|--------------------|---------------------|--------------------------|--------------------------|----------------------|-------------------------|-------------------------|-------------------------|
| <b>ASSETS:</b>                               |                    |                     |                          |                          |                      |                         |                         |                         |
| <b>Current Assets:</b>                       |                    |                     |                          |                          |                      |                         |                         |                         |
| Accounts Receivable - Supervisory Union      |                    |                     |                          |                          |                      | \$ 5,269                | \$ 5,269                | \$ 7,444                |
| Due From Other Funds                         | \$ 7               | \$ 67               | \$ 446                   | -                        | \$ 500               | 32,804                  | 33,824                  | 34,861                  |
| Total Current Assets                         | <u>7</u>           | <u>67</u>           | <u>446</u>               | <u>\$ -</u>              | <u>500</u>           | <u>38,073</u>           | <u>39,093</u>           | <u>42,305</u>           |
| <b>TOTAL ASSETS</b>                          | <b><u>\$ 7</u></b> | <b><u>\$ 67</u></b> | <b><u>\$ 446</u></b>     | <b><u>\$ -</u></b>       | <b><u>\$ 500</u></b> | <b><u>\$ 38,073</u></b> | <b><u>\$ 39,093</u></b> | <b><u>\$ 42,305</u></b> |
| <b>LIABILITIES AND FUND BALANCES:</b>        |                    |                     |                          |                          |                      |                         |                         |                         |
| <b>Liabilities:</b>                          |                    |                     |                          |                          |                      |                         |                         |                         |
| Accounts Payable - Other                     |                    |                     |                          |                          |                      | \$ 6                    | \$ 6                    | \$ 6                    |
| Due To Other Funds                           | -                  | -                   | -                        | \$ 229                   | -                    | -                       | 229                     | 2,615                   |
| Total Liabilities                            | <u>\$ -</u>        | <u>\$ -</u>         | <u>\$ -</u>              | <u>229</u>               | <u>\$ -</u>          | <u>6</u>                | <u>235</u>              | <u>2,621</u>            |
| <b>Fund Balances:</b>                        |                    |                     |                          |                          |                      |                         |                         |                         |
| Unassigned                                   |                    |                     |                          | (229)                    |                      |                         | (229)                   | (440)                   |
| Restricted                                   | 7                  | 67                  | 446                      | -                        | 500                  | 38,067                  | 39,087                  | 40,124                  |
| Total Fund Balances                          | <u>7</u>           | <u>67</u>           | <u>446</u>               | <u>(229)</u>             | <u>500</u>           | <u>38,067</u>           | <u>38,858</u>           | <u>39,684</u>           |
| <b>TOTAL LIABILITIES &amp; FUND BALANCES</b> | <b><u>\$ 7</u></b> | <b><u>\$ 67</u></b> | <b><u>\$ 446</u></b>     | <b><u>\$ -</u></b>       | <b><u>\$ 500</u></b> | <b><u>\$ 38,073</u></b> | <b><u>\$ 39,093</u></b> | <b><u>\$ 42,305</u></b> |

The accompanying notes are an integral part of these financial statements

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

Schedule 3  
(page 1 of 2)

|   | Care and<br>Custody | VKAT         | Vermont<br>Energy<br>Grant | Exxon Mobil<br>Grant | Safe Routes<br>to School | Girls on<br>the Run | Title II-A   | Subtotals     |
|---|---------------------|--------------|----------------------------|----------------------|--------------------------|---------------------|--------------|---------------|
| REVENUES:                                       |                     |              |                            |                      |                          |                     |              |               |
| Private/Local/Other                             |                     |              |                            |                      | \$ 24                    |                     |              | \$ 24         |
| Federal   | -                   | -            | -                          | -                    | -                        | -                   | \$ 5,466     | \$ 5,466      |
| TOTAL REVENUES                                  | <u>\$ -</u>         | <u>\$ -</u>  | <u>\$ -</u>                | <u>\$ -</u>          | <u>24</u>                | <u>\$ -</u>         | <u>5,466</u> | <u>5,490</u>  |
| EXPENDITURES:                                   |                     |              |                            |                      |                          |                     |              |               |
| Direct Services                                 | 211                 |              |                            |                      |                          | 154                 | 5,466        | 5,831         |
| Support Services:                               |                     |              |                            |                      |                          |                     |              |               |
| Students  |                     |              |                            |                      |                          |                     |              | -             |
| Transportation                                  | -                   | -            | -                          | -                    | -                        | -                   | -            | -             |
| TOTAL EXPENDITURES                              | <u>211</u>          | <u>-</u>     | <u>-</u>                   | <u>-</u>             | <u>-</u>                 | <u>154</u>          | <u>5,466</u> | <u>5,831</u>  |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | (211)               | -            | -                          | -                    | 24                       | (154)               | -            | (341)         |
| FUND BALANCES, JULY 1, 2010                     | <u>-</u>            | <u>60</u>    | <u>56</u>                  | <u>431</u>           | <u>(24)</u>              | <u>644</u>          | <u>-</u>     | <u>1,167</u>  |
| FUND BALANCES, JUNE 30, 2011                    | <u>\$ (211)</u>     | <u>\$ 60</u> | <u>\$ 56</u>               | <u>\$ 431</u>        | <u>\$ -</u>              | <u>\$ 490</u>       | <u>\$ -</u>  | <u>\$ 826</u> |

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

Schedule 3  
(page 2 of 2)

|   | Book Fair    | VSBIT<br>Wellness | Field Trip<br>Grades 1-2 | Field Trip<br>Grades 5-6 | Educator<br>Grant | Medicaid         | Subtotals        | Totals           |
|---|--------------|-------------------|--------------------------|--------------------------|-------------------|------------------|------------------|------------------|
| REVENUES:                                       |              |                   |                          |                          |                   |                  |                  |                  |
| Private/Local/Other                             | \$ 1,229     | \$ 67             | \$ 446                   | \$ 2,776                 | \$ 500            | \$ 30,874        | \$ 35,892        | \$ 35,916        |
| Federal   | <u>-</u>     | <u>-</u>          | <u>-</u>                 | <u>-</u>                 | <u>-</u>          | <u>-</u>         | <u>-</u>         | <u>5,466</u>     |
| TOTAL REVENUES                                  | <u>1,229</u> | <u>67</u>         | <u>446</u>               | <u>2,776</u>             | <u>500</u>        | <u>30,874</u>    | <u>35,892</u>    | <u>41,382</u>    |
| EXPENDITURES:                                   |              |                   |                          |                          |                   |                  |                  |                  |
| Direct Services                                 | 1,686        |                   |                          | 2,501                    |                   |                  | 4,187            | 10,018           |
| Support Services:                               |              |                   |                          |                          |                   |                  |                  |                  |
| Students  |              |                   |                          |                          |                   | 6,589            | 6,589            | 6,589            |
| Transportation                                  | <u>-</u>     | <u>-</u>          | <u>-</u>                 | <u>504</u>               | <u>-</u>          | <u>-</u>         | <u>504</u>       | <u>504</u>       |
| TOTAL EXPENDITURES                              | <u>1,686</u> | <u>-</u>          | <u>-</u>                 | <u>3,005</u>             | <u>-</u>          | <u>6,589</u>     | <u>11,280</u>    | <u>17,111</u>    |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | (457)        | 67                | 446                      | (229)                    | 500               | 24,285           | 24,612           | 24,271           |
| FUND BALANCES, JULY 1, 2010                     | <u>464</u>   | <u>-</u>          | <u>-</u>                 | <u>-</u>                 | <u>-</u>          | <u>13,782</u>    | <u>14,246</u>    | <u>15,413</u>    |
| FUND BALANCES, JUNE 30, 2011                    | <u>\$ 7</u>  | <u>\$ 67</u>      | <u>\$ 446</u>            | <u>\$ (229)</u>          | <u>\$ 500</u>     | <u>\$ 38,067</u> | <u>\$ 38,858</u> | <u>\$ 39,684</u> |

The accompanying notes are an integral part of these financial statements

Moretown School District  
 Combining Balance Sheet  
 Capital Project Funds  
 June 30, 2011

Schedule 4

|  | Capital<br>Improvement      | Roof<br>Construction<br>Fund | Totals                      |
|--|-----------------------------|------------------------------|-----------------------------|
| <b>ASSETS:</b>                                   |                             |                              |                             |
| <b>Current Assets:</b>                           |                             |                              |                             |
| Cash   | \$ 34,705                   |                              | \$ 34,705                   |
| Due From Other Funds                             | <u>-</u>                    | <u>\$ 2,027</u>              | <u>2,027</u>                |
| Total Current Assets                             | <u>34,705</u>               | <u>2,027</u>                 | <u>36,732</u>               |
| <br><b>TOTAL ASSETS</b>                          | <br><b><u>\$ 34,705</u></b> | <br><b><u>\$ 2,027</u></b>   | <br><b><u>\$ 36,732</u></b> |
| <br><b>LIABILITIES AND FUND BALANCES:</b>        |                             |                              |                             |
| <b>Liabilities:</b>                              |                             |                              |                             |
| Due To Other Funds                               | <u>\$ 13</u>                | <u>-</u>                     | <u>\$ 13</u>                |
| Total Liabilities                                | <u>13</u>                   | <u>\$ -</u>                  | <u>13</u>                   |
| <br><b>Fund Balances:</b>                        |                             |                              |                             |
| Committed  | <u>34,692</u>               | <u>2,027</u>                 | <u>36,719</u>               |
| Total Fund Balances                              | <u>34,692</u>               | <u>2,027</u>                 | <u>36,719</u>               |
| <br><b>TOTAL LIABILITIES &amp; FUND BALANCES</b> | <br><b><u>\$ 34,705</u></b> | <br><b><u>\$ 2,027</u></b>   | <br><b><u>\$ 36,732</u></b> |

The accompanying notes are an integral part of these financial statements

Moretown School District  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Capital Project Funds  
For The Year Ended June 30, 2011

Schedule 5

|   | Capital<br>Improvement | Roof<br>Construction<br>Fund | Water<br>System<br>Improvement | Totals               |
|---|------------------------|------------------------------|--------------------------------|----------------------|
| REVENUES:   |                        |                              |                                |                      |
| Investment Income   | \$ 65                  | \$ 1                         |                                | \$ 66                |
| Refunds and Reimbursements  | 50                     | 66                           |                                | 116                  |
| Private/Local   | <u>24,000</u>          | <u>-</u>                     | <u>-</u>                       | <u>24,000</u>        |
| <br>TOTAL REVENUES  | <br><u>24,115</u>      | <br><u>67</u>                | <br><u>\$ -</u>                | <br><u>24,182</u>    |
| <br>EXPENDITURES:   |                        |                              |                                |                      |
| Operation and Maintenance of Building   | <u>30,117</u>          | <u>-</u>                     | <u>-</u>                       | <u>30,117</u>        |
| <br>TOTAL EXPENDITURES  | <br><u>30,117</u>      | <br><u>-</u>                 | <br><u>-</u>                   | <br><u>30,117</u>    |
| <br>EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES                                     | <br>(6,002)            | <br>67                       | <br>-                          | <br>(5,935)          |
| <br>OTHER FINANCING SOURCES (USES):   |                        |                              |                                |                      |
| Bond/Loan Proceeds  | <u>-</u>               | <u>-</u>                     | <u>10,748</u>                  | <u>10,748</u>        |
| <br>EXCESS OF REVENUES AND OTHER<br>SOURCES OVER (UNDER)<br>EXPENDITURES AND OTHER USES | <br>(6,002)            | <br>67                       | <br>10,748                     | <br>4,813            |
| <br>FUND BALANCES, JULY 1, 2010   | <br><u>40,694</u>      | <br><u>1,960</u>             | <br><u>(10,748)</u>            | <br><u>31,906</u>    |
| <br>FUND BALANCES, JUNE 30, 2011  | <br><u>\$ 34,692</u>   | <br><u>\$ 2,027</u>          | <br><u>\$ -</u>                | <br><u>\$ 36,719</u> |

The accompanying notes are an integral part of these financial statements



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

To the School Board  
Moretown School District

We have audited the financial statements of the governmental activities and the aggregate remaining fund information of Moretown School District, Vermont as of and for the year ended June 30, 2011, which collectively comprise the entity's basic financial statements and have issued our report thereon dated January 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

*Angolano & Company*

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

January 26, 2012



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To the School Board  
Moretown School District

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

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

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

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  
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January 26, 2012



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September 9, 2011

To the School Board  
Moretown School District

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Moretown School District** for the year ended June 30, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, Government Auditing Standards and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 24, 2009. 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 Moretown School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during June 30, 2011. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive 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 11 and 12 to the financial statements as to how any surplus is to be used in future fiscal years.

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

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

#### *Corrected and Uncorrected Misstatements*

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

#### *Disagreements with Management*

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

#### *Management Representations*

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

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

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to

determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

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

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

Very truly yours,

*Angolano & Company*

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