



P.O. Box 639
2834 Shelburne Road
Shelburne, VT 05482-0639

Phone: 802-985-8992
Fax: 802-985-9442

www.angolanoandcompany.com

February 7, 2012

Washington West Supervisory Union
Att: Michelle Baker, Bus. Mgr.
1673 Main Street, Ste. A
Waitsfield, VT 05673

Dear Michelle :

I have electronically forwarded the final financial statements for Washington West Supervisory Union as of and for the year ended June 30, 2011. In addition I will be mailing you 15 bound copies.

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

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

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

Sincerely,

Angolano & Company

Angolano & Company

Enclosures

Washington West Supervisory Union
Financial Statements
For The Year Ended June 30, 2011

Washington West Supervisory Union
Table of Contents
For The Year Ended June 30, 2011

		<u>Page Number</u>
--	Independent Auditors' Report	3-5
--	Management Discussion and Analysis	6
EXHIBIT I	Statement of Net Assets – Government -Wide	7
EXHIBIT II	Statement of Activities – Government -Wide	8
EXHIBIT III	Combined Balance Sheet – All Fund Types – Fund Base	9
--	Reconciliation of the Balance Sheet to the Statement of Net Assets – Governmental Funds	10
EXHIBIT IV	Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types – Fund Base	11-12
--	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
--	Notes to the Financial Statements	14-29
Schedule 1	Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	30-32
Schedule 2	Combined Balance Sheet – Special Revenue Funds	33
Schedule 3	Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Funds	34
Schedule 4	Combined Balance Sheet – Special Revenue Funds – Federal Funds	35-36
Schedule 5	Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Funds – Federal Funds	37-38

Washington West Supervisory Union
Table of Contents (continued)
For The Year Ended June 30, 2011

		<u>Page Number</u>
Schedule 6	Combined Balance Sheet – Special Revenue Funds – Non-Federal Funds	39-41
Schedule 7	Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Funds – Non-Federal Funds	42-44
Schedule 8	Combining Balance Sheet – Capital Project and Other Funds	45
Schedule 9	Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Capital Project and Other Funds	46
--	Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	47-48
--	Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	49-50
--	Schedule of Findings and Questioned Costs	51-54
--	Schedule of Expenditures of Federal Awards	55
--	Footnotes to Schedule of Expenditures of Federal Awards	56



P.O. Box 639
2834 Shelburne Road
Shelburne, VT 05482-0639

Phone: 802-985-8992
Fax: 802-985-9442

www.angolanoandcompany.com

Independent Auditors' Report

To The School Board
Washington West Supervisory Union

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Washington West Supervisory Union, Vermont, as of June 30, 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 Washington West Supervisory Union, 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 27, 2012 on our consideration of Washington West Supervisory Union's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 6 and 30 through 32 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

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

Angolano & Company

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

January 27, 2012

WASHINGTON WEST SUPERVISORY UNION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011

Introduction

The discussion and analysis of The Washington West Supervisory Union's ("the Union") financial performance provides a narrative introduction and overview of the Union's financial activities for the fiscal year ending June 30, 2011 (FY 11). The Union is organized under the guidance of the Board of Directors to provide management services for member districts of Fayston, Moretown, Waitsfield, Warren, Waterbury-Duxbury and Harwood Union High School.

Financial Highlights

- Government-wide assets totaled \$725,717 and government-wide liabilities totaled \$324,727.
- The Union's general fund actual revenues were \$934,570, while the budgeted revenues were \$940,185.
- The Union's general fund actual expenditures were \$928,785, while the budgeted expenditures were \$965,834, a savings of \$37,049.
- Special Revenue Funds totaling \$176,022 are held in the Union's accounts for various Federal, State and Private Grants.
- The Capital Project Fund represents the unspent balance on monies set aside for unanticipated and/or future technology and transportation needs. The fund balance at June 30, 2011 was \$1,696.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the Union that are principally supported by taxes and inter-governmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Union include programs and services such as management and instructional support, and other support services such as transportation needs of the supervisory union.

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

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

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

The Union maintains three (3) governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Special Revenue and Capital Project funds. The basic governmental funds financial statements can be found on pages 8 and 13.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-29.

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

Government-Wide Financial Analysis

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

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

Washington West Supervisory Union
Statement of Net Assets and Fund Balance Reconciliation
June 30, 2011

	Summary of Financial Operations and <u>Fund Balance</u>	Governmental Activities <u>Government-Wide</u>	<u>Difference</u>
ASSETS:			
<u>Current Assets:</u>			
Cash	419,667	419,667	-
Accounts Receivable:			
Other	37,632	37,632	-
Other LEA's	23,916	23,916	-
State	56,192	56,192	-
Prepaid Expenses	3,404	3,404	-
TOTAL CURRENT ASSETS	<u>540,811</u>	<u>540,811</u>	<u>-</u>
Capital Assets, Net	<u>-</u>	<u>184,906</u>	<u>(184,906)</u>
TOTAL ASSETS	<u>540,811</u>	<u>725,717</u>	<u>(184,906)</u>
LIABILITIES:			
<u>Current Liabilities:</u>			
Accounts Payable:			
Other	211,084	211,084	-
State	1,334	1,334	-
Accrued Expenses	10,256	10,256	-
Due to Other Funds	1,696	-	1,696
Deferred Revenue	102,053	102,053	-
TOTAL LIABILITIES	<u>326,423</u>	<u>324,727</u>	<u>1,696</u>
NET ASSETS:			
Investment in Capital Assets, net of related Debt	-	184,906	(184,906)
Restricted for Capital Projects	-	1,696	(1,696)
Restricted for Other Purposes	176,274	176,274	-
Unrestricted	38,114	38,114	-
TOTAL NET ASSETS	<u>214,388</u>	<u>400,990</u>	<u>(186,602)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>540,811</u>	<u>725,717</u>	<u>(184,906)</u>

Governmental Activities:

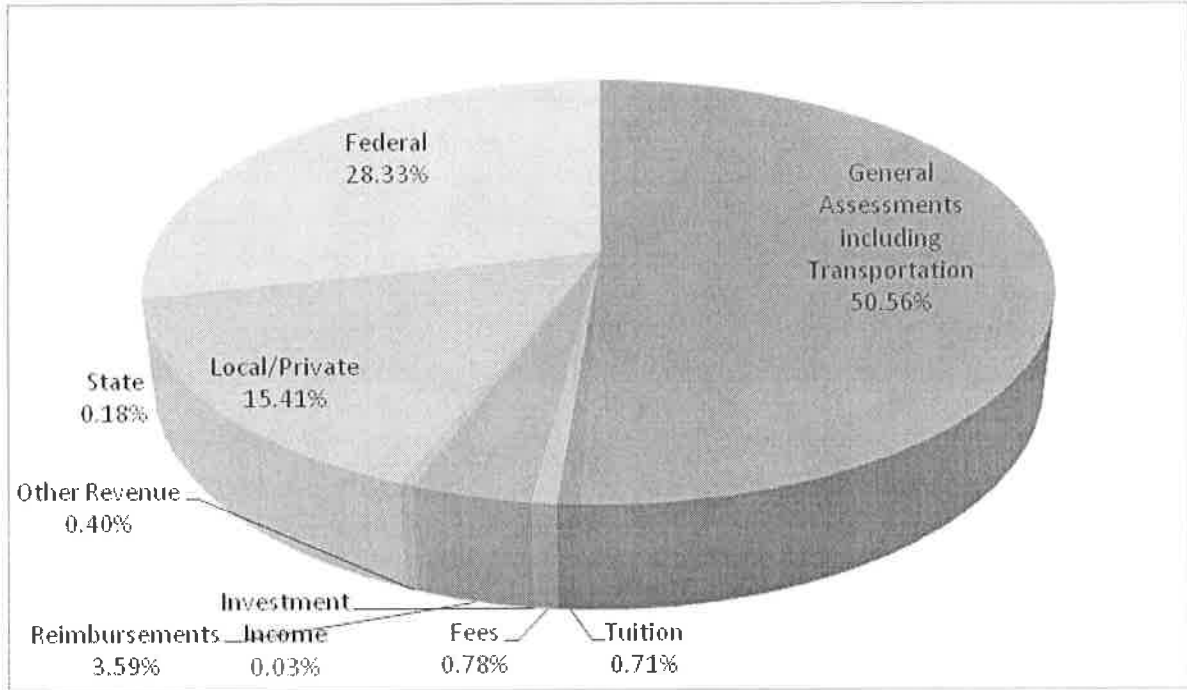
Governmental Activities revenues totaled \$1,967,857 and net expenses totaled \$1,868,367 resulting in an increase in net assets of \$99,490.

Business Type Activities:

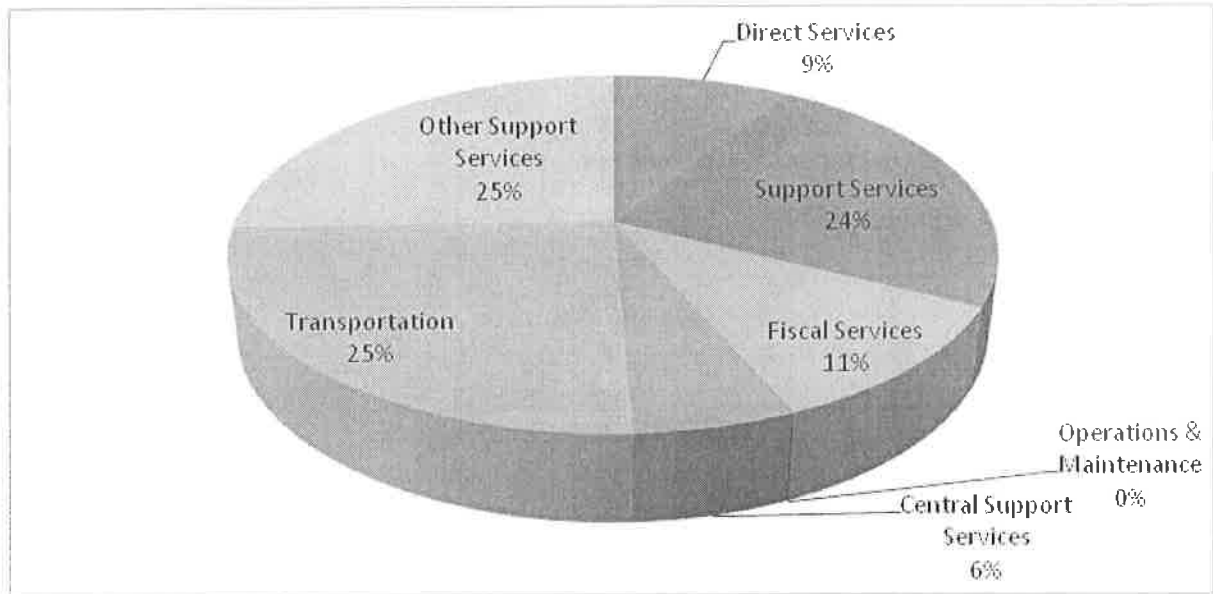
The Union had no Business Type activities.

Fund Financial Analysis

Governmental Revenues summarized are as follows:



Governmental expenses are as follows:



Governmental Fund Types:

Fund balances in the Governmental Fund types increased from \$137,813 to \$216,084, an increase of \$78,271. This increase was reflected in the General Fund by an increase of \$5,785, an increase of \$72,486 in the Special Revenue Funds, and a decrease of \$0 in the Capital Projects Funds.

Proprietary Fund Type:

The Union does not maintain any proprietary fund types.

Fiduciary Fund Types:

The Union does not maintain any fiduciary fund types.

Capital Assets

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

Washington West Supervisory Union		TABLE VI	
Capital Assets			
June 30, 2011			
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value</u>
Governmental Activities:			
Buildings and Improvements	\$ -	\$ -	\$ -
Vehicles	-	-	-
Furniture and Equipment	226,825	41,919	184,906
Total	<u>\$ 226,825</u>	<u>\$ 41,919</u>	<u>\$ 184,906</u>
Business Type Activities:			
Furniture and Equipment	\$ -	\$ -	\$ -
Total	<u>\$ 226,825</u>	<u>\$ 41,919</u>	<u>\$ 184,906</u>

Long-Term Debt

The Union does not have any long-term debt.

Current Issues

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

Contact for Further Information

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

Washington West Supervisory Union
Statement of Net Assets
Government-Wide
June 30, 2011

EXHIBIT I

	Governmental Activities	Total
ASSETS:		
Cash and Cash Equivalents	\$ 419,667	\$ 419,667
Accounts Receivable - State	56,192	56,192
Accounts Receivable - Other LEAs	23,916	23,916
Accounts Receivable - Other	37,632	37,632
Prepaid Expenses	3,404	3,404
Capital Assets, net (Note 4)	184,906	184,906
Total Assets	725,717	725,717
LIABILITIES:		
Accounts Payable - State	1,334	1,334
Accounts Payable - Other	211,084	211,084
Accrued Expenses	10,256	10,256
Deferred Revenue	102,053	102,053
Total Liabilities	324,727	324,727
NET ASSETS:		
Investment in Capital Assets, net of related debt	184,906	184,906
Restricted for Capital Projects	1,696	1,696
Restricted for Other Purposes	176,274	176,274
Unrestricted	38,114	38,114
Total Net Assets	\$ 400,990	\$ 400,990

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Statement of Activities
Government-Wide
For The Year Ended June 30, 2011

EXHIBIT II

		Program Revenues	Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Operating Grants	Governmental Activities	Total
Instructional:				
Direct Services	\$ 300,115	\$ 262,796	\$ (37,319)	\$ (37,319)
Support Services:				
Students	56,014	56,014	-	-
Instructional Services	33,948	33,948	-	-
General Administrative Services	538,096	84,162	(453,934)	(453,934)
Area Administrative Services	176,464	53,633	(122,831)	(122,831)
Fiscal Services	380,888	14,265	(366,623)	(366,623)
Operations and Maintenance of Building	2,865	2,865	-	-
Transportation	878,720	40	(878,680)	(878,680)
Other Support Services	<u>1,088,972</u>	<u>1,079,992</u>	<u>(8,980)</u>	<u>(8,980)</u>
Total	<u>\$ 3,456,082</u>	<u>\$ 1,587,715</u>	<u>(1,868,367)</u>	<u>(1,868,367)</u>
General Revenues:				
Assessments			1,797,864	1,797,864
Tuition			25,410	25,410
Federal Revenues not Restricted to Specific Programs			209	209
Private Revenues not Restricted to Specific Programs			(26,233)	(26,233)
Investment Earnings			1,083	1,083
Refunds and Reimbursements			155,221	155,221
Miscellaneous			<u>14,303</u>	<u>14,303</u>
Total General Revenues			<u>1,967,857</u>	<u>1,967,857</u>
Excess (Deficiency) of Revenues Over Expenses			99,490	99,490
Net Assets - Beginning			<u>301,500</u>	<u>301,500</u>
Net Assets - Ending			<u>\$ 400,990</u>	<u>\$ 400,990</u>

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
 Combined Balance Sheet
 All Fund Types - Fund Base
 June 30, 2011

EXHIBIT III

	Governmental Fund Types			Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Capital Project & Other Funds	
ASSETS:				
Current Assets:				
Cash	\$ 419,667			\$ 419,667
Accounts Receivable - State		\$ 56,192		56,192
Accounts Receivable - Other LEAs		23,916		23,916
Accounts Receivable - Other	6,864	30,768		37,632
Due From Other Funds		426,573	\$ 1,696	428,269
Prepaid Expenses	3,404	-	-	3,404
Total Current Assets	429,935	537,449	1,696	969,080
TOTAL ASSETS	\$ 429,935	\$ 537,449	\$ 1,696	\$ 969,080
LIABILITIES AND FUND EQUITY:				
Liabilities:				
Accounts Payable - State		\$ 1,334		\$ 1,334
Accounts Payable - Other	\$ 4,019	207,065		211,084
Accrued Expenses		10,256		10,256
Due To Other Funds	387,550	40,719		428,269
Deferred Revenue	-	102,053	-	102,053
Total Liabilities	391,569	361,427	\$ -	752,996
Fund Equity:				
Fund Balances:				
Unassigned	38,366	(252)		38,114
Committed			1,696	1,696
Restricted	-	176,274	-	176,274
Total Fund Equity	38,366	176,022	1,696	216,084
TOTAL LIABILITIES AND FUND EQUITY	\$ 429,935	\$ 537,449	\$ 1,696	\$ 969,080

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
June 30, 2011

Fund Balances – total governmental funds	\$216,084
--	-----------

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

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

Governmental capital assets	226,825
Less accumulated depreciation	<u>(41,919)</u>

Net Assets of Governmental Activities	<u>\$400,990</u>
---------------------------------------	------------------

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

EXHIBIT IV

	General Fund	Special Revenue Funds	Capital Project & Other Funds	Totals (Memorandum Only)
REVENUES:				
Tuition		\$ 25,410		\$ 25,410
Fees		27,590		27,590
Assessments	\$ 919,184		\$ 878,680	1,797,864
Investment Income	1,083			1,083
Refunds and Reimbursements		127,631		127,631
Other Revenue	14,303			14,303
Local/Private		547,971		547,971
State		6,498		6,498
Federal	-	1,007,222	-	1,007,222
	<u>934,570</u>	<u>1,742,322</u>	<u>878,680</u>	<u>3,555,572</u>
TOTAL REVENUES	<u>934,570</u>	<u>1,742,322</u>	<u>878,680</u>	<u>3,555,572</u>
EXPENDITURES:				
Direct Services		308,345		308,345
Support Services:				
Students		56,014		56,014
Instructional Staff		33,948		33,948
General Administration	453,135	106,930		560,065
Area Administration	122,831	53,633		176,464
Fiscal Services	352,819	28,069		380,888
Operation and Maintenance of Building		2,865		2,865
Central Support Services		197,651		197,651
Transportation		40	878,680	878,720
Other Outlays	-	882,341	-	882,341
	<u>928,785</u>	<u>1,669,836</u>	<u>878,680</u>	<u>3,477,301</u>
TOTAL EXPENDITURES	<u>928,785</u>	<u>1,669,836</u>	<u>878,680</u>	<u>3,477,301</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,785	72,486	-	78,271
OTHER FINANCING SOURCES (USES):				
Transfers In		316,128		316,128
Transfers Out	-	(316,128)	-	(316,128)

The accompanying notes are an integral part of these financial statements

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

EXHIBIT IV

	General Fund	Special Revenue Funds	Capital Project & Other Funds	Totals (Memorandum Only)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 5,785	\$ 72,486	\$ -	\$ 78,271
FUND BALANCES, JULY 1, 2010	<u>32,581</u>	<u>103,536</u>	<u>1,696</u>	<u>137,813</u>
FUND BALANCES, JUNE 30, 2011	<u>\$ 38,366</u>	<u>\$ 176,022</u>	<u>\$ 1,696</u>	<u>\$ 216,084</u>

The accompanying notes are an integral part of these financial statements

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

Net Changes in fund Balances – total governmental funds	\$ 78,271
Amount reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives:	
Expenditures for capital assets	22,455
Less current year depreciation	(23,205)
Expense reported in the Statement of Activities does not require the use of current financial resources and is therefore not reported as expenditures in governmental funds:	
Vested Vacation Payable Change	<u>21,969</u>
Change in Net Assets of Governmental Funds	<u>\$ 99,490</u>

Washington West Supervisory Union
Notes to Financial Statements
For The Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Washington West Supervisory Union ("Supervisory Union") is organized as a public educational district under the applicable laws and regulations of the State of Vermont. It is governed by a Board of School appointed by the boards of member districts to provide oversight and grant administration to its member school districts. Except where noted, the accounting policies conform to generally accepted accounting principles, as applicable to governmental units.

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

Reporting Entity:

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

Government -Wide and Fund Financial Statements :

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

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

Washington West Supervisory Union
Notes to Financial Statements (continued)
For The Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Governmental Fund Types:

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

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

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

Washington West Supervisory Union
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 Supervisory Union considers all revenues available if they are collectible within 60 days after year end

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

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

Other Accounting Policies:

Cash and Cash Equivalents:

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

Interfund Receivables and Payables:

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

Accounts Receivable:

The accounts receivable balances at year end are from governmental entities, except in the

Washington West Supervisory Union
Notes to Financial Statements (continued)
For The Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

proprietary funds which may have some receivables from individuals, and no allowance for doubtful accounts is considered necessary.

Prepaid Items:

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

Capital Assets:

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

Long-term Debt:

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

Budgets:

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

Encumbrances:

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

Washington West Supervisory Union
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 Supervisory Union has elected to treat its encumbrances as liabilities for budgetary control purposes.

Net Assets and Fund Balance:

Government -Wide Financial Statements:

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

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

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

Washington West Supervisory Union
Notes to Financial Statements (continued)
For The Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Function and Object Codes:

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

Memorandum Only Columns:

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

NOTE 2 - CASH AND REPURCHASE AGREEMENTS

Cash deposits with financial institutions at June 30th amounted to \$419,667. As major revenues are received during the year bank deposits may temporarily exceed insured limits.

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

These four levels of risk are as follows:

- Category 1 Deposits which are insured or collateralized with securities held by the Supervisory Union or by its agent in the Supervisory Union’s name. (repurchase agreements)
- Category 2 Deposits which are collateralized with securities held by the pledging financial institution’s trust department or agent in the Bank’s name.

Washington West Supervisory Union
Notes to Financial Statements (continued)
For The Year Ended June 30, 2011

NOTE 2 - CASH AND REPURCHASE AGREEMENTS (CONTINUED)

- Category 3 Private commercial insurance protection or letter of credit for funds in excess of FDIC limits.
- Category 4 Deposits which are not collateralized or insured. (includes cash on hand)

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

Balances held in each area are as follows:

	Carrying Amount	Bank Balance
- Insured (FDIC) and/or (SIPC)	\$250,000	\$250,000
- Category 1	0	0
- Category 2	0	0
- Category 3	169,667	256,406
- Category 4	<u>0</u>	<u>0</u>
Total deposits	<u>\$419,667</u>	<u>\$506,406</u>

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

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

NOTE 3 - INTERFUND RECEIVABLES

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

Fund Financial Statements:		
Receivable Fund	Payable Fund	Amount
Special Revenue Funds:		
Title I	General Fund	\$ 16
ARRA Title I	General Fund	13,222
School Wide	General Fund	47,088

Washington West Supervisory Union
Notes to Financial Statements (continued)
For The Year Ended June 30, 2011

NOTE 3 - INTERFUND RECEIVABLES (CONTINUED)

Fund Financial Statements:		
Receiveable Fund	Payable Fund	Amount
Special Revenue Funds (continued):		
ARRA School Wide	General Fund	\$ 39,960
IDEA-B	General Fund	40,865
ARRA IDEA-B	General Fund	74,258
Local Standards Board	General Fund	1,184
Medicaid IEP	General Fund	13,730
School Improvement	General Fund	10,979
ARRA School Improvement	General Fund	6,474
Tobacco	General Fund	12,086
Child Protect	General Fund	39
Life Skills Fund	General Fund	3,071
Henderson Foundation	General Fund	2,435
IDEA-B Preschool	General Fund	216
ARRA IDEA-B Preschool	General Fund	269
VEHI Pathpoints	General Fund	42,258
Title II-D Enhanced Education	General Fund	25
EPSDT	General Fund	102,118
Act 230/BEST	General Fund	3,656
Student Assistance Program	General Fund	3,193
Criminal Record	General Fund	1,042
DOL Vocational Grant	General Fund	298
IDEA-B Preschool Proportionate	General Fund	51
H1N1 Vaccinations	General Fund	8,040
Capital Project Funds:		
Technology Reserve	General Fund	13
Transportation	General Fund	1,683
	Special Revenue Fund:	
General Fund	Title II-A	1,260
General Fund	Kids Consortium	4,903
General Fund	Title III	4,042
General Fund	District Operations & Maint.	16,281
General Fund	Professional Development	12,805
General Fund	Farm to School	103
General Fund	IDEIA-B Proportionate Share	1,301
General Fund	Negotiations – Legal	24
Total		<u>\$468,988</u>

Washington West Supervisory Union
Notes to Financial Statements (continued)
For The Year Ended June 30, 2011

NOTE 4 – CAPITAL ASSETS

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

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets:				
Furniture and Equipment	<u>\$204,370</u>	<u>\$22,455</u>	<u>\$ 0</u>	<u>\$226,825</u>
Total other capital assets at historical costs	<u>204,370</u>	<u>22,455</u>	<u>0</u>	<u>226,825</u>
Less accumulated depreciation:				
Furniture and Equipment	<u>18,714</u>	<u>23,205</u>	<u>0</u>	<u>41,919</u>
Total accum. depr.	<u>18,714</u>	<u>23,205</u>	<u>0</u>	<u>41,919</u>
Governmental activities Capital Assets, Net	<u>\$185,656</u>	<u>\$ (750)</u>	<u>\$ 0</u>	<u>\$184,906</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Direct Services	\$14,225
Support Services:	
Students	0
Instructional Staff	0
General Administration	0
Area Administration	0
Fiscal Services	0
Operation and Maintenance of Plant	0
Transportation	0
Other Support Services	<u>8,980</u>
Total governmental activities depreciation expense	<u>\$23,205</u>

NOTE 5 - DEFERRED REVENUE

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

Federal funds	\$ 91,061
State funds	1,486
Other funds	<u>9,506</u>
Total deferred revenues	<u>\$102,053</u>

Washington West Supervisory Union
Notes to Financial Statements (continued)
For The Year Ended June 30, 2011

NOTE 6 - SICK LEAVE

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

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

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

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

Special Revenue Funds:

Student Assistance Program	\$ 297
Life Skills Fund	3,026
Henderson Foundation	2,435
Criminal Records	965
DOL Vocational	298
VEHI Pathpoints	42,258
Child Protect	39
H1N1 Vaccination Campaign	8,040
Professional Development Fund	7,451
Medicaid IEP	16,281
EPSDT	<u>95,184</u>
Total	<u>\$176,274</u>

Other Governmental Fund:

Technology Reserve	\$ 13
Transportation	<u>1,683</u>
Total	<u>\$ 1,696</u>

Washington West Supervisory Union
Notes to Financial Statements (continued)
For The Year Ended June 30, 2011

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

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

Net Assets Restricted For Capital Projects:

Technology Reserve	\$ 13
Transportation	<u>1,683</u>
Total	<u>\$ 1,696</u>

Net Assets Restricted For Other Purposes:

Student Assistance Program	\$ 297
Life Skills Fund	3,026
Henderson Foundation	2,435
Criminal Records	965
DOL Vocational	298
VEHI Pathpoints	42,258
Child Protect	39
H1N1 Vaccination Campaign	8,040
Professional Development Fund	7,451
Medicaid IEP	16,281
EPSDT	<u>95,184</u>
Total	<u>\$176,274</u>

NOTE 9 – TRANSFERS IN THE FUND BASED FINANCIAL STATEMENTS

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

Funds were transferred between the consolidated federal funds as follows:

From Special Revenue Funds:

Title I	\$201,484
ARRA Title I	82,372
Title II-A	4,497
Title II-D	150
ARRA Title II-D	15,139

To Special Revenue Funds - School Wide for subgranting.

Washington West Supervisory Union
Notes to Financial Statements (continued)
For The Year Ended June 30, 2011

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

Funds of \$12,486 were transferred from the Special Revenue Fund – Title II-A to the Special Revenue Fund – Title II-D based on the approved Consolidated Federal Grant application.

NOTE 10 - PENSIONS

VERMONT TEACHERS' RETIREMENT SYSTEM

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

Required contributions to the system are made by the State of Vermont based upon a valuation report prepared by the System's actuary. TRS is a cost sharing public employee retirement system with one exception: all risks and costs are not shared by the Supervisory Union but are the liability of the State of Vermont. TRS is funded through state and employee contributions and the Supervisory Union has no legal obligation for paying benefits. The Vermont State Teachers Retirement System estimates the contributions on behalf of the Supervisory Union's employees included in the teacher's retirement plan as required by Government Accounting Standards Board (GASB) Statement 24 to be 7.74% or approximately \$26,844.

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

Contributions by the employees are 5% of gross earnings and are withheld pre income tax by the Supervisory Union. Such withholdings totaled \$17,319 during the year and were paid by the Supervisory Union to the State of Vermont. The Supervisory Union has no other liability under the plan. The Supervisory Union's total payroll for all employees during the year was \$804,195, with \$346,828 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.

Washington West Supervisory Union
Notes to Financial Statements (continued)
For The Year Ended June 30, 2011

NOTE 10 – PENSIONS (CONTINUED)

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 Supervisory Union participates in Group A. Normal retirement for Group A members is age 65 and the completion of 5 years of creditable service, or age 55 and completion of 35 years of creditable service. Normal retirement for Group B members is age 62 and the completion of 5 years of creditable service, or age 55 and completion of 30 years of creditable service. Normal retirement for Group C and D members is age 55 and the completion of 5 years of creditable service. A member may receive reduced benefits at age 55 if they have 5 years of service and have made contributions for at least 2.5 years.

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

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

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

Employee contributions are withheld pre income tax by the Supervisory Union and are remitted to the State of Vermont. Such withholdings totaled \$9,616 during the year. The Supervisory Union contributed \$15,835 during the year. The Supervisory Union's total payroll for all employees during the year was \$804,195, with \$384,631 of such amount related to employees covered by the Vermont Municipal Employees' Retirement System.

NOTE 11 - RISK MANAGEMENT

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

Washington West Supervisory Union
Notes to Financial Statements (continued)
For The Year Ended June 30, 2011

NOTE 11 - RISK MANAGEMENT (CONTINUED)

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

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

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

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

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

Washington West Supervisory Union
Notes to Financial Statements (continued)
For The Year Ended June 30, 2011

NOTE 11 - RISK MANAGEMENT (CONTINUED)

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

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

NOTE 12 - OPERATING LEASES

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

During the year ended June 30, 2012	\$3,876
2013	969
Thereafter	<u>0</u>
Total	<u>\$4,845</u>

Total lease payments made this year were \$3,876.

On May 15, 2008 Washington West Supervisory Union entered into an extended lease agreement with Small Dog Electronics, Ltd. Company for the lease of office space through June 30, 2011. This lease was extended through June 30, 2012. The minimum amount due is \$91,812, to be paid in monthly installments of \$2,500-\$2,601 over 3 years. The extension is for \$2,653 a month in rent. The following is a schedule of future minimum lease payments under this lease.

During the year ended June 30, 2012	\$31,836
Thereafter	<u>0</u>
Total	<u>\$31,836</u>

Total lease payments made this year were \$30,600.

Washington West Supervisory Union
Notes to Financial Statements (continued)
For The Year Ended June 30, 2011

NOTE 13 - COMMITMENTS

In April 2008 the Supervisory Union entered into an agreement with First Students, Inc. for contracted bus transportation services through June 30, 2011. The agreement has been extended to June 30, 2012. The contract calls for various costs associated with regular route services. The minimum annual cost to the Supervisory Union for the year ending June 30, 2012 is \$879,495.

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

NOTE 14 - RELATED PARTY

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

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

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

Washington West Supervisory Union
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
General Fund
For The Year Ended June 30, 2011

Schedule 1

	Object	Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES:				
Assessments:				
Central Office		\$ 569,142	\$ 569,141	\$ (1)
Fiscal Services		235,748	235,748	-
Business Office		114,295	114,295	-
Investment Income		2,000	1,083	(917)
Other Revenue		<u>19,000</u>	<u>14,303</u>	<u>(4,697)</u>
TOTAL REVENUES		<u>940,185</u>	<u>934,570</u>	<u>(5,615)</u>
EXPENDITURES:				
Central Office 2321:				
Superintendent Salaries	110	103,000	106,000	(3,000)
Stipends	110	-	1,000	(1,000)
Administrative Assistant Salaries	111	46,911	46,911	-
Curriculum Support Salaries	112	83,365	83,365	-
Administrative Support Salaries	113	9,970	16,119	(6,149)
Power School Support Salaries	117	-	4,540	(4,540)
Web Site Development Salaries	118	-	3,000	(3,000)
Personal Day Salaries	125	900	683	217
Health Insurance	210	32,884	27,130	5,754
Section 125	211	1,635	392	1,243
Insurance Compensation	212	700	700	-
Social Security	220	18,608	19,622	(1,014)
Life Insurance	230	1,873	1,272	601
Retirement	240	2,560	2,532	28
Workers Compensation	250	1,800	1,647	153
Unemployment Compensation	260	805	418	387
Professional Development	270	8,500	1,965	6,535
Dental Benefits	280	4,123	2,975	1,148
Technology Support Services	321	24,100	18,361	5,739
Legal Fees	360	4,200	1,858	2,342
Custodial Services	420	2,150	1,660	490
Equipment Repair	430	500	50	450
Copier Maintenance	431	4,167	3,501	666
Computer/Server Maintenance	432	17,700	21,409	(3,709)
Office Lease	441	31,519	31,212	307
Storage Rental	442	450	363	87
Property Insurance	521	1,500	1,325	175

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
General Fund
For The Year Ended June 30, 2011

Schedule 1

	Object	Budget	Actual	Variance - Favorable (Unfavorable)
Telephone	530	\$ 4,250	\$ 4,683	\$ (433)
Postage	531	4,250	5,138	(888)
Advertising	540	1,200	2,853	(1,653)
Travel	580	5,000	2,164	2,836
District Communications	590	2,000	-	2,000
Supplies	610	16,000	13,576	2,424
Equipment	730	24,500	24,176	324
Dues and Fees	810	4,000	3,539	461
Miscellaneous	890	1,000	(3,004)	4,004
Contingency	896	4,021	-	4,021
Subtotal		<u>470,141</u>	<u>453,135</u>	<u>17,006</u>
Special Education Administration 2420:				
Administrative Salaries	110	85,165	85,165	-
Administrative Support Salaries	112	16,884	8,316	8,568
Personal Day Salaries	125	350	214	136
Health Insurance	210	16,970	15,565	1,405
Insurance Compensation	212	350	350	-
Social Security	220	7,807	6,924	883
Life Insurance	230	802	630	172
Retirement	240	861	334	527
Workers Compensation	250	650	687	(37)
Unemployment Compensation	260	300	177	123
Professional Development	270	1,000	453	547
Dental Benefits	280	1,034	1,100	(66)
Repairs and Maintenance	430	660	-	660
Telephone	530	1,000	-	1,000
Postage	531	700	-	700
Travel	580	300	752	(452)
Supplies	610	500	1,460	(960)
Equipment	730	-	704	(704)
Subtotal		<u>135,333</u>	<u>122,831</u>	<u>12,502</u>
Business Manager's Office 2521:				
Business Manager Salaries	110	82,500	82,500	-
Personal Day Salaries	125	952	280	672
Health Insurance	210	14,671	13,779	892
Social Security	220	6,311	6,069	242
Life Insurance	230	645	348	297
Retirement	240	4,208	3,311	897

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
General Fund
For The Year Ended June 30, 2011

Schedule 1

	Object	Budget	Actual	Variance - Favorable (Unfavorable)
Workers Compensation	250	\$ 530	\$ 556	\$ (26)
Unemployment Compensation	260	138	143	(5)
Professional Development	270	1,500	125	1,375
Dental Benefits	280	1,077	1,100	(23)
Audit Services	370	4,500	4,600	(100)
Travel	580	132	-	132
Dues and Fees	810	500	435	65
Subtotal		<u>117,664</u>	<u>113,246</u>	<u>4,418</u>
Fiscal Services 2525:				
Salaries	110	165,311	163,768	1,543
Personal Day Salaries	125	850	571	279
Health Insurance	210	41,012	39,126	1,886
Social Security	220	12,646	11,545	1,101
Life Insurance	230	1,101	851	250
Retirement	240	7,439	6,929	510
Workers Compensation	250	1,000	1,114	(114)
Unemployment Compensation	260	575	286	289
Professional Development	270	1,000	968	32
Dental Benefits	280	2,673	2,763	(90)
Repairs and Maintenance	430	8,000	10,957	(2,957)
Travel	580	1,089	695	394
Subtotal		<u>242,696</u>	<u>239,573</u>	<u>3,123</u>
TOTAL EXPENDITURES		<u>965,834</u>	<u>928,785</u>	<u>37,049</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		(25,649)	5,785	31,434
FUND BALANCES, JULY 1, 2010		<u>25,649</u>	<u>32,581</u>	<u>6,932</u>
FUND BALANCES, JUNE 30, 2011		<u>\$ -</u>	<u>\$ 38,366</u>	<u>\$ 38,366</u>

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
 Combined Balance Sheet
 Special Revenue Funds
 June 30, 2011

Schedule 2

	Federal Funds	Non-Federal Funds	Totals
ASSETS:			
Current Assets:			
Accounts Receivable - State	\$ 23,051	\$ 33,141	\$ 56,192
Accounts Receivable - Other LEAs	6,903	17,013	23,916
Accounts Receivable - Other		30,768	30,768
Due From Other Funds	<u>236,616</u>	<u>189,957</u>	<u>426,573</u>
Total Current Assets	<u>266,570</u>	<u>270,879</u>	<u>537,449</u>
TOTAL ASSETS	<u>\$ 266,570</u>	<u>\$ 270,879</u>	<u>\$ 537,449</u>
LIABILITIES & FUND BALANCES:			
Liabilities:			
Accounts Payable - State		\$ 1,334	\$ 1,334
Accounts Payable - Other	\$ 164,342	42,723	207,065
Accrued Expenses	4,272	5,984	10,256
Due To Other Funds	6,603	34,116	40,719
Deferred Revenue	<u>91,061</u>	<u>10,992</u>	<u>102,053</u>
Total Liabilities	<u>266,278</u>	<u>95,149</u>	<u>361,427</u>
Fund Balances:			
Unassigned	(5)	(247)	(252)
Restricted	<u>297</u>	<u>175,977</u>	<u>176,274</u>
Total Fund Balances	<u>292</u>	<u>175,730</u>	<u>176,022</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 266,570</u>	<u>\$ 270,879</u>	<u>\$ 537,449</u>

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances
 Special Revenue Funds
 For The Year Ended June 30, 2011

Schedule 3

	Federal Funds	Non-Federal Funds	Totals
REVENUES:			
Tuition		\$ 25,410	\$ 25,410
Fees		27,590	27,590
Refunds and Reimbursements		127,631	127,631
Local/Private		547,971	547,971
State		6,498	6,498
Federal	\$ 1,007,222	-	1,007,222
TOTAL REVENUES	<u>1,007,222</u>	<u>735,100</u>	<u>1,742,322</u>
EXPENDITURES:			
Direct Services	260,930	47,415	308,345
Support Services:			
Students	56,014		56,014
Instructional Staff	19,178	14,770	33,948
General Administration		106,930	106,930
Area Administration	53,633		53,633
Fiscal Services		28,069	28,069
Operation and Maintenance of Building	2,865		2,865
Central Support Services		197,651	197,651
Transportation	40		40
Other Outlays	614,353	267,988	882,341
TOTAL EXPENDITURES	<u>1,007,013</u>	<u>662,823</u>	<u>1,669,836</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	209	72,277	72,486
OTHER FINANCING SOURCES (USES):			
Transfers In	316,128		316,128
Transfers Out	(316,128)	-	(316,128)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	209	72,277	72,486
FUND BALANCES, JULY 1, 2010	<u>83</u>	<u>103,453</u>	<u>103,536</u>
FUND BALANCES, JUNE 30, 2011	<u>\$ 292</u>	<u>\$ 175,730</u>	<u>\$ 176,022</u>

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Combining Balance Sheet
Special Revenue Funds - Federal Funds
June 30, 2011

Schedule 4
(page 1 of 2)

	Title I & ARRA	Title II-A	Title II-D & ARRA	Title IV - Drug Free Schools	School Wide	IDEA-B & ARRA	Subtotals
ASSETS:							
Current Assets:							
Accounts Receivable - State	\$ 3,562	\$ 3,265		\$ 1,841		\$ 5,308	\$ 13,976
Accounts Receivable - Other LEAs						6,903	6,903
Due From Other Funds	<u>13,238</u>	<u>-</u>	<u>\$ 25</u>	<u>-</u>	<u>\$ 87,048</u>	<u>115,123</u>	<u>215,434</u>
Total Current Assets	<u>16,800</u>	<u>3,265</u>	<u>25</u>	<u>1,841</u>	<u>87,048</u>	<u>127,334</u>	<u>236,313</u>
TOTAL ASSETS	<u>\$ 16,800</u>	<u>\$ 3,265</u>	<u>\$ 25</u>	<u>\$ 1,841</u>	<u>\$ 87,048</u>	<u>\$ 127,334</u>	<u>\$ 236,313</u>
LIABILITIES & FUND BALANCES:							
Liabilities:							
Accounts Payable - Other	\$ 9,363	\$ 2,005		\$ 1,841	\$ 87,048	\$ 56,972	\$ 157,229
Accrued Expenses	16		\$ 25			453	494
Due To Other Funds		1,260					1,260
Deferred Revenue	<u>7,422</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,913</u>	<u>77,335</u>
Total Liabilities	<u>16,801</u>	<u>3,265</u>	<u>25</u>	<u>1,841</u>	<u>87,048</u>	<u>127,338</u>	<u>236,318</u>
Fund Balances:							
Unassigned	(1)					(4)	(5)
Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>(5)</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 16,800</u>	<u>\$ 3,265</u>	<u>\$ 25</u>	<u>\$ 1,841</u>	<u>\$ 87,048</u>	<u>\$ 127,334</u>	<u>\$ 236,313</u>

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
 Combining Balance Sheet
 Special Revenue Funds - Federal Funds
 June 30, 2011

Schedule 4
 (page 2 of 2)

	IDEA-B Preschool & Renovation	IDEA-B Proportionate Share	IDEA-B Preschool Proportionate Share	Student Assistance Program	Title III	Title I - School Improvement	Subtotals	Totals
ASSETS:								
Current Assets:								
Accounts Receivable - State	\$ 3,732	\$ 1,301			\$ 4,042		\$ 9,075	\$ 23,051
Accounts Receivable - Other LEAs							-	6,903
Due From Other Funds	<u>485</u>	<u>-</u>	<u>\$ 51</u>	<u>\$ 3,193</u>	<u>-</u>	<u>\$ 17,453</u>	<u>21,182</u>	<u>236,616</u>
Total Current Assets	<u>4,217</u>	<u>1,301</u>	<u>51</u>	<u>3,193</u>	<u>4,042</u>	<u>17,453</u>	<u>30,257</u>	<u>266,570</u>
TOTAL ASSETS	<u>\$ 4,217</u>	<u>\$ 1,301</u>	<u>\$ 51</u>	<u>\$ 3,193</u>	<u>\$ 4,042</u>	<u>\$ 17,453</u>	<u>\$ 30,257</u>	<u>\$ 266,570</u>
LIABILITIES & FUND BALANCES:								
Liabilities:								
Accounts Payable - Other	\$ 4,217			\$ 2,896			\$ 7,113	\$ 164,342
Accrued Expenses						\$ 3,778	3,778	4,272
Due To Other Funds		\$ 1,301			\$ 4,042		5,343	6,603
Deferred Revenue	<u>-</u>	<u>-</u>	<u>\$ 51</u>	<u>-</u>	<u>-</u>	<u>13,675</u>	<u>13,726</u>	<u>91,061</u>
Total Liabilities	<u>4,217</u>	<u>1,301</u>	<u>51</u>	<u>2,896</u>	<u>4,042</u>	<u>17,453</u>	<u>29,960</u>	<u>266,278</u>
Fund Balances:								
Unassigned							-	(5)
Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>297</u>	<u>-</u>	<u>-</u>	<u>297</u>	<u>297</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>297</u>	<u>-</u>	<u>-</u>	<u>297</u>	<u>292</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 4,217</u>	<u>\$ 1,301</u>	<u>\$ 51</u>	<u>\$ 3,193</u>	<u>\$ 4,042</u>	<u>\$ 17,453</u>	<u>\$ 30,257</u>	<u>\$ 266,570</u>

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Special Revenue Funds - Federal Funds
For The Year Ended June 30, 2011

Schedule 5
(page 1 of 2)

	Title I & ARRA	Title II-A	Title II-D & ARRA	Title IV - Drug Free Schools	School Wide	IDEA-B & ARRA	IDEA-B Preschool & Renovation	Subtotals
REVENUES:								
Federal	\$ 327,131	\$ 162,089	\$ 16,893	\$ 2,500	-	\$ 437,539	\$ 10,451	\$ 956,603
TOTAL REVENUES	<u>327,131</u>	<u>162,089</u>	<u>16,893</u>	<u>2,500</u>	<u>\$ -</u>	<u>437,539</u>	<u>10,451</u>	<u>956,603</u>
EXPENDITURES:								
Direct Services	6,456	139,164	14,090			68,407		228,117
Support Services:								
Students						56,014		56,014
Instructional Staff	2,000	46		2,500		14,632		19,178
Area Administration						53,633		53,633
Operation and Maintenance of Buildings						2,865		2,865
Transportation						40		40
Other Outlays	<u>34,820</u>	<u>5,896</u>	<u>-</u>	<u>-</u>	<u>303,642</u>	<u>241,952</u>	<u>10,448</u>	<u>596,758</u>
TOTAL EXPENDITURES	<u>43,276</u>	<u>145,106</u>	<u>14,090</u>	<u>2,500</u>	<u>303,642</u>	<u>437,543</u>	<u>10,448</u>	<u>956,605</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	283,855	16,983	2,803	-	(303,642)	(4)	3	(2)
OTHER FINANCING SOURCES (USES):								
Transfers In			12,486		303,642			316,128
Transfers Out	<u>(283,856)</u>	<u>(16,983)</u>	<u>(15,289)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(316,128)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1)	-	-	-	-	(4)	3	(2)
FUND BALANCES, JULY 1, 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3)</u>	<u>(3)</u>
FUND BALANCES, JUNE 30, 2011	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4)</u>	<u>\$ -</u>	<u>\$ (5)</u>

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Special Revenue Funds - Federal Funds
For The Year Ended June 30, 2011

Schedule 5
(page 2 of 2)

	IDEA-B Proportionate Share	Student Assistance Program	Title III	Title I - School Improvement & ARRA	Subtotals	Totals
REVENUES:						
Federal	\$ 6,381	\$ 17,812	\$ 3,556	\$ 22,870	\$ 50,619	\$ 1,007,222
TOTAL REVENUES	<u>6,381</u>	<u>17,812</u>	<u>3,556</u>	<u>22,870</u>	<u>50,619</u>	<u>1,007,222</u>
EXPENDITURES:						
Direct Services	6,381		3,556	22,876	32,813	260,930
Support Services:						
Students					-	56,014
Instructional Staff					-	19,178
Area Administration					-	53,633
Operation and Maintenance of Buildings					-	2,865
Transportation					-	40
Other Outlays	-	17,595	-	-	17,595	614,353
TOTAL EXPENDITURES	<u>6,381</u>	<u>17,595</u>	<u>3,556</u>	<u>22,876</u>	<u>50,408</u>	<u>1,007,013</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	217	-	(6)	211	209
OTHER FINANCING SOURCES (USES):						
Transfers In					-	316,128
Transfers Out	-	-	-	-	-	(316,128)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	217	-	(6)	211	209
FUND BALANCES, JULY 1, 2010	-	80	-	6	86	83
FUND BALANCES, JUNE 30, 2011	<u>\$ -</u>	<u>\$ 297</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 297</u>	<u>\$ 292</u>

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Combining Balance Sheet
Special Revenue Funds - Non-Federal Funds
June 30, 2011

Schedule 6
(page 1 of 3)

	Local Standards Board	Tobacco Grant	Life Skills Fund	Henderson Foundation	Act 230/ BEST	Kids Consortium	Subtotal
ASSETS:							
Current Assets:							
Accounts Receivable - State							\$ -
Accounts Receivable - Other LEAs					\$ 732		732
Accounts Receivable - Other						\$ 6,098	6,098
Due From Other Funds	\$ 1,184	\$ 12,086	\$ 3,071	\$ 2,435	3,656	-	22,432
Total Current Assets	<u>1,184</u>	<u>12,086</u>	<u>3,071</u>	<u>2,435</u>	<u>4,388</u>	<u>6,098</u>	<u>29,262</u>
TOTAL ASSETS	<u>\$ 1,184</u>	<u>\$ 12,086</u>	<u>\$ 3,071</u>	<u>\$ 2,435</u>	<u>\$ 4,388</u>	<u>\$ 6,098</u>	<u>\$ 29,262</u>
LIABILITIES & FUND BALANCES:							
Liabilities:							
Accounts Payable - State							\$ -
Accounts Payable - Other		\$ 3,466	\$ 45		\$ 2,902	\$ 429	6,842
Accrued Expenses	\$ 1,184						1,184
Due To Other Funds						4,903	4,903
Deferred Revenue	-	8,740	-	-	1,486	766	10,992
Total Liabilities	<u>1,184</u>	<u>12,206</u>	<u>45</u>	<u>\$ -</u>	<u>4,388</u>	<u>6,098</u>	<u>23,921</u>
Fund Balances:							
Unassigned		(120)					(120)
Restricted	-	-	3,026	2,435	-	-	5,461
Total Fund Balances	<u>-</u>	<u>(120)</u>	<u>3,026</u>	<u>2,435</u>	<u>-</u>	<u>-</u>	<u>5,341</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 1,184</u>	<u>\$ 12,086</u>	<u>\$ 3,071</u>	<u>\$ 2,435</u>	<u>\$ 4,388</u>	<u>\$ 6,098</u>	<u>\$ 29,262</u>

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Combining Balance Sheet
Special Revenue Funds - Non-Federal Funds
June 30, 2011

Schedule 6
(page 2 of 3)

	Criminal Records	DOL Vocational	VT Farm to School	Negotiations - Legal	VEHI Pathpoints	Child Protect	Subtotals
ASSETS:							
Current Assets:							
Accounts Receivable - State							\$ -
Accounts Receivable - Other LEAs							-
Accounts Receivable - Other							-
Due From Other Funds	\$ 1,042	\$ 298	-	-	\$ 42,258	\$ 39	43,637
Total Current Assets	<u>1,042</u>	<u>298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>42,258</u>	<u>39</u>	<u>43,637</u>
TOTAL ASSETS	<u>\$ 1,042</u>	<u>\$ 298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,258</u>	<u>\$ 39</u>	<u>\$ 43,637</u>
LIABILITIES & FUND BALANCES:							
Liabilities:							
Accounts Payable - State							\$ -
Accounts Payable - Other	\$ 77						77
Accrued Expenses							-
Due To Other Funds			\$ 103	\$ 24			127
Deferred Revenue	-	-	-	-	-	-	-
Total Liabilities	<u>77</u>	<u>\$ -</u>	<u>103</u>	<u>24</u>	<u>\$ -</u>	<u>\$ -</u>	<u>204</u>
Fund Balances:							
Unassigned			(103)	(24)			(127)
Restricted	965	298	-	-	42,258	39	43,560
Total Fund Balances	<u>965</u>	<u>298</u>	<u>(103)</u>	<u>(24)</u>	<u>42,258</u>	<u>39</u>	<u>43,433</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 1,042</u>	<u>\$ 298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,258</u>	<u>\$ 39</u>	<u>\$ 43,637</u>

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Combining Balance Sheet
Special Revenue Funds - Non-Federal Funds
June 30, 2011

Schedule 6
(page 3 of 3)

	H1N1 Vaccination Campaign	District Operations & Maintenance	Professional Development Fund	Medicaid IEP	Medicaid EPSDT	Subtotal	Totals
ASSETS:							
Current Assets:							
Accounts Receivable - State				\$ 33,141		\$ 33,141	\$ 33,141
Accounts Receivable - Other LEAs		\$ 16,281				16,281	17,013
Accounts Receivable - Other			\$ 24,670			24,670	30,768
Due From Other Funds	\$ 8,040	-	-	13,730	\$ 102,118	123,888	189,957
Total Current Assets	<u>8,040</u>	<u>16,281</u>	<u>24,670</u>	<u>46,871</u>	<u>102,118</u>	<u>197,980</u>	<u>270,879</u>
TOTAL ASSETS	<u>\$ 8,040</u>	<u>\$ 16,281</u>	<u>\$ 24,670</u>	<u>\$ 46,871</u>	<u>\$ 102,118</u>	<u>\$ 197,980</u>	<u>\$ 270,879</u>
LIABILITIES & FUND BALANCES:							
Liabilities:							
Accounts Payable - State					\$ 1,334	\$ 1,334	\$ 1,334
Accounts Payable - Other			\$ 377	\$ 29,827	5,600	35,804	42,723
Accrued Expenses			4,037	763		4,800	5,984
Due To Other Funds		\$ 16,281	12,805			29,086	34,116
Deferred Revenue	-	-	-	-	-	-	10,992
Total Liabilities	<u>\$ -</u>	<u>16,281</u>	<u>17,219</u>	<u>30,590</u>	<u>6,934</u>	<u>71,024</u>	<u>95,149</u>
Fund Balances:							
Unassigned						-	(247)
Restricted	8,040	-	7,451	16,281	95,184	126,956	175,977
Total Fund Balances	<u>8,040</u>	<u>-</u>	<u>7,451</u>	<u>16,281</u>	<u>95,184</u>	<u>126,956</u>	<u>175,730</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 8,040</u>	<u>\$ 16,281</u>	<u>\$ 24,670</u>	<u>\$ 46,871</u>	<u>\$ 102,118</u>	<u>\$ 197,980</u>	<u>\$ 270,879</u>

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Special Revenue Funds - Non-Federal Funds
For The Year Ended June 30, 2011

Schedule 7
(page 1 of 3)

	Local Standards Board	Tobacco Grant	Life Skills Fund	Henderson Foundation	Act 230/ BEST	Kids Consortium	Subtotal
REVENUES:							
Tuition							\$ -
Fees							-
Refunds and Reimbursements							-
Local/Private	\$ 1,100	\$ 8,740				\$ 7,172	17,012
State	-	-	-	-	\$ 6,498	-	6,498
	1,100	8,740	-	-	6,498	7,172	23,510
TOTAL REVENUES							
EXPENDITURES:							
Direct Services							-
Support Services:							
Instructional Staff	1,100				6,498	7,172	14,770
General Administration			115				115
Fiscal Services							-
Central Support Services							-
Other Outlays	-	8,740	-	-	-	-	8,740
	1,100	8,740	115	-	6,498	7,172	23,625
TOTAL EXPENDITURES							
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(115)	-	-	-	(115)
FUND BALANCES, JULY 1, 2010	-	(120)	3,141	2,435	-	-	5,456
FUND BALANCES, JUNE 30, 2011	\$ -	\$ (120)	\$ 3,026	\$ 2,435	\$ -	\$ -	\$ 5,341

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Special Revenue Funds - Non-Federal Funds
For The Year Ended June 30, 2011

Schedule 7
(page 2 of 3)

	Member Schools Property Insurance	Criminal Records	DOL Vocational	VT Farm to School	Negotiations - Legal	VEHI Pathpoints	Child Protect	Subtotals
REVENUES:								
Tuition								\$ -
Fees								-
Refunds and Reimbursements					\$ 26,152	\$ 48,250		74,402
Local/Private	\$ 198,396	\$ 2,039						200,435
State	-	-	-	-	-	-	-	-
	198,396	2,039	-	-	26,152	48,250	-	274,837
TOTAL REVENUES								
EXPENDITURES:								
Direct Services		1,866						1,866
Support Services:								
Instructional Staff								-
General Administration					22,653			22,653
Fiscal Services						13,804		13,804
Central Support Services	197,651							197,651
Other Outlays	-	-	-	-	-	-	-	-
	197,651	1,866	-	-	22,653	13,804	-	235,974
TOTAL EXPENDITURES								
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	745	173	-	-	3,499	34,446	-	38,863
FUND BALANCES, JULY 1, 2010	(745)	792	298	(103)	(3,523)	7,812	39	4,570
FUND BALANCES, JUNE 30, 2011	\$ -	\$ 965	\$ 298	\$ (103)	\$ (24)	\$ 42,258	\$ 39	\$ 43,433

The accompanying notes are an integral part of these financial statements
- 43 -

Washington West Supervisory Union
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Special Revenue Funds - Non-Federal Funds
For The Year Ended June 30, 2011

Schedule 7
(page 3 of 3)

	H1N1 Vaccination Campaign	District Operations & Maintenance	Professional Development Fund	Medicaid IEP	Medicaid EPSDT	Subtotal	Totals
REVENUES:							
Tuition			\$ 25,410			\$ 25,410	\$ 25,410
Fees			27,590			27,590	27,590
Refunds and Reimbursements		\$ 53,229				53,229	127,631
Local/Private	\$ 8,040			\$ 288,024	\$ 34,460	330,524	547,971
State	-	-	-	-	-	-	6,498
TOTAL REVENUES	<u>8,040</u>	<u>53,229</u>	<u>53,000</u>	<u>288,024</u>	<u>34,460</u>	<u>436,753</u>	<u>735,100</u>
EXPENDITURES:							
Direct Services			45,549			45,549	47,415
Support Services:							
Instructional Staff						-	14,770
General Administration		53,229			30,933	84,162	106,930
Fiscal Services				14,265		14,265	28,069
Central Support Services						-	197,651
Other Outlays	-	-	-	259,248	-	259,248	267,988
TOTAL EXPENDITURES	<u>-</u>	<u>53,229</u>	<u>45,549</u>	<u>273,513</u>	<u>30,933</u>	<u>403,224</u>	<u>662,823</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	8,040	-	7,451	14,511	3,527	33,529	72,277
FUND BALANCES, JULY 1, 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,770</u>	<u>91,657</u>	<u>93,427</u>	<u>103,453</u>
FUND BALANCES, JUNE 30, 2011	<u>\$ 8,040</u>	<u>\$ -</u>	<u>\$ 7,451</u>	<u>\$ 16,281</u>	<u>\$ 95,184</u>	<u>\$ 126,956</u>	<u>\$ 175,730</u>

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
 Combined Balance Sheet
 Capital Project & Other Funds
 June 30, 2011

Schedule 8

	Computer/ Technology Reserve	Transportation	Totals
ASSETS:			
Current Assets:			
Due From Other Funds	\$ 13	\$ 1,683	\$ 1,696
Total Current Assets	<u>13</u>	<u>1,683</u>	<u>1,696</u>
 TOTAL ASSETS	 <u>\$ 13</u>	 <u>\$ 1,683</u>	 <u>\$ 1,696</u>
 LIABILITIES AND FUND BALANCES:			
Liabilities:			
None	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
 Fund Balances:			
Committed	<u>13</u>	<u>1,683</u>	<u>1,696</u>
Total Fund Balances	<u>13</u>	<u>1,683</u>	<u>1,696</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 13</u>	 <u>\$ 1,683</u>	 <u>\$ 1,696</u>

The accompanying notes are an integral part of these financial statements

Washington West Supervisory Union
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances
 Capital Project & Other Funds
 For The Year Ended June 30, 2011

Schedule 9

	Computer/ Technology Reserve	Transportation	Totals
REVENUES:			
Assessments	<u>-</u>	<u>\$ 878,680</u>	<u>\$ 878,680</u>
TOTAL REVENUES	<u>\$ -</u>	<u>878,680</u>	<u>878,680</u>
EXPENDITURES:			
Transportation	<u>-</u>	<u>878,680</u>	<u>878,680</u>
TOTAL EXPENDITURES	<u>-</u>	<u>878,680</u>	<u>878,680</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-
FUND BALANCES, JULY 1, 2010	<u>13</u>	<u>1,683</u>	<u>1,696</u>
FUND BALANCES, JUNE 30, 2011	<u>\$ 13</u>	<u>\$ 1,683</u>	<u>\$ 1,696</u>

The accompanying notes are an integral part of these financial statements



P.O. Box 639
2834 Shelburne Road
Shelburne, VT 05482-0639

Phone: 802-985-8992
Fax: 802-985-9442

www.angolanoandcompany.com

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

To the School Board
Washington West Supervisory Union

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Washington West Supervisory Union, Vermont as of and for the year ended June 30, 2011, which collectively comprise the entity's basic financial statements and have issued our report thereon dated January 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Washington West Supervisory Union in a separate letter dated January 27, 2012.

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

Angolano & Company

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

January 27, 2012



P.O. Box 639
2834 Shelburne Road
Shelburne, VT 05482-0639

Phone: 802-985-8992
Fax: 802-985-9442

www.angolanoandcompany.com

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

To the School Board
Washington West Supervisory Union

Compliance

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

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

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

Internal Control Over Compliance

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

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

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

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

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies. 2011-1.

Washington West Supervisory Union's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Washington West Supervisory Union's response and, accordingly, we express no opinion on the responses.

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

Angolano & Company

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

January 27, 2012

Washington West Supervisory Union
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2011

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

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

Federal Awards

Internal control over major programs:

- | | |
|--|---------------------|
| • Material weakness(es) identified? | Yes ___ No <u>X</u> |
| • Significant deficiency(ies) identified not considered to be material weakness(es)? | Yes <u>X</u> No ___ |

Type of auditors’ report issued	Qualified
---------------------------------	-----------

Any audit findings that are required to be reported in accordance with 510(a) of Circular A-133?	Yes <u>X</u> No ___
--	---------------------

Identification of major programs:

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

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

Auditee qualified as low-risk auditee	Yes ___ No <u>X</u>
---------------------------------------	---------------------

Washington West Supervisory Union
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

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

None

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

2011-1

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2010-1: The issue regarding the tracking and inventory of equipment purchased with IDEA-B funds has been resolved.

Washington West Supervisory Union
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2011

Reference Number

2011-1

Program

CFDA Number and Title	84.367A Title II-A
Federal Agency	US Department of Education
Pass-through entity	State of Vermont

Condition and Context

It was found that \$5,998 of equipment expenditures were coded to purchased services. The budgeted funds for equipment had been spent so the expenditures were coded to a line item with funds left to spend.

Criteria

Budgeted line items may not be overspent.

Cause and Effects

There were not enough funds to buy equipment so the expenditures were coded to line item that had funds left. This makes the expenditures disallowed and the funds may have to be paid back to the state.

Questioned Cost with Computation

\$5,998

Recommendations

If there are no funds left in the budget for an expenditure, we recommend amending the budget.

Auditee Views

It was found that \$5,998 of equipment expenditures were coded to purchased services. The budgeted funds for equipment had been spent so the expenditures were coded to a line item with funds left to spend.

Corrective Action Plan

Washington West Supervisory Union (WWSU) received approval to purchase Ipads to use for teacher evaluation as part of the FY2011 CFG strategy and budget for teacher evaluation. WWSU did not overspend the teacher evaluation budget per the approved CFG grant by the purchase of these Ipads, however, the teacher evaluation budget was not adjusted for the planned change in expenditure object codes and WWSU did not code the Ipads under the appropriate object code - equipment.

Washington West Supervisory Union
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2011

Corrective Action Plan (continued)

WWSU's accounting system, NEMRC, has been adjusted to allow budget adjustments during the course of the year after the initial budgets have been posted. In the future, budgets will be adjusted and expenses will be coded to the appropriate object code.

Washington West Supervisory Union
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2011

Federal Grantor/Pass -Through Grantor/Program Title	Federal CFDA No.	Agency Pass Through Number	Federal Expenditures
U.S. Department of Education:			
Passed Through the State of Vermont			
Title I Cluster:			
Title I	84.010	4250S0421101	\$ 238,304
ARRA Title I	84.389	4750S0421101	88,827
Title I School Improvement	84.010	4255S0421101	19,342
ARRA School Improvement	84.388	4255S0421101	<u>3,528</u>
Total Title I Cluster			<u>350,001</u>
Title II-D Cluster:			
Title II-D	84.318X	4263S0421101	14,240
ARRA Title II-D	84.386	4763S0421101	<u>15,139</u>
Total Title II-D Cluster			<u>29,379</u>
IDEA-B Cluster:			
IDEA-B Flow Through	84.027	4226S0421101	248,335
ARRA IDEA-B Flow Through	84.391	4226S0421101	189,207
IDEA-B Preschool	84.173	4228S0421101	2,302
ARRA IDEA-B Preschool	84.392	4228S0421101	8,149
IDEA-B Proportionate Share	84.027	4226S0421101	<u>6,381</u>
Total IDEIA -B Cluster			<u>454,374</u>
Title II-A	84.367A	4651S0421101	162,089
Title IV – Drug Free Schools	84.186	4247S0421101	2,500
Passed Through the Montpelier School District			
Title III	84.365A	4375S0421101	<u>3,556</u>
Subtotal			<u>1,001,899</u>
U.S. Department of Health:			
Passed Through the State of Vermont			
Substance Abuse Prevention and Treatment Block Grant	93.959	03420-S10097	<u>17,595</u>
Totals			<u>\$1,019,494</u>

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

Washington West Supervisory Union
Footnotes to the Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2011

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUBRECIPIENTS

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Title II-A	84.367A	\$5,896
IDEA-B	84.027	188,759
ARRA IDEA-B	84.391	53,193
IDEA-B Preschool	84.173	2,302
ARRA IDEA-B Preschool	84.392	8,149
Substance Abuse Prevention & Treatment Block Grant	93.959	17,595



P.O. Box 639
2834 Shelburne Road
Shelburne, VT 05482-0639

Phone: 802-985-8992
Fax: 802-985-9442

www.angolanoandcompany.com

To the School Board
Washington West Supervisory Union

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

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in Washington West Supervisory Union's internal control to be significant deficiencies:

Title II-A Expenditure Coding

It was found that \$5,998 of equipment expenditures were coded to purchased services. The budgeted funds for equipment had been spent so the expenditures were coded to a line item with funds left to spend. Budgeted line items may not be overspent. There were not enough funds to buy equipment so the expenditures were coded to line item that had funds left. This makes the expenditures disallowed and the funds may have to be paid back to the state. If there are no funds left in the budget for an expenditure, we recommend amending the budget.

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

Other Matters and Suggestions:

Grant Budgets :

- When testing Title II-A, we found that the expenditure budget did not agree with the final amended grant. This was because there were 2 transfers that they took out of the revenues so they recorded the expenditure budget to agree with the balance after the transfers. They are required to put in the final amended budget for the grants. They should have just shown the transfers as expenditures.

IDEA-B Certifications :

- The semi-annual certifications for IDEA-B were both signed on September 24, 2010. Semi-annual certifications are required to be filled out after the fact to document when the work was actually done. They should be done in December and June.

Object Codes:

- General object coding errors were noted during transaction testing, grant compliance testing and other testing. For example server consultant was coded to object 730 when it should have been 340. Computer equipment was coded to 300 when it should have been 734. We recommend that the Business Manager, who has knowledge of the object coding system, review a sampling of invoices monthly to improve compliance with State and federal coding standards.

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

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

Angolano & Company

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

January 27, 2012



August 24, 2011

P.O. Box 639
2834 Shelburne Road
Shelburne, VT 05482-0639

Phone: 802-985-8992

Fax: 802-985-9442

www.angolanoandcompany.com

To the School Board
Washington West Supervisory Union

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

Significant Audit Findings

Qualitative Aspects of Accounting Practices

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

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

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

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

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

The disclosure of Fund Balances and Net Assets in Notes 7 and 8 to the financial statements as to how any surplus is to be used in future fiscal years.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

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

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

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

Very truly yours,

Angolano & Company

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