

WILLISTON TOWN SCHOOL DISTRICT
AUDIT REPORT AND FINANCIAL STATEMENTS

JUNE 30, 2009

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INDEPENDENT AUDITOR'S REPORT

October 22, 2009

To the Board of School Directors
Williston Town School District
Williston, Vermont

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Williston Town School District, as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2009, and the respective changes in financial position, thereof and the budget comparison for the General Fund for the year then ended 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 October 22, 2009, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 important for assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is 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.

Respectfully submitted,

Fothergill Segale & Valley, CPAs

FOTHERGILL SEGALE & VALLEY, CPAs
Vermont Public Accountancy License #110

WILLISTON TOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009

Our discussion and analysis of Williston Town School District's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the School District's financial statements which begin on page 11.

Financial Highlights

- The School District's net assets increased by \$43,848 during fiscal year 2009 as a result of this year's operations, which is an increase of approximately .7%. Unrestricted net assets decreased by \$143,521, restricted net assets decreased by \$67,399 and investment in capital assets net of related long term debt increased by \$254,768.
- Total cost of all of the School District's programs was \$16,859,130 in fiscal year 2009 compared to \$21,782,181 in fiscal year 2008, which is approximately a 22.6% decrease.
- During fiscal year 2009, the General Fund reported a decrease in fund balance of \$194,947 which was \$44,947 worse than what was budgeted. During fiscal year 2008 the General Fund reported an increase in fund balance of \$44,203 which was \$194,203 better than what was budgeted.
- The unreserved fund balance for the General Fund was \$0 as of June 30, 2009. Reserved fund balances of the General Fund total \$320,996 as of June 30, 2009. These amounts are reserved for fiscal year 2010 and future expenditures and professional development.
- The Food Service Fund reported a decrease in fund balance of \$43,893, after reporting the transfer of \$75,000 from the General Fund. The accumulated fund deficit at June 30, 2009 is \$73,133.
- The Capital Projects Fund reported an increase in fund balances this year of \$149,544. The fund balance at June 30, 2009 was \$212,918.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (Exhibits A and B) provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. Fund financial statements start on Exhibit C. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the School District's operations in more detail than the government-wide statements by providing information about the School District's most significant funds. The remaining statements provide financial information about activities for which the School District acts solely as an agent for the benefit of those outside the government.

WILLISTON TOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009

Reporting the School District as a Whole

The financial statements of the School District as a whole are reflected on Exhibit A and Exhibit B. One of the most important questions asked about the School District's finances is, "Is the School District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the School District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in them. You can think of the School District's net assets – the difference between assets and liabilities – as one way to measure the School District's financial health, or financial position. Over time, increases or decreases in the School District's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the School District's property tax base and the condition of the School District's capital assets, to assess the overall health of the School District.

All of the School District's basic services are governmental activities. They include regular and special education for Kindergarten through 8th grade, support services, administrative services, transportation, interest on long-term debt and other activities. Act 68 State aid and state grants finance most of these activities.

Reporting the School District's Most Significant Funds

The financial statements of the School District's funds are reflected on Exhibit C through Exhibit H. These fund financial statements provide detailed information about the most significant funds – not the School District as a whole. The School Board establishes the funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money (like grants received from the State of Vermont Department of Education).

Governmental Funds

All of the School District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in Exhibit D and F that are included in the financial statements.

WILLISTON TOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009

The School District as Agent

The School District is the fiscal agent for funds held for various school related activities. The School District's fiduciary activities include Agency Funds and one Private Purpose Trust Fund and are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The School District as a Whole

The School District's combined net assets increased by \$43,848 from a year ago – increasing from \$6,644,655 to \$6,688,503. Our analysis below focuses on the change in the components of net assets (Table 1) and change in net assets (Table 2) of the School District's governmental activities.

Table 1 Net Assets			
Governmental Activities			
	2009	2008	Net Change
Current and other assets	\$ 915,750	\$ 1,000,228	\$ (84,478)
Capital assets	9,151,122	8,976,564	174,558
Total assets	10,066,872	9,976,792	90,080
Long term liabilities	2,901,996	2,858,883	43,113
Other liabilities	476,373	473,254	3,119
Total liabilities	3,378,369	3,332,137	46,232
 Net assets:			
Invested in capital assets, net of debt	6,242,427	5,987,659	254,768
Restricted	134,758	202,157	(67,399)
Unrestricted	311,318	454,839	(143,521)
Total net assets	\$ 6,688,503	\$ 6,644,655	\$ 43,848

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements decreased from a \$454,839 balance at June 30, 2008, to a \$311,318 balance at June 30, 2009, a decrease of \$143,521.

WILLISTON TOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009

Table 2
Change in Net Assets

	Governmental Activities FY 2009	Governmental Activities FY 2008	Net Change
REVENUES			
Program revenues:			
Charges for services	\$ 1,484,361	\$ 1,275,209	\$ 209,152
Operating grants and revenue	2,815,358	2,977,444	(162,086)
General revenues:			
Act 68 State aid	12,398,389	17,630,748	(5,232,359)
Impact fees	90,682	189,629	(98,947)
State construction aid	0	41,422	(41,422)
Other general revenue	9,238	58,054	(48,816)
Earnings on investments	104,950	239,814	(134,864)
Total revenues	<u>16,902,978</u>	<u>22,412,320</u>	<u>(5,509,342)</u>
PROGRAM EXPENSES			
Regular instruction and related	7,737,654	7,326,665	(410,989)
High School impact fees/assessment	94,543	5,579,618	5,485,075
Special Education and related	2,826,523	2,836,469	9,946
Early education and related	632,230	621,545	(10,685)
Administrative support services	1,284,851	1,175,925	(108,926)
Buildings and grounds	1,236,261	1,166,224	(70,037)
Support services - student based	1,273,586	1,262,123	(11,463)
Transportation	518,963	514,564	(4,399)
Food service	501,252	362,686	(138,566)
Interest on short-term debt	41,070	110,253	69,183
Interest on long-term debt	165,965	173,186	7,221
Other grant programs	27,232	31,929	4,697
State voc. tech. grant	0	123,294	123,294
On behalf payments	519,000	497,700	(21,300)
Total program expenses	<u>16,859,130</u>	<u>21,782,181</u>	<u>4,923,051</u>
Increase in net assets	<u>\$ 43,848</u>	<u>\$ 630,139</u>	<u>\$ (586,291)</u>

The School District's revenues decreased by 24.6% compared to fiscal year 2008. The cost of all programs and services decreased by 22.6% with no new programs added this year. See table above for changes in specific categories. Prior to FY 2009, local communities were assessed costs of providing high school education to residents of the town. Williston was assessed costs from Champlain Valley Union High School and in turn received Act 68 State aid from the state to cover these costs. In FY 09 that changed and the Union High School now receives Act 68 state aid directly from the State. As a result stated revenue and expense at the local level is significantly lower. The increase in regular instruction expenditures was due to expected increases in salaries and benefits for existing staff. Food service expenses increases was due to the Board's commitment to fund the program through a transition in leadership.

WILLISTON TOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009

Table 3 presents the cost of each of the School District's four largest programs – regular instruction and related services, high school assessment, special education and related services, and buildings and grounds – as well as each program's net cost (total cost less revenue generated by the activities). The net cost shows the financial burden that was placed on the School District's taxpayers by each of these functions.

Table 3
Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2009	2009	2008	2008
Regular instruction and related services	\$ 7,737,654	\$ 6,863,143	\$ 7,326,665	\$ 6,538,167
High School impact fees/assessment	94,543	94,543	5,579,618	5,579,618
Special education and related services	2,826,523	854,003	2,836,469	785,186
Buildings and grounds	1,236,261	1,056,991	1,166,224	980,343
All others	4,964,149	3,690,731	4,873,205	3,646,214
Totals	<u>\$ 16,859,130</u>	<u>\$ 12,559,411</u>	<u>\$ 21,782,181</u>	<u>\$ 17,529,528</u>

The School District's Funds

As the School District completed the year, its governmental funds (as presented in the Balance Sheet on Exhibit C) reported a combined fund balance of \$460,781, which is below last year's total of \$550,077. Included in this year's total change in fund balance is a decrease of \$194,947 in the School District's General Fund, a decrease of \$43,893 in the Food Service Fund, and an increase of \$149,544 in the Capital Projects Fund. The following explains the reasons for the current year changes.

- The Voters approved using \$150,000 of the General Fund fund balance when they approved the budget. A reduction of \$194,947 in the General Fund is actually \$44,947 worse than what was budgeted. Please see Exhibit G for a comparison of actual to budget for the General Fund that shows where the favorable and unfavorable variances arose during the year. Some revenue and expenditure items were not included in the approved budget because they netted out to no effect.
- The Food Service Fund received a transfer from the General Fund of \$75,000 which was \$50,000 greater than budget to eliminate part of its current year deficit.
- The Capital Projects fund has a cumulative fund balance of \$212,918 which is \$149,544 greater than the balance at June 30, 2008. This balance includes \$50,062 of impact fees collected but not applied yet; \$70,990 reserved for projects funded with the \$480,000 bond received in fiscal year 2009; \$50,000 designated by the Board for capital projects during the summer of 2009; and \$41,866 available for other capital projects of the School District.

WILLISTON TOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009

General Fund Budgetary Highlights

Quarterly financial reports reviewed by the Board of School Directors served as the vehicle for monitoring the budget for the fiscal year. Over the course of the year, the School District Leadership Team adjusted the budget several times to reflect revenue and expenditure changes.

For the year ended June 30, 2009, General Fund revenues and other sources were less than expenditures and other uses by \$194,947 which was \$44,947 worse than budget. Exhibit G of the financial statements compares actual results to budget. The most significant variances were as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Tuition - regular	\$ 673,875	\$ 770,706	\$ 96,831
Earning on investments	225,000	94,793	(130,207)
State special ed revenues	1,546,516	1,581,309	34,793
Title I grant	144,359	0	(144,359)
Expenditures:			
Instructional program	6,981,297	6,890,695	90,602
Special education	2,721,299	2,826,523	(105,224)
Title I grant	144,631	0	144,631
Board of education services	46,416	97,817	(51,401)
Capital outlays	276,100	314,021	(37,921)
Interest on short-term debt	110,000	41,070	68,930
Other Financing Sources(Uses):			
Transfer to capital projects fund	0	(50,000)	(50,000)
Transfer to food service fund	(25,000)	(75,000)	(50,000)

Regular tuition is better than budget due to higher than expected enrollment for tuition paying students. The unfavorable variance in investment earnings of \$130,207 is offset partially by the favorable variance in short term interest of \$68,930. The net unfavorable variance of \$61,277 was realized due to decreases in interest rates available for short term investing. Special education expenditures net of related revenue was \$70,431 worse than expected due to complication with budgeting unpredictable special education expenditures two years in advance of the actual year. The Title I program was operated by the Supervisory Union during fiscal year 2009 therefore neither the revenue nor the expenditures were recorded in the School District this year. The instructional program expenditures were less than budget because of savings in actual salary and benefits for new hires. Board of Education expense is up significantly due to costs associated with the school's exploration of changes to educational configuration. Capital outlays reflect the board's decision to fund additional facility work at both schools, most importantly costs associated with the anticipated removal of the modulars at the Allenbrook School.

WILLISTON TOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009

Capital Asset and Debt

Capital Assets

At June 30, 2009, the School District had \$9,151,122, net of accumulated depreciation of \$5,647,548, invested in a broad range of capital assets that includes elementary school buildings, furniture and equipment and transportation equipment, net of accumulated depreciation. (See Table 4 below) This amount represents a net increase (including additions less disposals and depreciation) of \$174,558 over last year.

Table 4
Capital Assets at Year-End
(Net of Accumulated Depreciation)

	Governmental Activities		Net Change
	2009	2008	
Land	\$ 320,945	\$ 320,945	\$ 0
Construction in progress	101,827	169,898	(68,071)
Buildings and improvements	12,382,091	12,048,316	333,775
Furniture and equipment	866,602	738,849	127,753
Buses and other vehicles	1,127,205	960,950	166,255
Accumulated depreciation	(5,647,548)	(5,262,394)	(385,154)
Totals	\$ 9,151,122	\$ 8,976,564	\$ 174,558

This year's major additions included two buses for \$180,502, computers for \$89,376, roof project for \$170,926, elevator project for \$68,187, other building improvements for \$35,150, and other furniture and equipment for \$61,882 for a total cost of \$606,023.

The School District's fiscal year 2010 Capital Plan includes money to complete the replacement of the elevator, plan for the removal of modular classrooms at Allenbrook and an upgrade of electrical power distribution in the older parts of the Williston Central building. The Board of School Directors will revisit its long term facility plan during its budget development process in the current school year.

WILLISTON TOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009

Debt

At year-end, the School District had \$2,864,437 in bonds and notes outstanding versus \$2,828,055 last year – an increase of \$36,382 – as shown in Table 5.

Table 5
Change in Long Term Debt

	Balances June 30, 2008	Proceeds	Payments	Balances June 30, 2009
Construction bonds	\$ 2,565,000	\$ 480,000	\$ (530,000)	\$ 2,515,000
Bus notes	263,055	180,502	(94,120)	349,437
Totals	<u>\$ 2,828,055</u>	<u>\$ 660,502</u>	<u>\$ (624,120)</u>	<u>\$ 2,864,437</u>

Loan proceeds were used to purchase new buses and for building improvements.

Economic Factors and Next Year's Budgets and Rates

The School District's elected and appointed officials considered many factors when setting the fiscal year 2010 budget for school operations. The factors included enrollment, the state of the economy and the overall impact budget increases would have on the local tax rate.

When adopting the budget for the fiscal year 2010 school year, the School Board took into account these factors and recommended adoption of a \$16,323,243 PreK-8 expenditure budget, a .3% increase over last year. Property Tax Rate in support of the local PreK-8 school was estimated to be \$0.872.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Operations Officer, Chittenden South Supervisory Union, Shelburne, Vermont.

STATEMENT OF NET ASSETS

JUNE 30, 2009

	<u>Governmental Activities</u>	
ASSETS		
Cash	\$ 719,816	
Accounts receivable:		
State of Vermont	20,498	
Other School Districts	51,325	
Town of Williston	18,136	
Other	18,132	
Due from employees	2,337	
Inventory	10,151	
Prepays	75,355	
Capital Assets:		
Land	320,945	
Buildings, improvements and equipment (net of allowance for depreciation of \$5,647,548)	<u>8,830,177</u>	
Total assets		10,066,872
LIABILITIES		
Accounts payable	23,873	
Construction payable	44,258	
Due to other School Districts	38,917	
Due to State of Vermont	50,377	
Deferred revenue	242,060	
Accrued interest	21,404	
Accrued salaries	55,484	
Bonds and notes payable due within one year	667,220	
Accrued compensated absences due after one year	37,559	
Bonds and notes payable due after one year	<u>2,197,217</u>	
Total liabilities		<u>3,378,369</u>
NET ASSETS		
Unrestricted	311,318	
Restricted for professional development	13,706	
Restricted for capital improvements:		
Impact fees related	50,062	
Specific construction projects	70,990	
Invested in capital assets, net of related debt	<u>6,242,427</u>	
Total net assets		<u>\$ 6,688,503</u>

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charge for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets Governmental Activities</u>
Governmental Activities:				
Regular instruction and related services	\$ 7,737,654	\$ 770,706	\$ 103,805	\$ (6,863,143)
Special education and related services	2,826,523	223,919	1,748,601	(854,003)
Early education and related services	632,230	0	103,104	(529,126)
Buildings and grounds	1,236,261	179,270	0	(1,056,991)
Administrative support services	1,284,851	0	0	(1,284,851)
Support services - student based	1,273,586	0	0	(1,273,586)
Transportation	518,963	35,774	226,782	(256,407)
Food service	501,252	274,692	96,871	(129,689)
High School impact fees	94,543	0	0	(94,543)
Other grant programs	27,232	0	17,195	(10,037)
Interest on short-term debt	41,070	0	0	(41,070)
Interest on long-term debt	165,965	0	0	(165,965)
On behalf payments	519,000	0	519,000	0
Total governmental activities	<u>\$16,859,130</u>	<u>\$1,484,361</u>	<u>\$ 2,815,358</u>	<u>(12,559,411)</u>
General Revenues:				
Act 68 State aid				12,398,389
Impact fees				90,682
Earnings on investments				104,950
Other local share income				8,538
Gain on sale of capital assets				700
Total general revenues				<u>12,603,259</u>
Change in net assets				43,848
Net assets - July 1, 2008				<u>6,644,655</u>
Net assets - June 30, 2009				<u>\$ 6,688,503</u>

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2009

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Food Service	Capital Projects Fund	
ASSETS				
Cash	\$ 447,037	\$ 95	\$ 272,684	\$ 719,816
Accounts receivable:				
State of Vermont	20,498	0	0	20,498
Other School Districts	51,325	0	0	51,325
Town of Williston	0	0	18,136	18,136
Other	14,263	3,869	0	18,132
Due from employees	2,337	0	0	2,337
Inventory	0	10,151	0	10,151
Prepays	75,355	0	0	75,355
Due from other funds	78,579	0	0	78,579
Total assets	\$ 689,394	\$ 14,115	\$ 290,820	\$ 994,329
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 23,046	\$ 827	\$ 0	\$ 23,873
Construction payables	0	0	44,258	44,258
Due to Other School Districts	11,779	0	27,138	38,917
Due to State of Vermont	50,377	0	0	50,377
Deferred revenue	227,712	14,348	0	242,060
Due to other funds	0	72,073	6,506	78,579
Accrued salaries	55,484	0	0	55,484
Total liabilities	368,398	87,248	77,902	533,548
FUND BALANCES				
Unreserved	0	(83,284)	91,866	8,582
Reserved for inventory	0	10,151	0	10,151
Reserved for future expenditures	81,935	0	0	81,935
Reserved for fiscal year 2010 expenditures	150,000	0	0	150,000
Reserved for professional development	13,706	0	0	13,706
Reserved for prepaids	75,355	0	0	75,355
Reserved for capital improvements:				
Impact fees related	0	0	50,062	50,062
Specific projects	0	0	70,990	70,990
Total fund balances	320,996	(73,133)	212,918	460,781
Total liabilities and fund balances	\$ 689,394	\$ 14,115	\$ 290,820	\$ 994,329

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

JUNE 30, 2009

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 460,781

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 as assets in governmental funds. The cost of the assets is \$14,798,670 and the accumulated depreciation is \$5,647,548. 9,151,122

Long-term liabilities and related accrued interest, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the fund financials. These liabilities at year end consist of:

Bonds and notes payable	2,864,437	
Accrued interest on bonds and notes payable	21,404	
Accrued compensated absences	37,559	(2,923,400)

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES \$ 6,688,503

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)-
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2009

	Major Funds			Total (Memorandum Only)
	General Fund	Special Revenue Funds	Capital Projects Fund	
REVENUES				
Act 68 State aid	\$ 12,398,389	\$ 0	\$ 0	\$ 12,398,389
Tuition - regular	770,706	0	0	770,706
Tuition - special education	223,919	0	0	223,919
Earnings on investments	94,793	0	10,157	104,950
Impact fees	0	0	90,682	90,682
Rental income	179,270	0	0	179,270
Professional development	13,600	0	0	13,600
Early childhood connection	3,595	0	0	3,595
Sale of fixed assets	700	0	0	700
Other transportation revenues	35,774	0	0	35,774
Other local sources	948	274,692	7,590	283,230
State transportation aid	226,782	0	0	226,782
State special ed. - block grant	342,248	0	0	342,248
State special ed. - intensive	1,116,338	0	0	1,116,338
State special ed. - extraordinary	86,194	0	0	86,194
State essential early education	103,104	0	0	103,104
State placed students	36,529	0	0	36,529
State food service grant	0	4,700	0	4,700
Federal food service grants	0	92,171	0	92,171
Medicaid IEP	103,805	0	0	103,805
IDEIA B grants	167,292	0	0	167,292
On behalf payments	519,000	0	0	519,000
Total revenues	<u>16,422,986</u>	<u>371,563</u>	<u>108,429</u>	<u>16,902,978</u>
EXPENDITURES				
Current Expenditures				
Instructional program	6,890,695	0	0	6,890,695
Kindergarten through Team Twelve	70,092	0	0	70,092
Journey	6,069	0	0	6,069
Voyager	6,321	0	0	6,321
Fine and practical arts	8,125	0	0	8,125
Language program	5,073	0	0	5,073
English language learners	105,772	0	0	105,772
Health/physical education	5,446	0	0	5,446
Life skills department	3,780	0	0	3,780
Industrial arts	8,385	0	0	8,385
Music program	9,259	0	0	9,259
Enrichment program	6,452	0	0	6,452
Special education	2,826,523	0	0	2,826,523
Essential early education	520,608	0	0	520,608
Educational media/library services	39,919	0	0	39,919
Summer EYP	50,564	0	0	50,564
Summer EYP (EEE)	21,139	0	0	21,139
Co-curricular activities	106,503	0	0	106,503
Guidance services	489,652	0	0	489,652
Health services	123,163	0	0	123,163
Psychological services	98,194	0	0	98,194
Speech and language services	316,363	0	0	316,363
Educational media/library services	246,214	0	0	246,214
Board of Education services	97,817	0	0	97,817

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)-
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2009

	Major Funds			Total (Memorandum Only)
	General Fund	Special Revenue Funds	Capital Projects Fund	
EXPENDITURES (Continued)				
Executive administration	291,207	0	0	291,207
Other support services	55,709	0	0	55,709
Office of the Principal	406,400	0	0	406,400
Other administrative services	270,319	0	0	270,319
Fiscal services	163,399	0	0	163,399
Operations & maintenance of buildings and grounds	982,402	0	6,340	988,742
Pupil transportation services	425,444	0	0	425,444
Information services	398,549	0	0	398,549
High School impact fess	0	0	94,543	94,543
Food services	0	490,456	0	490,456
Other support services	20,771	0	0	20,771
Other grants and programs	3,595	0	0	3,595
On behalf payments	519,000	0	0	519,000
Professional development	23,637	0	0	23,637
Interest on short-term debt	41,070	0	0	41,070
Debt Service				
Principal	624,120	0	0	624,120
Interest	167,664	0	0	167,664
Capital Outlays	314,021	0	292,002	606,023
Total expenditures	<u>16,769,435</u>	<u>490,456</u>	<u>392,885</u>	<u>17,652,776</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(346,449)</u>	<u>(118,893)</u>	<u>(284,456)</u>	<u>(749,798)</u>
OTHER FINANCING SOURCES (USES)				
Loan proceeds	180,502	0	480,000	660,502
Transfer to capital projects fund	(50,000)	0	50,000	0
Transfer from capital projects fund	96,000	0	(96,000)	0
Transfer - special revenue fund	(75,000)	75,000	0	0
Total other financing sources (uses)	<u>151,502</u>	<u>75,000</u>	<u>434,000</u>	<u>660,502</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>(194,947)</u>	<u>(43,893)</u>	<u>149,544</u>	<u>(89,296)</u>
FUND BALANCES (DEFICIT) - JULY 1, 2008	<u>515,943</u>	<u>(29,240)</u>	<u>63,374</u>	<u>550,077</u>
FUND BALANCES (DEFICIT) - JUNE 30, 2009	<u>\$ 320,996</u>	<u>\$ (73,133)</u>	<u>\$ 212,918</u>	<u>\$ 460,781</u>

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2009

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (89,296)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays net of disposals and adjustments (\$606,023) exceeds depreciation expense (\$431,465). 174,558

Some of the capital assets acquired this year were financed with long-term debt. The amount financed is reported in the governmental funds as a source of financing. On the other hand, the loan proceeds are not revenue in the statement of activities, but rather constitute long-term liabilities in the statement of net assets. (660,502)

Repayment of bond and notes principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 624,120

In the statement of activities, certain operating expenses - accrued compensated absences and career changing assistance program payable - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, compensated absences earned exceeded the amounts paid by \$6,731. (6,731)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The reduction in interest reported in the statement of activities is because accrued interest on bonds and notes payable decreased by \$1,699. 1,699

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 43,848

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE COMPARED TO BUDGET - GENERAL FUND

YEAR ENDED JUNE 30, 2009

	Original Budget	Adjustments	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES					
Act 68 State aid	\$ 12,398,389	\$ 0	\$ 12,398,389	\$ 12,398,389	\$ 0
Tuition - regular	673,875	0	673,875	770,706	96,831
Tuition - special education	235,000	0	235,000	223,919	(11,081)
Earnings on investments	225,000	0	225,000	94,793	(130,207)
Rental income	175,000	0	175,000	179,270	4,270
Professional development	0	0	0	13,600	13,600
Early childhood connection	0	0	0	3,595	3,595
Other local sources	0	0	0	948	948
Sale of fixed assets	0	0	0	700	700
Other transportation revenues	27,714	0	27,714	35,774	8,060
State transportation aid	234,432	0	234,432	226,782	(7,650)
State special ed.- block grant	342,248	0	342,248	342,248	0
State special ed.- intensive	1,106,951	0	1,106,951	1,116,338	9,387
State special ed.- extraordinary	97,317	0	97,317	86,194	(11,123)
State essential early education	103,104	0	103,104	103,104	0
State placed students	0	0	0	36,529	36,529
Medicaid IEP	101,990	0	101,990	103,805	1,815
IDEIA B grants	162,712	0	162,712	167,292	4,580
Title I grant	144,359	0	144,359	0	(144,359)
Total revenues	16,028,091	0	16,028,091	15,903,986	(124,105)
EXPENDITURES					
Current					
Instructional program	6,981,297	0	6,981,297	6,890,695	90,602
Kindergarten	5,108	2,102	7,210	17,543	(10,333)
Calliope	4,204	0	4,204	3,878	326
Discovery	4,204	0	4,204	3,627	577
Summit House	4,204	(1,006)	3,198	3,275	(77)
Swift	6,394	1,598	7,992	7,840	152
Phoenix	6,394	0	6,394	6,327	67
Verve	6,394	(6,394)	0	0	0
Meeting House	6,394	0	6,394	7,034	(640)
Vista	4,204	0	4,204	3,874	330
Lighthouse	4,204	0	4,204	4,760	(556)
Full House	6,394	1,598	7,992	8,019	(27)
Esprit	4,204	0	4,204	3,915	289
Pinnacle	4,204	2,102	6,306	6,069	237
Voyager	6,394	0	6,394	6,321	73
Fine arts	8,075	0	8,075	8,125	(50)
Language program	5,000	0	5,000	5,073	(73)
English language learners	80,576	0	80,576	105,772	(25,196)
Health/physical education	5,100	0	5,100	5,446	(346)
Living arts	4,500	0	4,500	3,780	720
Technology education	9,100	0	9,100	8,385	715
Music program	9,090	0	9,090	9,259	(169)
Enrichment program	7,083	0	7,083	6,452	631
Special education	2,721,299	0	2,721,299	2,826,523	(105,224)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE COMPARED TO BUDGET - GENERAL FUND

YEAR ENDED JUNE 30, 2009

	Original Budget	Adjustments	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES (Continued)					
Essential early education	555,777	0	555,777	520,608	35,169
Early dev learning partnership	39,919	0	39,919	39,919	0
Summer EYP	61,814	0	61,814	50,564	11,250
Summer EYP (EEE)	27,319	0	27,319	21,139	6,180
Title One program	144,631	0	144,631	0	144,631
Co-curricular activities	109,407	0	109,407	106,503	2,904
Direction center	502,920	0	502,920	489,652	13,268
Health services	153,167	0	153,167	123,163	30,004
Psychological services	98,194	0	98,194	98,194	0
Speech and language services	333,436	0	333,436	316,363	17,073
Educational media/library services	253,339	0	253,339	246,214	7,125
Board of Education services	46,416	0	46,416	97,817	(51,401)
Executive administration	291,207	0	291,207	291,207	0
Other support services	69,953	0	69,953	55,709	14,244
Office of the Principal	396,970	0	396,970	406,400	(9,430)
Other school administrative services	289,677	0	289,677	270,319	19,358
Fiscal services	171,390	0	171,390	163,399	7,991
Operations & maintenance of buildings and grounds	1,006,570	0	1,006,570	982,402	24,168
Pupil transportation services	407,161	0	407,161	425,444	(18,283)
Information services	398,612	0	398,612	398,549	63
Other support services	6,000	0	6,000	20,771	(14,771)
Other grants and programs	0	0	0	3,595	(3,595)
Professional development	0	0	0	23,637	(23,637)
Interest on short-term debt	110,000	0	110,000	41,070	68,930
Debt Service					
Principal	613,957	0	613,957	624,120	(10,163)
Interest	168,135	0	168,135	167,664	471
Capital Outlays	276,100	0	276,100	314,021	(37,921)
Total expenditures	<u>16,436,091</u>	<u>0</u>	<u>16,436,091</u>	<u>16,250,435</u>	<u>185,656</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(408,000)</u>	<u>0</u>	<u>(408,000)</u>	<u>(346,449)</u>	<u>61,551</u>
OTHER FINANCING SOURCES (USES)					
Bus note proceeds	187,000	0	187,000	180,502	(6,498)
Transfer - impact fees	96,000	0	96,000	96,000	0
Transfer to capital projects fund	0	0	0	(50,000)	(50,000)
Transfer to food service fund	(25,000)	0	(25,000)	(75,000)	(50,000)
Total other financing sources (uses)	<u>258,000</u>	<u>0</u>	<u>258,000</u>	<u>151,502</u>	<u>(106,498)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>\$ (150,000)</u>	<u>\$ 0</u>	<u>\$ (150,000)</u>	<u>(194,947)</u>	<u>\$ (44,947)</u>
FUND BALANCE - JULY 1, 2008				<u>515,943</u>	
FUND BALANCE - JUNE 30, 2009				<u>\$ 320,996</u>	

WILLISTON TOWN SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS

EXHIBIT H

JUNE 30, 2009

	Private Purpose Trust	Agency Funds
ASSETS		
Cash	\$ 620	\$ 31,555
Investments	5,102	0
Total assets	5,722	\$ 31,555
LIABILITIES		
Due to student groups	0	\$ 31,555
NET ASSETS		
Reserved for scholarships	\$ 5,722	

WILLISTON TOWN SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

EXHIBIT I

YEAR ENDED JUNE 30, 2009

	Private Purpose Trust
ADDITIONS	
Interest income	\$ 324
DEDUCTIONS	
Unrealized investment loss	488
Scholarships	400
Total deductions	888
CHANGE IN NET ASSETS	(564)
NET ASSETS - JULY 1, 2008	0
PRIOR PERIOD ADJUSTMENT	6,286
NET ASSETS - JULY 1, 2008 (RESTATED)	6,286
NET ASSETS - JUNE 30, 2009	\$ 5,722

WILLISTON TOWN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

Williston Town School District is organized, according to Vermont Education Laws, under the governance of the Board of School Directors to provide public education for the Town of Williston.

The Williston Town School District is governed by a five member elected Board. The Williston Town School District, for financial reporting purposes, consists only of the funds of the School District. The School District's elected Board of Directors has no financial accountability for any other governmental entity.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The School District's basic financial statements include the accounts of all School operations. The criteria for including organizations as component units within the School District's reporting entity are set forth in GASB 14 as amended by GASB 39, Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards.

Based on the aforementioned criteria, the School District has no component units.

Basic Financial Statements – Government-Wide Statements

The School District's basic financial statements include both government-wide (reporting the School District as a whole) and fund financial statements (reporting the School District's major funds). The government-wide financial statements categorize activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The government-wide Statement of Net Assets presents all the School District's activities on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The School District first utilizes restricted resources to finance qualifying activities for which both restricted and unrestricted resources are available.

The government-wide Statement of Activities reports both the gross and net cost of each of the School District's governmental functions. The functions are also supported by general government revenue (property taxes and other local revenue). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, consisting of operating grants and contributions. Program revenue must be directly associated with the governmental function (regular education, special education, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by governmental function) are normally covered by general revenue (Act 68 State aid, interest income, etc.).

WILLISTON TOWN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Basic Financial Statements – Fund Financial Statements

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

The emphasis in fund financial statements is on the major funds in either of the governmental category. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of either fund category or the governmental and enterprise combined) for the determination of major funds. The General Fund, Special Revenue Fund, and Capital Projects Fund are shown as major funds. The following funds are used by the School District:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the School District.

General Fund is the main operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund is used to account for the food service program.

Capital Projects Fund is used to account for the acquisition or construction of major capital facilities.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support School District programs. The reporting focus is on net assets and changes in net assets and is reported using accounting principles similar to proprietary funds.

The School District's fiduciary funds are presented in the fiduciary fund financial statements by type (agency and private purpose trust). Since by definition these assets are being held for the benefit of a third party (student groups and scholarships) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Basis of Accounting

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

WILLISTON TOWN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrual

Governmental activities in the government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenue is recognized when transactions occur and expenses are recognized when transactions are incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within six months after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget Adoption

The School District follows these procedures in establishing the budgetary data reflected in the basic financial statements:

The Superintendent's office prepares an operating budget in December for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures by line item and the means of financing them. The budget is approved at the annual school district meeting by the School District voters.

Budgetary integration is employed as a management control device during the year for the General Fund. From time to time during the year, transfers among budget line items are made in accordance with Board policy.

Inventories

Inventories consist of food and supplies for the Hot Lunch program. Quantities are determined by physical count. Inventory is stated at the lower of cost or market on the first-in first-out basis. Commodity inventory is valued using the U.S. Government commodity prices.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	20 – 100 years
Furniture and equipment	5 – 20 years
Buses and other vehicles	8 years

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*Accrued Compensated Absences*

Government-Wide Financial Statements – All vested or accumulated vacation leave is reported as a liability and an expense on the government-wide financial statements. Sick days are not accrued since they are not paid when the employee terminates employment.

Fund Financial Statements - Vested or accumulated vacation leave that has matured is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are not reported as a liability in the fund financial statements and no expenditure is reported for these accounts. Unused sick days may be accumulated to use in the following year, but sick days are not accrued since they are not paid when the employee terminates employment.

Net Assets

Net assets represent the difference between assets and liabilities in the statement of net assets. Net resources invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed by their use by the School District legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

Fund Equity

The fund equity in the fund financial statements is classified into the following categories:

Unreserved fund balances - Indicates the portion of fund equity that is available for appropriation and expenditure in future periods.

Reserved fund balances - Indicates the portion of fund equity that has been legally segregated for specific future uses or not available for appropriation.

Interfund Activities

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenue and expenditures. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund activities are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

WILLISTON TOWN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

NOTE 2 – DEPOSITS

The Treasurer invests excess cash according to policies established by the School Board.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the School District’s deposits may not be returned to it. As of June 30, 2009, the School District is not exposed to custodial credit risk.

The following is a breakdown of the School’s bank deposits at June 30, 2009.

Uninsured - Collateralized	<u>\$ 1,036,475</u>
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NOTE 3 – CAPITAL ASSETS

The summary of capital assets as of June 30, 2009 is as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Depreciation</u>	<u>Balance</u>
	<u>June 30, 2008</u>		<u>Deletions</u>		<u>June 30, 2009</u>
Land	\$ 320,945	\$ 0	\$ 0	\$ 0	\$ 320,945
Construction in progress	169,898	265,704	(333,775)	0	101,827
Building & improvements	12,048,316	0	333,775	0	12,382,091
Furniture and equipment	738,849	152,227	(24,474)	0	866,602
Buses and other vehicles	960,950	188,092	(21,837)	0	1,127,205
Accumulated depreciation	(5,262,394)	0	46,311	(431,465)	(5,647,548)
Total capital assets	<u>\$ 8,976,564</u>	<u>\$ 606,023</u>	<u>\$ 0</u>	<u>\$ (431,465)</u>	<u>\$ 9,151,122</u>

Depreciation was charged to building and grounds (\$247,519), Transportation (\$93,519), Regular instruction (\$79,631) and food services (\$10,796).

NOTE 4 – DEFERRED REVENUE

Deferred revenue on June 30, 2009 consisted of the following:

Prepaid student food accounts	\$ 14,348
Medicaid grant	<u>227,712</u>
Total deferred revenue	<u>\$ 242,060</u>

NOTE 5 – SHORT TERM DEBT

On July 1, 2008, the School District signed a tax anticipation note with Chittenden Bank for \$2,045,000 at 2.41% per annum. Principal of \$2,045,000 plus interest of \$41,070 was paid on May 1, 2009.

WILLISTON TOWN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

NOTE 6 – LONG-TERM LIABILITIES

Bonds and notes payable of the Williston Town School District at June 30, 2009 are as follows.

	Total Due	Due In One Year	Due After One Year
Vermont Municipal Bond Bank - Building additions, dated July 31, 1990, original amount \$6,720,000, interest payments (6.8% to 7.4%) due June 1 and December 1, principal payments of \$335,000 due each December 1st through 2010.	\$ 670,000	\$ 335,000	\$ 335,000
Vermont Municipal Bond Bank - Building improvement, dated August 2, 1995, original amount of \$2,340,000, interest payments (3.55% to 5.85%) due June 1 and December 1, principal payments of \$195,000 due each December 1st through 2015.	1,365,000	195,000	1,170,000
Vermont Municipal Bond Bank - Building improvement, dated July 22, 2008, original amount of \$480,000, interest payments (1.9% - 4.41%) due May 15 and November 15, principal payments of \$35,000 due each November 15 through 2014, and principal payments of \$30,000 due each November 15 from 2015 to 2023.	480,000	35,000	445,000
Citizens Bank - Bus note payable, 2.88%, dated July 1, 2008, principal of \$36,100 plus interest due annually until July 1, 2013.	180,502	36,100	144,402
Chittenden Bank - Bus note payable, 2.75%, dated August 22, 2008, entire principal payment plus interest due August 21, 2009. Paid off \$16,316 on August 21, 2009 and expect to pay \$16,316 per year plus interest until paid.	32,631	16,316	16,315
Chittenden Bank - Bus note payable, 2.65%, dated August 7, 2008, entire principal plus interest due August 6, 2009. Paid off \$15,504 on August 6, 2009.	15,504	15,504	0
TD Banknorth, N.A. - Bus note payable, 4.19%, dated July 26, 2006, principal of \$16,400 plus interest due annually until July 25, 2011.	49,200	16,400	32,800
Citizens Bank - Bus note payable, 4.22%, dated July 2, 2007, principal of \$17,900 plus interest due annually until July 2, 2012.	71,600	17,900	53,700
Total long-term bonds and notes payable	<u>\$ 2,864,437</u>	<u>\$ 667,220</u>	<u>\$ 2,197,217</u>

WILLISTON TOWN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

NOTE 6 – LONG-TERM LIABILITIES (Continued)

Principal payments on long-term bonds and notes payable indebtedness are due as follows:

	Principal	Interest	Total
2010	\$ 667,220	\$ 136,674	\$ 803,894
2011	651,716	98,458	750,174
2012	300,400	71,754	372,154
2013	284,000	56,764	340,764
2014	266,101	42,399	308,500
2015 - 2019	695,000	85,754	780,754
	<u>\$ 2,864,437</u>	<u>\$ 491,803</u>	<u>\$ 3,356,240</u>

Interest paid on long-term bonds and notes payable for the year ended June 30, 2009 was \$167,664.

The following is a summary of the changes in long-term bonds and notes:

Balance - June 30, 2008	\$ 2,828,055
Loan proceeds	660,502
Principal payments	<u>(624,120)</u>
Balance - June 30, 2009	<u>\$ 2,864,437</u>

Accrued Compensated Absences

The following is a summary of the changes in accrued compensated absences:

	Accrued Absences
Balance - June 30, 2008	\$ 30,828
Increases	10,662
Decreases	<u>(3,931)</u>
Balance - June 30, 2009	37,559
Due within one year	0
Due after one year	<u>\$ 37,559</u>

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

The School District has combined some of the cash resources of its governmental funds for accounting and reporting purposes. That portion of the pooled cash balance is reported in the specific fund as an interfund balance.

WILLISTON TOWN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES (Continued)

Interfund balances at June 30, 2009 are as follows:

	<u>Interfund Payable</u>	<u>Interfund Receivable</u>
Major Funds		
General Fund	\$ 0	\$ 78,579
Food Service Fund	72,073	0
Capital Projects Fund	6,506	0
	<u>\$ 78,579</u>	<u>\$ 78,579</u>

NOTE 8 - FUND DEFICIT

The Governmental Fund Balance Sheet reflects that the Food Service Fund had a deficit as of June 30, 2009. The deficit is expected to be eliminated during the next year.

NOTE 9 – DESIGNATED FUND BALANCE

The Capital Projects Fund unreserved fund balances includes a board designated fund balance of \$50,000 for specific projects expected to be started and completed during the summer of 2009.

NOTE 10 - INTERFUND TRANSFERS

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds. Interfund transfers for the year ended June 30, 2009 consisted of: 1) a budgeted transfer from the Capital Projects Fund funded by impact fees to the General Fund in the amount of \$96,000 to pay for debt service related to prior construction projects, 2) a transfer from the General Fund to the Food Services Fund in the amount of \$75,000 approved by the Board to help cover the operating deficit in the Food Service Fund and 3) a transfer from the General Fund to the Capital Projects Fund approved by the Board for various construction projects.

NOTE 11 – ASSESSMENTS

Supervisory Union Assessment

The School District is billed for its appropriate share of costs relating to the Chittenden South Supervisory Union. The School District paid \$1,608,306 of such expenses during the year ended June 30, 2009.

WILLISTON TOWN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

NOTE 12 - DEFINED BENEFIT PENSION PLANS

Vermont State Teachers' Retirement System

The teachers and other teacher-certified employees in the School District are covered by the Vermont State Teachers' Retirement System, which is a single employer public employees' retirement system. 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.

The contribution amount made by the State on behalf of the participants in the Vermont State Teachers' Retirement System is approximately \$519,000. The amount is estimated based on prior year's contribution percentage. Teachers become members of the retirement system upon employment. All teachers in this School District are Group C members and are required to contribute at a rate of 3.54% of earnable compensation. Vesting occurs upon reaching five years of creditable service. Of the School District's total payroll of \$9,505,962, \$7,043,802 was covered under the Vermont State Teachers' Retirement System.

The State of Vermont issues an audited Financial Report that includes financial statements and required disclosures. This report may be obtained by writing the State Auditor of Accounts, 132 State Street, Montpelier, VT 05602.

Vermont Municipal Employees' Retirement System

All other full-time employees who are not eligible to participate in the Vermont State Teachers' Retirement System are eligible for coverage by the Vermont Municipal Employees' Retirement System. The Vermont Municipal Employees' Retirement System is a cost sharing multiple-employer public employees' retirement system. Vermont State statutes provide the authority under which benefit provisions and the obligation to contribute are established. The School District and employees make required contributions to the System based upon a valuation report prepared by the System's actuary.

The School District participates in the Group A level of contributions and benefits of the System. Under Group A, the employee contributions are 2.5% of gross pay and employer contributions are 4.0% of gross pay. Of the School District's total payroll of \$9,509,962, \$1,961,186 was covered under the Vermont Municipal Employees' Retirement System. Total employer contributions made to the System for years ended June 30, 2009, 2008, and 2007 were \$78,477, \$71,209, and \$67,624, respectively.

The State of Vermont issues an audited Financial Report that includes financial statements and required disclosures. This report may be obtained by writing the State Auditor of Accounts, 132 State Street, Montpelier, VT 05602.

WILLISTON TOWN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

NOTE 13 – LEASES

The School District is obligated under certain leases accounted for as operating leases. The following is a schedule by years of future minimum rental payments required under operating leases that have initial or noncancelable lease terms in excess of one year as of June 30, 2009. The lease expense for fiscal year 2009 was \$22,519.

Fiscal year 2010	\$	21,373
Fiscal year 2011		17,290
Fiscal year 2012		<u>852</u>
Total	\$	<u>39,515</u>

NOTE 14 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The School District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the School District. Settled claims have not exceeded this commercial coverage in any of the past three (3) fiscal years.

In addition, Williston Town School District is a member of Vermont School Boards Association Insurance Trust, Inc. (VSBIT) Medical Benefits Program. VSBIT is a nonprofit corporation formed in 1978 to provide insurance and risk management programs for Vermont school districts and is owned by the participating school districts.

To provide health insurance coverage, VSBIT has established a self-funded fully insured program in conjunction with Blue Cross and Blue Shield. 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.

Effective January 1, 2009, the schools of Chittenden South Supervisory Union created a self funded dental plan that is managed by the third party administrator EBPA. The self funded dental plan provides coverage to the employees who are not part of the teacher bargaining unit.

NOTE 15 – CONTINGENCIES

The School District participates in a number of federally-assisted and State grant programs which are subject to audits by the grantors or their representatives. The audits of these programs for or including the year ended June 30, 2009 have not yet been reviewed by the grantor agencies. Accordingly, compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial.

WILLISTON TOWN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

NOTE 16 - RECONCILIATION OF EXHIBIT E TO EXHIBIT G

Amounts recorded in the Statement of Revenues, Expenditures and Changes in Fund Balance Compared to Budget – General Fund (Exhibit G) are reported on the basis budgeted by the School District. Amounts recorded in the Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit E) for the General Fund were adjusted for on behalf payments of fringe benefits (see Note 12) as follows:

	<u>Revenues</u>	<u>Expenditures</u>
Exhibit E	\$ 16,422,986	\$ 16,769,435
On behalf fringe benefits	<u>(519,000)</u>	<u>(519,000)</u>
Exhibit G	<u>\$ 15,903,986</u>	<u>\$ 16,250,435</u>

NOTE 17 – BUDGETARY COMPARISON SCHEDULES

The School District is not legally required to adopt budgets for the Food Service and Capital Projects Funds. Therefore, a budgetary comparison is not presented for these funds.

NOTE 18 – CONCENTRATION OF REVENUE

The School District receives approximately 73% of its revenue from Act 68 State Aid. The amount of Act 68 State Aid received by the School District is equal to the budgeted expenditures approved by the voters less expected other revenues for the year. Act 68 State Aid is funded with statewide property taxes. The State determines a different education property tax rate for homestead and non-homestead properties based on statewide information. The tax rate on homesteads in Williston is adjusted based on the amount of Act 68 State Aid in relation to the number of students in Williston. The tax rate for non-homestead property in Williston is not impacted by the amount of Williston’s Act 68 State Aid. The State uses a common level of appraisal to equalize property values between communities. In addition to Act 68 State Aid, the School District receives grants from the State of Vermont for special education, transportation and other programs.

NOTE 19 - RESTATEMENT OF PRIOR FIDUCIARY NET ASSETS

The fiduciary net assets as of June 30, 2008 were restated to include a private purpose trust fund that was not included in the prior year audit. The net asset balance of this fund as of June 30, 2008 was \$6,286.

NOTE 20 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 22, 2009.

On July 1, 2009, the School District signed a tax anticipation note with Chittenden Bank for \$1,843,000 at 1.69% per annum with principal and interest due May 7, 2010.

On July 1, 2009, the School District signed a capital improvement note with Chittenden Bank for \$94,117 at 3.1% per annum with principal of \$18,823 and interest due annually until July 1, 2014.

On August 21, 2009, the School District signed a capital equipment refunding note with Chittenden Bank for \$16,316 at 2.75% per annum with principal and interest due August 20, 2010. This note is issued to refund a borrowing originally issued for \$81,579 on August 25, 2005.

FOTHERGILL SEGALE & VALLEY

Certified Public Accountants



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

October 22, 2009

To the Board of School Directors
Williston Town School District
Williston, Vermont

We have audited the financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of the Williston Town School District, as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 22, 2009. 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 the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School District's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the School Board, management, others within the entity, and 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.

Respectfully submitted,

Fothergill Segale & Valley, CPAs

FOTHERGILL SEGALE & VALLEY, CPAs
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