

Federal Compliance Audit

Chittenden South Supervisory Union

June 30, 2014



Proven Expertise and Integrity

CHITTENDEN SOUTH SUPERVISORY UNION

CONTENTS

JUNE 30, 2014

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 10
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	11
STATEMENT B - STATEMENT OF ACTIVITIES	12 - 13
<u>FUND FINANCIAL STATEMENTS</u>	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	14
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	15
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	16
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	17
STATEMENT G - BALANCE SHEET – PROPRIETARY FUNDS	18
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS	19
STATEMENT I - STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	20
NOTES TO FINANCIAL STATEMENTS	21 - 35
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	36

SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS - BUDGET AND ACTUAL – GENERAL FUND	37
---	----

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	38
---	----

SCHEDULE A - SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND	39
---	----

FEDERAL COMPLIANCE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	40
--	----

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	41
---	----

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	42 - 43
---	---------

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133	44 - 46
--	---------

SCHEDULE OF FINDINGS AND QUESTIONED COSTS	47
---	----



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT

Board of Directors
Chittenden South Supervisory Union
Shelburne, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Chittenden South Supervisory Union as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Union's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Chittenden South Supervisory Union as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 10 and 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Chittenden South Supervisory Union's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2014 on our consideration of Chittenden South 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 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* in considering Chittenden South Supervisory Union's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
August 22, 2014

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

(UNAUDITED)

The following management's discussion and analysis of the Chittenden South Supervisory Union's financial performance provides an overview of the Supervisory Union's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the Supervisory Union's financial statements.

Financial Statement Overview

The Supervisory Union's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Supervisory Union's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Supervisory Union's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position – this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities – this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above mentioned financial statements have separate columns for the two different types of Union activities. The types of activities presented for the Supervisory Union are:

- *Governmental activities* – The activities in this section are mostly supported by intergovernmental revenues (federal and state grants). Most of the Supervisory Union's basic services are reported in executive administrative services, human resources, fiscal services, shared student services, community skills program, technology program, student services administration, food services, transportation services, and other unclassified services.
- *Business-type activities* – These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Supervisory Union include the after school program.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Supervisory Union, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Supervisory Union can be classified into two categories: governmental funds and business-type funds.

Governmental funds: All of the basic services provided by the Supervisory Union are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Supervisory Union's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Supervisory Union.

Because the focus of governmental funds is narrower than that of 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 fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Supervisory Union presents two columns in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Supervisory Union's two major funds are the general fund and the special revenue funds. There are no nonmajor funds.

The general fund is the only fund for which the Supervisory Union legally adopted a budget. The Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Proprietary Funds: The Supervisory Union maintains one proprietary fund, the after school program. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

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 the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Fiduciary Net Position.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining schedules provide information in regards to other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Union's governmental activities. The Union's total net position for governmental activities increased by \$90,859 from \$244,413 to \$335,272. The Union's total net position for business-type activities increased to \$69,666 in its first year of operations.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased for governmental activities to a balance of \$279,447 at the end of this year. Unrestricted net position for business-type activities increased to a balance of \$69,666.

Table 1
Chittenden South Supervisory Union
Net Position
June 30,

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Assets:				
Current and Other Assets	\$ 1,102,913	\$ 832,166	\$ 112,425	\$ -
Capital Assets	55,825	164,940	-	-
Total Assets	<u>\$ 1,158,738</u>	<u>\$ 997,106</u>	<u>\$ 112,425</u>	<u>\$ -</u>
Liabilities:				
Current Liabilities	\$ 642,033	\$ 590,464	\$ 42,759	\$ -
Long-term Debt Outstanding	181,433	162,229	-	-
Total Liabilities	<u>\$ 823,466</u>	<u>\$ 752,693</u>	<u>\$ 42,759</u>	<u>\$ -</u>
Net Position:				
Invested in Capital Assets, Net of Related Debt	\$ 55,825	\$ 164,940	\$ -	\$ -
Unrestricted	279,447	79,473	69,666	-
Total Net Position	<u>\$ 335,272</u>	<u>\$ 244,413</u>	<u>\$ 69,666</u>	<u>\$ -</u>

Revenues and Expenses

Revenues for the Chittenden South Supervisory Union's governmental activities increased by 6.52%, while total expenses increased by 4.18%. Most of the Union's revenues were consistent with the previous year with minor increases or decreases. The biggest increase in expenses was in program expenses.

Revenues and expenses for the business-type activities don't have figures for the prior year to compare with as it is the first year of its operations.

Table 2
Chittenden South Supervisory Union
Changes in Net Position
For the Years Ended June 30,

	Governmental Activities		Business-type Activities	
	2014	2013	2014	2013
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 228,989	\$ 258,991	\$ 817,483	\$ -
Operating grants and contributions	2,754,747	2,814,865	-	-
<i>General Revenues:</i>				
Assessments	7,048,671	6,412,148	-	-
Miscellaneous	79,053	6,367	-	-
Total Revenues	10,111,460	9,492,371	817,483	-
Expenses				
Executive administrative services	1,042,723	958,727	-	-
Human resources	406,822	372,912	-	-
Fiscal services	490,125	478,807	-	-
Shared student services	1,054,957	994,064	-	-
Early education programs	189,710	176,699	-	-
Technology program	819,928	771,973	-	-
Student services administration	44,732	42,507	-	-
Food services	991,643	1,303,397	-	-
Transportation services	1,737,054	1,707,882	-	-
Program expenses	3,060,373	2,677,962	747,817	-
Capital outlay	28,562	-	-	-
On-behalf payments	153,972	134,000	-	-
Total Expenses	10,020,601	9,618,930	747,817	-
Change in Net Position	90,859	(126,559)	69,666	-
Net Position - July 1	244,413	370,972	-	-
Net Position - June 30	\$ 335,272	\$ 244,413	\$ 69,666	\$ -

Financial Analysis of the Supervisory Union's Fund Statements

Governmental funds: The financial reporting focus of the Supervisory Union's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the Supervisory Union's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year, and the net resources available for spending.

Table 3
Chittenden South Supervisory Union
Fund Balances - Governmental Funds
June 30,

	<u>2014</u>	<u>2013</u>
Major Funds:		
General Fund:		
Nonspendable	\$ 58,386	\$ 54,779
Committed	60,000	60,000
Assigned	-	100,000
Unassigned	<u>343,328</u>	<u>43,183</u>
Total General Fund	<u>\$ 461,714</u>	<u>\$ 257,962</u>
Special Revenue Fund:		
Unassigned	<u>\$ (834)</u>	<u>\$ (16,260)</u>
Total Special Revenue Fund	<u>\$ (834)</u>	<u>\$ (16,260)</u>

The general fund total fund balance increased by \$203,752 from the prior fiscal year. Total special revenue fund total fund balances increased by \$15,426 from the prior fiscal year.

Proprietary funds: The Supervisory Union's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The after school program had a change in net position of \$69,666 for the year ended June 30, 2014.

Budgetary Highlights

There was no significant difference between the original and final budget for the general fund.

The general fund actual revenues were under budgeted revenues by \$224,861 primarily due to intergovernmental revenues and interest income that was under-received.

The general fund actual expenditures were under the budget by \$488,613. All expenditure categories were underspent with the exception of executive administrative services, technology program and capital outlay.

Capital Asset and Long-Term Debt Activity

Capital Assets

As of June 30, 2014, the Supervisory Union fixed assets decreased by \$109,115. This decrease was due to current year depreciation.

Table 4
Chittenden South Supervisory Union
Capital Assets (Net of Depreciation)
June 30,

	<u>2014</u>	<u>2013</u>
Equipment	\$ 55,825	\$ 164,940
Total	<u>\$ 55,825</u>	<u>\$ 164,940</u>

Debt

At June 30, 2014, the Supervisory Union had \$181,433 in accrued compensated absences versus \$162,229 in the prior fiscal year.

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

The 2014-2015 budget could be severely impacted by the reduction of funding from the State.

Contacting the Supervisory Union's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Supervisory Union's finances and to show the Supervisory Union's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Supervisory Union at 5420 Shelburne Road, Suite 300, Shelburne, Vermont 05482.

CHITTENDEN SOUTH SUPERVISORY UNION

STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 953,924	\$ -	\$ 953,924
Accounts receivable (net of allowance for uncollectibles)	87,449	27,557	115,006
Due from other governments	80,764	7,258	88,022
Inventory	55,524	-	55,524
Prepaid items	2,862	-	2,862
Interfund balances	(77,610)	77,610	-
Total current assets	<u>1,102,913</u>	<u>112,425</u>	<u>1,215,338</u>
Non-current assets:			
Buildings, building improvements and other assets net of accumulated depreciation	<u>55,825</u>	<u>-</u>	<u>55,825</u>
Total non-current assets	<u>55,825</u>	<u>-</u>	<u>55,825</u>
TOTAL ASSETS	<u><u>\$ 1,158,738</u></u>	<u><u>\$ 112,425</u></u>	<u><u>\$ 1,271,163</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 20,074	\$ 2,040	\$ 22,114
Accrued expenses	175,966	3,952	179,918
Due to other governments	73,539	-	73,539
Deferred revenue	372,454	36,767	409,221
Total current liabilities	<u>642,033</u>	<u>42,759</u>	<u>684,792</u>
Non-current liabilities:			
Accrued compensated absences	<u>181,433</u>	<u>-</u>	<u>181,433</u>
Total non-current liabilities	<u>181,433</u>	<u>-</u>	<u>181,433</u>
TOTAL LIABILITIES	<u>823,466</u>	<u>42,759</u>	<u>866,225</u>
NET POSITION			
Invested in capital assets, net of related debt	55,825	-	55,825
Unrestricted	<u>279,447</u>	<u>69,666</u>	<u>349,113</u>
TOTAL NET POSITION	<u>335,272</u>	<u>69,666</u>	<u>404,938</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 1,158,738</u></u>	<u><u>\$ 112,425</u></u>	<u><u>\$ 1,271,163</u></u>

See accompanying independent auditors' report and notes to financial statements.

CHITTENDEN SOUTH SUPERVISORY UNION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
Executive administrative services	\$ 1,042,723	\$ -	\$ -	\$ -	\$ (1,042,723)	\$ -	\$ (1,042,723)
Human resources	406,822	-	-	-	(406,822)	-	(406,822)
Fiscal services	490,125	-	-	-	(490,125)	-	(490,125)
Shared student services	1,054,957	-	-	-	(1,054,957)	-	(1,054,957)
Early education programs	189,710	-	55,500	-	(134,210)	-	(134,210)
Technology program	819,928	-	-	-	(819,928)	-	(819,928)
Student services administration	44,732	-	-	-	(44,732)	-	(44,732)
Food services	991,643	-	-	-	(991,643)	-	(991,643)
Transportation services	1,737,054	-	-	-	(1,737,054)	-	(1,737,054)
On-behalf payments	153,972	-	153,972	-	-	-	-
Program expenses	3,060,373	228,989	2,545,275	-	(286,109)	-	(286,109)
Capital outlay	28,562	-	-	-	(28,562)	-	(28,562)
Total governmental activities	10,020,601	228,989	2,754,747	-	(7,036,865)	-	(7,036,865)
Business-type activities:							
After school program	747,817	817,483	-	-	-	69,666	69,666
Total business-type activities	747,817	817,483	-	-	-	69,666	69,666
Total government	\$ 747,817	\$ 817,483	\$ -	\$ -	(7,036,865)	69,666	(6,967,199)

STATEMENT B (CONTINUED)
CHITTENDEN SOUTH SUPERVISORY UNION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	(7,036,865)	69,666	(6,967,199)
General revenues:			
Grants and contributions not restricted to specific programs	7,048,671	-	7,048,671
Miscellaneous	79,053	-	79,053
Total general revenues	7,127,724	-	7,127,724
Change in net position	90,859	69,666	160,525
NET POSITION - JULY 1	244,413	-	244,413
NET POSITION - JUNE 30	\$ 335,272	\$ 69,666	\$ 404,938

See accompanying independent auditors' report and notes to financial statements.

CHITTENDEN SOUTH SUPERVISORY UNION

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2014

	General Fund	Special Revenue Fund	Totals Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 953,924	\$ -	\$ 953,924
Accounts receivable (net of allowance for uncollectibles)	82,999	4,450	87,449
Due from other governments	22,156	58,608	80,764
Inventory	55,524	-	55,524
Prepaid items	2,862	-	2,862
Due from other funds	-	361,226	361,226
TOTAL ASSETS	<u><u>\$ 1,117,465</u></u>	<u><u>\$ 424,284</u></u>	<u><u>\$ 1,541,749</u></u>
LIABILITIES			
Accounts payable	\$ 16,098	\$ 3,976	\$ 20,074
Accrued expenses	173,320	2,646	175,966
Due to other governments	27,497	46,042	73,539
Deferred revenue	-	372,454	372,454
Due to other funds	438,836	-	438,836
TOTAL LIABILITIES	<u><u>655,751</u></u>	<u><u>425,118</u></u>	<u><u>1,080,869</u></u>
FUND BALANCES			
Nonspendable	58,386	-	58,386
Committed	60,000	-	60,000
Unassigned	343,328	(834)	342,494
TOTAL FUND BALANCES	<u><u>461,714</u></u>	<u><u>(834)</u></u>	<u><u>460,880</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 1,117,465</u></u>	<u><u>\$ 424,284</u></u>	<u><u>\$ 1,541,749</u></u>

See accompanying independent auditors' report and notes to financial statements.

CHITTENDEN SOUTH SUPERVISORY UNION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 460,880
Amounts reported for governmental activities in the Statement of Net Activities are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	55,825
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	<u>(181,433)</u>
Net position of governmental activities	<u><u>\$ 335,272</u></u>

See accompanying independent auditors' report and notes to financial statements.

CHITTENDEN SOUTH SUPERVISORY UNION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Special Revenue Fund	Totals Governmental Funds
REVENUES			
Intergovernmental revenues	\$ 7,258,143	\$ 2,545,275	\$ 9,803,418
Charges for services	-	228,989	228,989
Interest income	4,447	-	4,447
Miscellaneous revenues	898	73,708	74,606
TOTAL REVENUES	7,263,488	2,847,972	10,111,460
EXPENDITURES			
Current:			
Executive administrative services	914,404	-	914,404
Human resources	406,822	-	406,822
Fiscal services	490,125	-	490,125
Shared student services	1,054,957	-	1,054,957
Early education programs	189,710	-	189,710
Technology program	819,928	-	819,928
Student services administration	44,732	-	44,732
Food services	991,643	-	991,643
Transportation services	1,737,054	-	1,737,054
On-behalf payments	153,972	-	153,972
Program expenses	-	3,060,373	3,060,373
Capital outlay	28,562	-	28,562
TOTAL EXPENDITURES	6,831,909	3,060,373	9,892,282
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	431,579	(212,401)	219,178
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	227,827	227,827
Operating transfers (out)	(227,827)	-	(227,827)
TOTAL OTHER FINANCING SOURCES (USES)	(227,827)	227,827	-
NET CHANGE IN FUND BALANCES	203,752	15,426	219,178
FUND BALANCES - JULY 1	257,962	(16,260)	241,702
FUND BALANCES - JUNE 30	\$ 461,714	\$ (834)	\$ 460,880

See accompanying independent auditors' report and notes to financial statements.

CHITTENDEN SOUTH 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, 2014

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 219,178</u>
<p>Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:</p>	
Capital asset purchases capitalized	-
Capital assets disposed	-
Depreciation expense	<u>(109,115)</u>
	<u>(109,115)</u>
Accrued compensated absences payable is not recognized as an expense in governmental funds since it is not due and payable with current financial resources.	<u>(19,204)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 90,859</u></u>

See accompanying independent auditors' report and notes to financial statements.

CHITTENDEN SOUTH SUPERVISORY UNION

STATEMENT G

BALANCE SHEET – PROPRIETARY FUNDS
JUNE 30, 2014

	Enterprise Fund <u>After School Program</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ -
Accounts receivable (net of allowance for uncollectibles)	27,557
Due from other governments	7,258
Due from other funds	<u>77,610</u>
Total current assets	<u>112,425</u>
TOTAL ASSETS	<u><u>\$ 112,425</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 2,040
Accrued expenses	3,952
Deferred revenue	<u>36,767</u>
Total current liabilities	<u>42,759</u>
TOTAL LIABILITIES	<u>42,759</u>
NET POSITION	
Unrestricted	<u>69,666</u>
TOTAL NET POSITION	<u>69,666</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 112,425</u></u>

See accompanying independent auditors' report and notes to financial statements.

CHITTENDEN SOUTH SUPERVISORY UNION

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Enterprise Fund <u>After School Program</u>
OPERATING REVENUES	
Charges for services	\$ 817,483
TOTAL OPERATING REVENUES	<u>817,483</u>
OPERATING EXPENSES	
Wages and benefits	456,546
Professional development	13,481
Rent	170,000
Field trips	20,828
Supplies	26,246
Snack/food purchases	18,097
Equipment	15,729
Miscellaneous expenses	26,890
TOTAL OPERATING EXPENSES	<u>747,817</u>
OPERATING INCOME	<u>69,666</u>
OTHER FINANCING SOURCES (USES)	
Interest income	-
Interest expense	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>
NET INCOME	69,666
NET POSITION - JULY 1	<u>-</u>
NET POSITION - JUNE 30	<u>\$ 69,666</u>

See accompanying independent auditors' report and notes to financial statements.

CHITTENDEN SOUTH SUPERVISORY UNION

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Enterprise Fund After School Program
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 782,668
Interfund activity	(77,610)
Payments to employees	(456,546)
Payments to suppliers	(248,512)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>-</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS - JULY 1	<u>-</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u><u>\$ -</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 69,666
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivables	(27,557)
(Increase) decrease in due from other governments	(7,258)
(Increase) decrease in due from other funds	(77,610)
Increase (decrease) in accounts payable	2,040
Increase (decrease) in accrued expenses	3,952
Increase (decrease) in deferred revenue	36,767
	<u><u>\$ -</u></u>

See accompanying independent auditors' report and notes to financial statements.

CHITTENDEN SOUTH SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Supervisory Union operated under the authority of the Vermont education laws. The Supervisory Union provides services to Champlain Valley Union High School, Charlotte School District, Hinesburg School District, Shelburne School District, Williston School District and St. George School District.

The Supervisory Union's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Supervisory Union's combined financial statements include all accounts and all operations of the Supervisory Union. We have determined that the Supervisory Union has no component units as described in GASB Statement No. 14 and amended by GASB Statement No. 39.

Government-Wide and Fund Financial Statements

The Supervisory Union's basic financial statements include both government-wide (reporting the Supervisory Union as a whole) and fund financial statements (reporting the Supervisory Union's major funds).

Both the government-wide and fund financial statements categorize primary activities as governmental. The Supervisory Union's after school program is categorized as a business-type activity. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Supervisory Union's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Supervisory Union first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Supervisory Union's functions (instruction, administration, etc.). The functions are also supported by general government revenues (support from the Supervisory Union, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Operating grants include operating-specific and

CHITTENDEN SOUTH SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (assessments, certain intergovernmental revenues and interest income, etc.).

The Supervisory Union does not allocate indirect costs. All costs are charged directly to the corresponding departments.

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

The following fund types are used by the Supervisory Union:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of 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 Supervisory Union:

- a. The General Fund is the general operating fund of the Supervisory Union. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

CHITTENDEN SOUTH SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Non-operating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Supervisory Union:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in the governmental activity category. Non-major funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

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

CHITTENDEN SOUTH SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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

The Supervisory Union's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

In accordance with Governmental Accounting Standards Board Statement No. 24, *Accounting and Reporting for Certain Grants and Other Financial Assistance*, payments made by the State of Vermont to the Vermont State Retirement System for teachers and certain other school employees are reported as offsetting revenues and expenditures of the general fund.

Revenues per budgetary basis	\$7,109,516
Add: On-behalf payments	<u>153,972</u>
Total GAAP basis	<u>\$7,263,488</u>
Expenditures per budgetary basis	\$6,905,764
Add: On-behalf basis	<u>153,972</u>
Total GAAP basis	<u>\$7,059,736</u>

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. The Supervisory Union board approves a preliminary budget by early January for the following fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. The preliminary budget which includes the Special Revenue Fund is shared with the communities in the School Report.

CHITTENDEN SOUTH SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. After the member school budgets are approved by the residents of the member schools districts, a final budget is approved by the Supervisory Union board.
4. The Supervisory Union is not legally required to adopt a budget for the Special Revenue Fund.

Deposits and Investments

The Union's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Union's policy to value investments at fair value. None of the Union's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be a cash equivalent. The Union Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities.
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations, and credit unions.
- Repurchase agreements
- Money market mutual funds

The Chittenden South Supervisory Union has no formal investment policy but instead follows the State of Vermont Statutes.

Inventories

The general fund inventory consists of various bus parts at the end of the year, valued at cost. The cost value is determined using the first-in, first-out (FIFO) method.

Interfund Receivables and Payables

Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances". Interfund balances and transactions have been eliminated in the government-wide financial statements.

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

CHITTENDEN SOUTH SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2014.

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 market 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 estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Estimated useful lives are as follows:

Buildings	20 - 50 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

Long-term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

CHITTENDEN SOUTH SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Union or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Union is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted – This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Supervisory Union. The inhabitants of the Supervisory Union through School Board meetings are the highest level of decision-making authority of the Union. Commitments may be established, modified, or rescinded only through a Union meeting vote.

Assigned – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the School Board.

CHITTENDEN SOUTH SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unassigned – This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Union considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Union considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the School Board meeting vote has provided otherwise in its commitment or assignment actions.

The Union has adopted a set of financial policies to guide the financial operation of the Union. Included in the policies will be guidelines for accumulating and maintaining an operating position in certain budgeted governmental funds such that annual expenditures shall not exceed annual resources, including fund balances. Other funds shall be fully self-supporting to the extent that the fund balance or retained earnings of each fund shall be zero or greater.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (grant income/expenses).

Operating/Non-operating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Supervisory Union uses encumbrance accounting for its general fund.

CHITTENDEN SOUTH SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

During the preparation of the Supervisory Union's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits:

The Supervisory Union's investment policies, which follow state statutes, authorize the Supervisory Union to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These investment policies apply to all Supervisory Union funds.

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Supervisory Union will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Supervisory Union does not have a policy covering custodial credit risk.

At June 30, 2014, the Supervisory Union's cash balance of \$953,924 was comprised of bank deposits of \$1,004,727. Of these bank deposits, \$250,000 were fully insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$754,727 were collateralized.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	<u>\$ 1,004,727</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Union will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Union does not have a policy for custodial credit risk for investments.

CHITTENDEN SOUTH SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2014, the Union did not have any investments.

Credit risk – Statutes for the State of Vermont authorize the Union to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Union does not have an investment policy on credit risk. Generally, the Union invests excess funds in savings accounts and various insured certificates of deposit.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Union does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

	Receivables (Due from)	Payables (Due to)
General Fund	\$ -	\$ 438,836
Special Revenue Funds	361,226	-
Enterprise Funds	77,610	-
	<u>\$ 438,836</u>	<u>\$ 438,836</u>

NOTE 4 - CAPITAL ASSETS

	Balance, 7/1/13	Additions	Disposals	Balance, 6/30/14
Depreciated assets:				
Equipment	\$ 499,651	\$ -	\$ -	\$ 499,651
	499,651	-	-	499,651
Less: accumulated depreciation	(334,711)	(109,115)	-	(443,826)
Net governmental capital assets	<u>\$ 164,940</u>	<u>\$ (109,115)</u>	<u>\$ -</u>	<u>\$ 55,825</u>
<u>Depreciation expense:</u>				
Executive administrative services				\$ 109,115
Total depreciation expense				<u>\$ 109,115</u>

CHITTENDEN SOUTH SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 - LONG TERM DEBT

A summary of long-term debt is as follows:

	Balance, 7/1/13	Additions	Deletions	Balance, 6/30/14
Accrued compensated absences	<u>\$ 162,229</u>	<u>\$ 19,204</u>	<u>\$ -</u>	<u>\$ 181,433</u>

NOTE 6 - OPERATING LEASES

A summary of the outstanding operating lease payable is as follows:

The Union leases its central office facilities from under a non-cancelable lease agreement. The term of the lease is for four years ending on June 30, 2016. Annual payments are \$64,000 for the years ended June 30, 2015 and 2016. Lease expense for the year ended June 30, 2014 was \$64,000.

NOTE 7 - NONSPENDABLE FUND BALANCES

At June 30, 2014, the Union had the following nonspendable fund balances:

General fund:	
Inventory	\$ 55,524
Prepaid items	<u>2,862</u>
	<u>\$ 58,386</u>

NOTE 8 - COMMITTED FUND BALANCES

At June 30, 2014, the Union had the following committed fund balances:

General fund:	
Compensated absences	\$ 60,000
	<u>\$ 60,000</u>

CHITTENDEN SOUTH SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9 - OVERSPENT APPROPRIATIONS

At June 30, 2014, the Union had the following overspent appropriations:

Executive administrative services	\$	3,372
Technology program		15,443
Capital outlay		9,562
	\$	<u>28,377</u>

NOTE 10 - DEFICIT FUND BALANCES

At June 30, 2014, the Union had the following deficit fund balance:

Special revenue funds	\$	<u>834</u>
-----------------------	----	------------

NOTE 11 - DEFINED BENEFIT PENSION PLAN

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

A. Plan Description

All of the teachers employed by Union participate in the Vermont State Teachers' Retirement System ("VSTRS"), a cost-sharing multiple-employer defined benefit pension plan covering all teachers in local Supervisory Unions within the State of Vermont. The VSTRS provides retirement, and disability benefits, annual cost-of-living adjustments, health care and death benefits to plan members and beneficiaries. Vermont Statutes Title 16, Chapter 55 assigns the authority to establish and amend benefit provisions to the VSTRS Board of Trustees. The Vermont State Treasurer's Office issues a publicly available financial report that includes financial statements and required supplementary information for the VSTRS. That report may be obtained by writing to State of Vermont, Office of the State Treasurer, 109 State Street FL 4, Montpelier, VT 05609-6200 or by calling (802) 828-2301.

B. Funding Policy

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

CHITTENDEN SOUTH SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

contributions on behalf of the Union's employees included in the teacher's retirement plan which approximates \$153,972 of total payroll for employees covered under the plan.

Contributions by the employees are 5.00% of gross earnings and are withheld pre income tax by the Union. Such withholdings totaled \$67,288 during the year and were paid by the Union to the State of Vermont. The Union has no other liability under the plan. The Union's total payroll for all employees covered under this plan was \$1,347,089 for the year ended June 30, 2014.

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

A. Plan Description

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. That report may be obtained by writing to State of Vermont, Office of the State Treasurer, 109 State Street FL 4, Montpelier, VT 05609-6200 or by calling (802) 828-2301. 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 Groups A and B. Normal retirement for Group A members is age 65 and the completion of 5 years of creditable service, or age 55 and completion of 35 years of creditable service. Normal retirement for Group B members is age 62 and the completion of 5 years of creditable service, or age 55 and completion of 30 years of creditable service. Normal retirement for Group C and D members is age 55 and the completion of 5 years of creditable service. A member may receive reduced benefits at age 55 if they have 5 years of service and have made contributions for at least 2.5 years. The System is an actuarial reserve, joint-contributory program. Both the members and the Supervisory Union make contributions to the fund according to the following schedule:

	Group A	Group B	Group C	Group D
Employees' Contributions (% of gross wages)	2.5%	4.5%	9.25%	11.0%
The Supervisory Union 's contributions (% of gross wages)	4.0%	5.0%	6.5%	9.5%

B. Funding Policy

There is a municipal defined contribution plan option with the withholding based on the group selected.

CHITTENDEN SOUTH SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Employee contributions are withheld pre income tax by the Supervisory Union and are remitted to the State of Vermont. Such withholding for the year ended June 30, 2014 totaled \$229,261, respectively. The Supervisory Union contributed \$193,128 and \$178,656 for the years ended June 30, 2014 and 2013, respectively. The Union's total payroll for all employees covered under this plan was \$3,252,206.

403(b) RETIREMENT CONTRIBUTION PLAN

Effective January 1, 2009, the Supervisory Union established a 403(b) Retirement Contribution Plan. This plan is eligible to all employees. There is a maximum annual cap that employees are allowed to contribute to this plan. These funds are invested in the State of Vermont 403(b) Investment Program. There is no employer match or contribution provision in this plan.

NOTE 12 - RISK MANAGEMENT

The Supervisory Union is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The Supervisory Union 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 Supervisory Union. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

In addition, the Supervisory Union 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 Supervisory Unions and is owned by the participating 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. The pooling agreement does not permit the pool to make additional assessments to its members.

NOTE 13 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Supervisory Union's financial position.

CHITTENDEN SOUTH SUPERVISORY UNION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 13 - CONTINGENCIES (CONTINUED)

The Supervisory Union participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Supervisory Union's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual - General Fund

CHITTENDEN SOUTH SUPERVISORY UNION

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 257,962	\$ 257,962	\$ 257,962	\$ -
Resources (Inflows):				
Intergovernmental:				
Assessments	7,184,277	7,184,277	7,048,671	(135,606)
Other	140,000	140,000	55,500	(84,500)
Interest income	10,100	10,100	4,447	(5,653)
Miscellaneous	-	-	898	898
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>7,592,339</u>	<u>7,592,339</u>	<u>7,367,478</u>	<u>(224,861)</u>
Charges to Appropriations (Outflows):				
Current:				
Executive administrative services	911,032	911,032	914,404	(3,372)
Human resources	438,224	438,224	406,822	31,402
Fiscal services	507,445	507,445	490,125	17,320
Shared student services	1,087,012	1,087,012	1,054,957	32,055
Early education programs	211,624	211,624	189,710	21,914
Technology program	804,485	804,485	819,928	(15,443)
Student services administration	215,518	215,518	44,732	170,786
Food services	1,000,908	1,000,908	991,643	9,265
Transportation services	1,797,744	1,797,744	1,737,054	60,690
Capital outlay	19,000	19,000	28,562	(9,562)
Transfers to other funds	401,385	401,385	227,827	173,558
Total Charges to Appropriations	<u>7,394,377</u>	<u>7,394,377</u>	<u>6,905,764</u>	<u>488,613</u>
Budgetary Fund Balance, June 30	<u>\$ 197,962</u>	<u>\$ 197,962</u>	<u>\$ 461,714</u>	<u>\$ 263,752</u>
Utilization of unassigned fund balance	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ (60,000)</u>

See accompanying independent auditors' report and notes to financial statements.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Government Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Schedule of Departmental Operations – General Fund

SCHEDULE A

CHITTENDEN SOUTH SUPERVISORY UNION

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Executive administrative services				
SU Board	\$ 20,734	\$ 20,734	\$ 84,197	\$ (63,463)
Executive administration	890,298	890,298	830,207	60,091
	<u>911,032</u>	<u>911,032</u>	<u>914,404</u>	<u>(3,372)</u>
Human resources	<u>438,224</u>	<u>438,224</u>	<u>406,822</u>	<u>31,402</u>
Fiscal services	<u>507,445</u>	<u>507,445</u>	<u>490,125</u>	<u>17,320</u>
Shared student services				
Psychological services	416,594	416,594	410,383	6,211
Occupational therapy	232,712	232,712	210,023	22,689
English language learners	437,706	437,706	434,551	3,155
	<u>1,087,012</u>	<u>1,087,012</u>	<u>1,054,957</u>	<u>32,055</u>
Early education programs				
CIS - early intervention	176,914	176,914	162,656	14,258
Early learning partnership	34,710	34,710	27,054	7,656
	<u>211,624</u>	<u>211,624</u>	<u>189,710</u>	<u>21,914</u>
Technology program	<u>804,485</u>	<u>804,485</u>	<u>819,928</u>	<u>(15,443)</u>
Student services administration	<u>215,518</u>	<u>215,518</u>	<u>44,732</u>	<u>170,786</u>
Food services	<u>1,000,908</u>	<u>1,000,908</u>	<u>991,643</u>	<u>9,265</u>
Transportation	<u>1,797,744</u>	<u>1,797,744</u>	<u>1,737,054</u>	<u>60,690</u>
Capital outlay	<u>19,000</u>	<u>19,000</u>	<u>28,562</u>	<u>(9,562)</u>
Transfers to other funds-				
Special revenue funds	401,385	401,385	227,827	173,558
	<u>401,385</u>	<u>401,385</u>	<u>227,827</u>	<u>173,558</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 7,394,377</u>	<u>\$ 7,394,377</u>	<u>\$ 6,905,764</u>	<u>\$ 488,613</u>

See accompanying independent auditors' report and notes to financial statements.

CHITTENDEN SOUTH SUPERVISORY UNION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Thru Grantor Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through State of Vermont:			
Food Distribution	10.550	N/A	\$ 98,123
School Lunch Program	10.555	4452	<u>381,467</u>
Total Department of Agriculture			<u>479,590</u>
U.S. Department of Education			
Passed through State of Vermont:			
Title IA - Educationally Deprived	84.010	4250-01	321,685
Local Entitlement - IDEA	84.027	4226-01	874,979
Local Entitlement - Basic	84.027	4228	30,290
Local Entitlement - Part B Section 619	84.173	4228-01	26,245
Title III	84.365	4375-14	20,738
Title IIA-Teaching Quality	84.367	4651	<u>239,733</u>
Total Department of Education			<u>1,513,670</u>
U.S. Department of Health and Human Services:			
Passed through State of Vermont:			
Substance Abuse and Mental Health Services Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.243	N/A	9,745
National Public Health Improvement Initiative	93.283	N/A	4,173
Strengthening Public Health	93.507	N/A	7,000
Substance Abuse Prevention	93.531	N/A	12,000
	93.959	N/A	<u>40,000</u>
Total Department of Health and Human Services			<u>72,918</u>
TOTAL FEDERAL ASSISTANCE			<u><u>\$ 2,066,178</u></u>

CHITTENDEN SOUTH SUPERVISORY UNION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Chittenden South Supervisory Union. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

3. Major Programs - Federal

The following program was considered a major program as defined by OMB Circular A-133 and also Type A programs as defined by Circular A-133.

<u>Program</u>	<u>CFDA #</u>
School Lunch Program	10.555
Local Entitlement	84.027

4. Subrecipients

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the Supervisory Union provided federal awards to subrecipients as follows:

<u>Subrecipient</u>	<u>CFDA# 10.555</u>	<u>CFDA# 84.027</u>
Champlain Valley High School	\$101,379	\$ 61,698
Charlotte School District	38,280	34,983
Hinesburg Community School	61,596	55,142
St. George School District	-	21,425
Shelburne Community School	64,794	104,909
Williston School District	<u>120,285</u>	<u>142,706</u>
	<u>\$386,334</u>	<u>\$420,863</u>



Proven Expertise and Integrity

INDEPENDENT AUDITORS' 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

Board of School Directors
Chittenden South Supervisory Union
Shelburne, Vermont

We have audited, 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 the financial statements of Chittenden South Supervisory Union, which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 22, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal

control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chittenden South 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*.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
August 22, 2014



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of School Directors
Chittenden South Supervisory Union
Shelburne, Vermont

Report on Compliance for Each Major Federal Program

We have audited Chittenden South Supervisory Union's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Chittenden South Supervisory Union's major federal programs for the year ended June 30, 2014. Chittenden South Supervisory Union's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Chittenden South Supervisory Union's major federal programs based on our audit of the type of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Chittenden South Supervisory Union's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609

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

Opinion on Each Major Federal Program

In our opinion, Chittenden South Supervisory Union, complied in all material respects, with the type of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Chittenden South Supervisory Union is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Chittenden South Supervisory Union internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Chittenden South 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 requirements of a federal program will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

RHR Smith & Company

Buxton, Maine
August 22, 2014

CHITTENDEN SOUTH SUPERVISORY UNION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2014

Section I - Summary of Auditor's Results

• *Financial Statements*

Type of auditor's report issued : Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___yes ___X___no
- Significant deficiency(ies) identified? ___yes ___X___no
- Noncompliance material to financial statements noted ___yes ___X___no

• *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? ___yes ___X___no
- Significant deficiency(ies) identified? ___yes ___X___no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported
 In accordance with section 510(a) of OMB Circular A-133? ___yes ___X___no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.555	School Lunch Program
84.027	Local Entitlement

Dollar threshold used to distinguish between type A and B: \$300,000

Auditee qualified as low-risk auditee? ___yes ___X___no

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None