

CHAMPLAIN VALLEY UNION HIGH SCHOOL
AUDIT REPORT AND FINANCIAL STATEMENTS

JUNE 30, 2009

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INDEPENDENT AUDITOR'S REPORT

September 23, 2009

To the Board of School Directors
Champlain Valley Union High School
Hinesburg, Vermont

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Champlain Valley Union High School, as of and for the year ended June 30, 2009, which collectively comprise the High School's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the High School'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 High School, 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 U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2009, on our consideration of the High School'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 U.S. generally accepted accounting principles. 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

CHAMPLAIN VALLEY UNION HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009

Our discussion and analysis of Champlain Valley Union High School's financial performance provides an overview of the High School's financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the High School's financial statements which begin on page 10.

Financial Highlights

- The High School's net assets changed as a result of this year's operations. Net assets of our governmental activities increased by \$1,334,748 compared to last year's increase of \$991,426.
- The cost of all of the High School's programs was \$21,092,048 this year, with no new programs added this year.
- The General Fund reported a deficit this year of \$59,858 which was \$235,142 better than what was budgeted.
- The unreserved fund balance for the General Fund was \$235,142 as of June 30, 2009. Reserved fund balances of the General Fund total \$350,864 as of June 30, 2009.
- The Food Service Fund reported a deficit this year of \$63,702 which decreased the cumulative surplus to \$40,811.
- The Capital Projects Fund reported a surplus this year of \$403,184 which increased the cumulative surplus to \$1,308,633.

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 High School as a whole and present a longer-term view of the High School'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 High School's operations in more detail than the government-wide statements by providing information about the High School's most significant funds. The remaining statements provide financial information about activities for which the High School acts solely as a trustee or agent for the benefit of those outside the government.

Reporting the High School as a Whole

The Government-wide financials of the High School are reflected in Exhibit A and B. One of the most important questions asked about the High School's finances is, "Is the High School 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 High School 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.

CHAMPLAIN VALLEY UNION HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009
(Continued)

These two statements report the High School's net assets and changes in them. You can think of the High School's net assets – the difference between assets and liabilities – as one way to measure the High School's financial health, or financial position. Over time, increases or decreases in the High School'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 High School's property tax base and the condition of the High School's capital assets, to assess the overall health of the High School.

Reporting the High School's Most Significant Funds

The financial statements of the High School's major governmental funds are reflected on Exhibit C through Exhibit G. These fund financial statements provide detailed information about the most significant funds – not the High School 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 High School'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 High School'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 High School'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.

The High School as Agent

The High School is the fiscal agent for funds held for various school related activities. The High School's fiduciary activities are Private-Purpose Trust or Agency Funds and are reported in a separate Statement of Fiduciary Net Assets and Changes in Fiduciary Net Assets at Exhibit H. We exclude these activities from the High School's other financial statements because the High School cannot use these assets to finance its operations. The High School is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

CHAMPLAIN VALLEY UNION HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009
(Continued)

The High School as a Whole

The High School's combined net assets increased by \$1,334,748 from a year ago – increasing from \$14,082,027 to \$15,416,775. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the High School's governmental activities.

Table 1
Net Assets

	Governmental Activities		Net Change
	2009	2008	
Current and other assets	\$ 2,790,012	\$ 2,222,373	\$ 567,639
Capital assets	<u>26,111,756</u>	<u>25,958,118</u>	<u>153,638</u>
Total assets	<u>28,901,768</u>	<u>28,180,491</u>	<u>721,277</u>
Other liabilities	915,356	628,453	286,903
Long term liabilities	<u>12,569,637</u>	<u>13,470,011</u>	<u>(900,374)</u>
Total liabilities	<u>13,484,993</u>	<u>14,098,464</u>	<u>(613,471)</u>
Net assets:			
Invested in capital assets, net of debt	13,442,661	12,533,935	908,726
Restricted for capital projects	1,164,150	465,966	698,184
Unrestricted	<u>809,964</u>	<u>1,082,126</u>	<u>(272,162)</u>
Total net assets	<u><u>\$ 15,416,775</u></u>	<u><u>\$ 14,082,027</u></u>	<u><u>\$ 1,334,748</u></u>

Net assets of the High School's governmental activities increased to \$15,416,775 compared to \$14,082,027. This increase was due primarily to an increase in capital assets as the debt is paid down on the major renovation project at the High School. 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 – changed from a \$1,082,126 surplus at June 30, 2008, to a \$809,964 surplus at June 30, 2009, reflecting the board's commitment to fund the renovation of the auditorium.

CHAMPLAIN VALLEY UNION HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009
(Continued)

Table 2
Change in Net Assets

	Governmental Activities		Net Change
	2009	2008	
REVENUES			
Program revenues:			
Charges for services	\$ 1,504,449	\$ 1,185,407	\$ 319,042
Operating grants and contributions	3,499,781	3,510,200	(10,419)
General revenues:			
Act 68 State Aid/Town assessments (FY 08)	16,878,115	16,033,494	844,621
State construction aid	0	55,254	(55,254)
Impact fees	124,720	0	124,720
Other general revenues	419,731	319,665	100,066
Total revenues	<u>22,426,796</u>	<u>21,104,020</u>	<u>1,322,776</u>
PROGRAM EXPENSES			
Regular instruction and related	9,211,823	8,760,892	450,931
Special Education and related	3,254,156	3,278,517	(24,361)
Support services - student based	2,372,310	2,282,249	90,061
Administrative support services	1,838,777	1,717,025	121,752
Buildings and grounds	1,626,319	1,578,946	47,373
Transportation	699,144	612,883	86,261
Interest on short term debt	97,625	0	97,625
Interest on long term debt	560,376	585,357	(24,981)
Food service	865,518	771,725	93,793
On behalf payments	566,000	525,000	41,000
Total program expenses	<u>21,092,048</u>	<u>20,112,594</u>	<u>979,454</u>
Increase in net assets	<u>\$ 1,334,748</u>	<u>\$ 991,426</u>	<u>\$ 343,322</u>

The High School's total revenues increased by 6.35 % (\$1,322,776), reflecting ACT 68 state aid in support of increased expenditures, a lowering of state aid for construction with the completion of the renovation of the High School, increase charges for services namely tuition, and lastly revenue from impact fees and tax anticipation borrowing previously recorded at member towns. The total cost of all programs and services increased by \$979,454 (4.9%). The increase was due in part to additional cost increases in salaries and benefits for existing staff, increased special education expenses, and the tax anticipation borrowing interest expense. Our analysis below separately considers the operations of governmental activities.

CHAMPLAIN VALLEY UNION HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009
(Continued)

Governmental Activities

Act 68 State aid in lieu of Town assessments for the High School increased by 5.3% from fiscal year 2008 reflecting the increase costs and necessary support to the high school.

Table 3 presents the cost of each of the High School's four largest programs – regular instruction and related services, special education and related services, support services and administrative support services – 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 High School's Towns by each of these functions.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
Regular instruction and related services	\$ 9,211,823	\$ 8,760,892	\$ 8,078,891	\$ 7,754,205
Special education and related services	3,254,156	3,278,517	959,010	1,049,564
Support services - student based	2,372,310	2,282,249	2,372,310	2,282,249
Administrative support services	1,838,777	1,717,025	1,838,777	1,717,025
All others	4,414,982	4,073,911	2,838,830	2,613,944
Totals	<u>\$21,092,048</u>	<u>\$20,112,594</u>	<u>\$16,087,818</u>	<u>\$15,416,987</u>

The High School's Funds

As the High School completed the year, its governmental funds (as presented in the Balance Sheet on Exhibit C) reported a combined fund balance of \$1,935,450, which is above last year's total of \$1,655,826. Included in this year's total change in fund balance is a deficit of \$59,858 in the High School's General Fund, a deficit of \$63,702 in the Food Service Fund, and a surplus of \$403,184 in the Capital Projects Fund. The following explains the reasons for the current year deficits and surpluses:

- The Voters approved using \$295,000 of the fund balance when they approved the budget. A deficit of \$59,858 is actually \$235,142 better than what was budgeted. Please see Exhibit G for a comparison of actual to budget that shows where the favorable and unfavorable variances arose during the year. Some revenues and expenditure items were not included in the approved budget because they netted out to no effect.
- The Food Service Fund had a deficit reflecting added costs for staffing, increased food costs, contributions to CVU organizations from available surplus and finally assessment from the school for maintenance of the facility. These increases were partially offset by increased sales revenue.
- The Capital Projects Fund reflects the balance remaining after most of the work was completed on the renovation of the high school. The positive balance is primarily the result of state aid received higher than originally anticipated at project inception, and is intended to be used to fund the renovation of the schools auditorium.

CHAMPLAIN VALLEY UNION HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009
(Continued)

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.

Exhibit G on pages 17 and 18 of the financial statements compare actual results to budget. The largest variances to budget are as follows:

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
State ward reimbursement	\$ 0	\$ 177,913	\$ 177,913
Special Education revenues	2,216,180	2,006,001	(210,179)
Tuition	472,698	575,227	102,529
Miscellaneous	0	99,207	99,207
EXPENDITURES			
Social studies	1,041,572	992,351	49,221
Special education	3,644,860	3,254,156	390,704
Pupil transportation	482,162	543,509	(61,347)
Capital outlays	375,390	523,638	(148,248)
OTHER FINANCING USES			
Transfer to Capital Projects Fund	(295,000)	(579,860)	(284,860)

Capital Asset and Debt Administration

Capital Assets

At June 30, 2009, the High School had \$26,111,756 invested in a broad range of capital assets, including school buildings, furniture and equipment, and transportation equipment, net of accumulated depreciation. (See Table 4 below) This amount represents a net increase (including additions net of disposals and depreciation) of \$153,638 over last year.

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

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Land	\$ 125,000	\$ 125,000
Buildings and improvements	24,329,461	24,419,090
Furniture and equipment	993,828	787,384
Buses and other vehicles	663,467	626,644
Totals	<u>\$ 26,111,756</u>	<u>\$ 25,958,118</u>

CHAMPLAIN VALLEY UNION HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009
(Continued)

This year's major additions included:

Buses	\$ 194,334
Two Chevrolet Uplanders	44,435
Copiers	40,046
Computers and equipment	278,294
Buildings and improvements	291,425
	\$ 848,534

The High School's fiscal year 2010 capital budget calls for a major investment in the refurbishment of the School's 1964 Auditorium. Detailed information about the High School's capital assets is presented in Note 3 to the financial statements.

Debt

At June 30, 2009, the High School had \$12,524,824 in bonds and notes outstanding versus \$13,424,183 on June 30, 2008 – a decrease of \$899,359 – as shown in Table 5.

Table 5
Outstanding Debt at Year-End

	Governmental Activities	
	2009	2008
Construction bonds	\$ 11,965,000	\$ 12,855,000
Bus notes	520,148	517,522
Land note	39,676	51,661
Totals	\$ 12,524,824	\$ 13,424,183

New debt resulted from the purchase of buses.

Economic Factors and Next Year's Budgets and Rates

The High School'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 local tax rates.

When adopting the budget for the 2009-2010 school year the School Board took into account these factors and others and recommended adoption of a \$21,029,787 expenditure budget (1.52% increase).

Contacting the High School's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the High School's finances and to show the High School'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 in banks	\$ 2,495,084	
Accounts receivable:		
State of Vermont	6,407	
Other School Districts	105,458	
Towns	32,105	
Other	27,765	
Due from employees	371	
Prepaid expenses	107,660	
Inventory	15,162	
Capital assets:		
Land	125,000	
Construction in process	308,085	
Property and equipment (net of allowance for depreciation of \$6,741,665)	<u>25,678,671</u>	
 Total assets		 28,901,768
LIABILITIES		
Accounts payable	93,513	
Construction payable	144,271	
Due to other School Districts	14,466	
Due to Town of Hinesburg	31,111	
Due to State of Vermont	165,304	
Deferred revenue	277,582	
Accrued interest	60,794	
Accrued salaries	128,315	
Bonds and notes payable due within one year	1,078,578	
Accrued compensated absences due after one year	44,813	
Bonds and notes payable due after one year	<u>11,446,246</u>	
 Total liabilities		 <u>13,484,993</u>
NET ASSETS		
Unrestricted	809,964	
Restricted for capital projects	1,164,150	
Invested in capital assets, net of related debt	<u>13,442,661</u>	
 Total net assets		 <u>\$ 15,416,775</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 (Expenses) Revenues and Changes in Net Assets Governmental Activities</u>
Governmental Activities:				
Regular instruction and related services	\$ 9,211,823	\$ 575,227	\$ 557,705	\$ (8,078,891)
Special education and related services	3,254,156	234,957	2,060,189	(959,010)
Support services - student based	2,372,310	0	0	(2,372,310)
Administrative support services	1,838,777	0	0	(1,838,777)
Buildings and grounds	1,626,319	0	0	(1,626,319)
Transportation	699,144	0	225,235	(473,909)
Interest on long term debt	560,376	0	0	(560,376)
Interest on short term debt	97,625	0	0	(97,625)
Food service	865,518	694,265	90,652	(80,601)
On behalf payments	566,000	0	566,000	0
Total governmental activities	<u>\$21,092,048</u>	<u>\$1,504,449</u>	<u>\$ 3,499,781</u>	<u>(16,087,818)</u>
General Revenues:				
				16,878,115
				124,720
				220,864
				196,156
				2,711
Total general revenues				<u>17,422,566</u>
Change in net assets				1,334,748
Net assets - July 1, 2008				<u>14,082,027</u>
Net assets - June 30, 2009				<u>\$ 15,416,775</u>

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2009

	General Fund	Special Revenue Food Service	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and investments	\$ 1,108,056	\$ 0	\$ 1,387,028	\$ 2,495,084
Accounts receivable:				
State of Vermont	6,407	0	0	6,407
Other School Districts	105,008	450	0	105,458
Towns	0	0	32,105	32,105
Other	23,156	4,609	0	27,765
Due from employees	0	371	0	371
Prepaid expenses	107,660	0	0	107,660
Inventory	0	15,162	0	15,162
Due from other funds	0	41,845	33,771	75,616
	<u>0</u>	<u>41,845</u>	<u>33,771</u>	<u>75,616</u>
Total assets	<u>\$ 1,350,287</u>	<u>\$ 62,437</u>	<u>\$ 1,452,904</u>	<u>\$ 2,865,628</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 71,887	\$ 21,626	\$ 144,271	\$ 237,784
Due to Other School Districts	14,466	0	0	14,466
Due to Town of Hinesburg	31,111	0	0	31,111
Due to State of Vermont	165,304	0	0	165,304
Deferred revenue	277,582	0	0	277,582
Due to other funds	75,616	0	0	75,616
Accrued salaries	128,315	0	0	128,315
	<u>764,281</u>	<u>21,626</u>	<u>144,271</u>	<u>930,178</u>
Total liabilities	<u>764,281</u>	<u>21,626</u>	<u>144,271</u>	<u>930,178</u>
FUND BALANCES				
Unreserved - undesignated	235,142	25,649	0	260,791
Unreserved - designated	0	0	144,483	144,483
Reserved for prepaids	107,660	0	0	107,660
Reserved for inventory	0	15,162	0	15,162
Reserved for FY 2010 expenditures	140,000	0	0	140,000
Reserved for future expenditures	103,204	0	0	103,204
Reserved for capital improvements	0	0	1,164,150	1,164,150
	<u>586,006</u>	<u>40,811</u>	<u>1,308,633</u>	<u>1,935,450</u>
Total fund balances	<u>586,006</u>	<u>40,811</u>	<u>1,308,633</u>	<u>1,935,450</u>
Total liabilities and fund balances	<u>\$ 1,350,287</u>	<u>\$ 62,437</u>	<u>\$ 1,452,904</u>	<u>\$ 2,865,628</u>

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

JUNE 30, 2009

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 1,935,450
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$32,853,420, and the accumulated depreciation is \$6,741,665.	26,111,756
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Long-term liabilities, including bonds payable and related accrued interest, are not due and payable in the current period and therefore are not reported as liabilities in the funds. These liabilities at year end consist of:

Bonds and notes payable	12,524,824	
Accrued interest on bonds and notes payable	60,794	
Accrued compensated absences	44,813	(12,630,431)

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES	\$ 15,416,775
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STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2009

	General Fund	Special Revenue Funds	Capital Projects Fund	Total Governmental Funds
REVENUES				
Act 68 State Aid	\$ 16,878,115	\$ 0	\$ 0	\$ 16,878,115
Tuition	575,227	0	0	575,227
Impact fees	0	0	124,720	124,720
Earnings on investments	197,410	0	23,454	220,864
State transportation aid	225,235	0	0	225,235
State ward reimbursement	177,913	0	0	177,913
Special ed revenues	2,006,001	0	0	2,006,001
State - drivers education	13,967	0	0	13,967
State food service grant	0	7,340	0	7,340
State vocational ed	443,071	0	0	443,071
Federal food service grants	0	83,312	0	83,312
IDEA-B	111,232	0	0	111,232
Food sales	0	694,265	0	694,265
Medicaid IEP	100,667	0	0	100,667
Miscellaneous	99,207	24,980	74,680	198,867
On behalf payments	566,000	0	0	566,000
Total revenues	<u>21,394,045</u>	<u>809,897</u>	<u>222,854</u>	<u>22,426,796</u>
EXPENDITURES				
Current				
Regular program	169,662	0	0	169,662
Freshman program	78,838	0	0	78,838
Art	347,689	0	0	347,689
Business program	192,541	0	0	192,541
English program	1,243,871	0	0	1,243,871
Foreign language	733,952	0	0	733,952
Wellness	567,620	0	0	567,620
Family & consumer sciences	110,126	0	0	110,126
Industrial arts	133,314	0	0	133,314
Mathematics	1,083,175	0	0	1,083,175
Music	219,263	0	0	219,263
Science	1,174,096	0	0	1,174,096
Social studies	992,351	0	0	992,351
Driver education	143,476	0	0	143,476
Life program	235,059	0	0	235,059
Direction center	180,249	0	0	180,249
Special education	3,254,156	0	0	3,254,156
Tech centers/school choice	917,366	0	0	917,366
Athletics	524,049	0	0	524,049

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2009

	General Fund	Special Revenue Funds	Capital Projects Fund	Total Governmental Funds
EXPENDITURES (Continued)				
Co-curricular activities	164,306	0	0	164,306
Guidance	558,501	0	0	558,501
Health	149,535	0	0	149,535
Psychological services	88,374	0	0	88,374
Speech & lang. services	148,063	0	0	148,063
House offices	641,248	0	0	641,248
Instructional improvements	126,695	0	0	126,695
Education media services	320,037	0	0	320,037
Other inst. support	339,857	0	0	339,857
Board of Education	58,049	0	0	58,049
Executive adm. services	359,155	0	0	359,155
Other support services	119,019	0	0	119,019
Office of Principal	359,449	0	0	359,449
Other school adm. services	80,475	0	0	80,475
Fiscal services	204,411	0	0	204,411
Operations & maintenance of plant	1,237,200	0	8,065	1,245,265
Pupil transportation services	543,509	0	0	543,509
Data processing	513,766	0	0	513,766
Food services	0	853,599	0	853,599
On behalf payments	566,000	0	0	566,000
Interest on short term debt	97,625	0	0	97,625
Debt service				
Principal	1,081,727	0	11,986	1,093,713
Interest	558,905	0	2,583	561,488
Capital outlays	523,638	20,000	304,896	848,534
Total expenditures	<u>21,140,397</u>	<u>873,599</u>	<u>327,530</u>	<u>22,341,526</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>253,648</u>	<u>(63,702)</u>	<u>(104,676)</u>	<u>85,270</u>
OTHER FINANCING SOURCES (USES)				
Transfer to Capital Projects Fund	(579,860)	0	579,860	0
Transfer from impact fees	72,000	0	(72,000)	0
Loan proceeds	194,354	0	0	194,354
Total other financing sources (uses)	<u>(313,506)</u>	<u>0</u>	<u>507,860</u>	<u>194,354</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(59,858)	(63,702)	403,184	279,624
FUND BALANCES - JULY 1, 2008	<u>645,864</u>	<u>104,513</u>	<u>905,449</u>	<u>1,655,826</u>
FUND BALANCES - JUNE 30, 2009	<u>\$ 586,006</u>	<u>\$ 40,811</u>	<u>\$ 1,308,633</u>	<u>\$ 1,935,450</u>

See Notes to Financial Statements.

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

YEAR ENDED JUNE 30, 2009

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 279,624
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 (\$848,534) exceeds depreciation expense (\$694,896) in the period.	153,638
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.	(194,354)
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.	1,093,713
In the statement of activities, certain operating expenses - accrued compensated absences - are measured by the amounts earned by employees 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 paid exceed amounts earned by \$1,015.	1,015
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 additional interest reported in the statement of activities is because accrued interest on bonds and notes payable decreased by \$1,112.	1,112
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,334,748</u>

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

GENERAL FUND

YEAR ENDED JUNE 30, 2009

	Original Budget	Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES					
Act 68 State Aid	\$ 16,879,330	\$ 0	\$ 16,879,330	\$ 16,878,115	\$ (1,215)
Tuition	472,698	0	472,698	575,227	102,529
Earnings on investments	169,000	0	169,000	197,410	28,410
State transportation aid	232,834	0	232,834	225,235	(7,599)
State ward reimbursement	0	0	0	177,913	177,913
Special ed revenues	2,216,180	0	2,216,180	2,006,001	(210,179)
State - drivers education	9,031	0	9,031	13,967	4,936
State vocational ed	403,078	0	403,078	443,071	39,993
IDEA-B	110,544	0	110,544	111,232	688
Medicaid IEP	150,667	0	150,667	100,667	(50,000)
Miscellaneous	0	0	0	99,207	99,207
Total revenues	20,643,362	0	20,643,362	20,828,045	184,683
EXPENDITURES					
Current					
Regular program	160,796	0	160,796	169,662	(8,866)
Freshman program	89,553	(2,243)	87,310	78,838	8,472
Art	348,633	(162)	348,471	347,689	782
Business program	197,772	(286)	197,486	192,541	4,945
English program	1,276,688	0	1,276,688	1,243,871	32,817
Foreign language	757,775	0	757,775	733,952	23,823
Wellness	566,422	0	566,422	567,620	(1,198)
Family & consumer sciences	112,540	0	112,540	110,126	2,414
Industrial arts	147,277	0	147,277	133,314	13,963
Mathematics	1,045,501	0	1,045,501	1,083,175	(37,674)
Music	191,995	0	191,995	219,263	(27,268)
Science	1,174,566	(661)	1,173,905	1,174,096	(191)
Social studies	1,041,572	0	1,041,572	992,351	49,221
Driver education	149,203	0	149,203	143,476	5,727
Life program	231,030	0	231,030	235,059	(4,029)
Direction center	186,815	0	186,815	180,249	6,566
Special education	3,644,860	0	3,644,860	3,254,156	390,704
Tech centers/school choice	935,518	0	935,518	917,366	18,152
Athletics	524,964	0	524,964	524,049	915
Co-curricular activities	193,467	0	193,467	164,306	29,161
Guidance	571,086	0	571,086	558,501	12,585
Health	152,275	0	152,275	149,535	2,740
Psychological services	88,374	0	88,374	88,374	0
Speech & lang. services	154,288	0	154,288	148,063	6,225
House offices	678,186	0	678,186	641,248	36,938
Instructional improvements	146,632	0	146,632	126,695	19,937
Education media services	324,148	0	324,148	320,037	4,111
Other inst. support	312,676	0	312,676	339,857	(27,181)
Board of Education	48,655	0	48,655	58,049	(9,394)
Executive adm. services	359,155	0	359,155	359,155	0

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

GENERAL FUND

YEAR ENDED JUNE 30, 2009

	Original Budget	Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES (Continued)					
Other support services	145,044	0	145,044	119,019	26,025
Office of Principal	358,240	0	358,240	359,449	(1,209)
Other school adm. services	89,500	0	89,500	80,475	9,025
Fiscal services	204,877	0	204,877	204,411	466
Operations & maintenance of plant	1,198,919	0	1,198,919	1,237,200	(38,281)
Pupil transportation services	478,810	3,352	482,162	543,509	(61,347)
Data processing	497,432	0	497,432	513,766	(16,334)
Interest on short term debt	130,000	0	130,000	97,625	32,375
Debt service					
Principal	1,058,671	0	1,058,671	1,081,727	(23,056)
Interest	560,411	0	560,411	558,905	1,506
Capital outlays	375,390	0	375,390	523,638	(148,248)
Total expenditures	<u>20,909,716</u>	<u>0</u>	<u>20,909,716</u>	<u>20,574,397</u>	<u>335,319</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(266,354)</u>	<u>0</u>	<u>(266,354)</u>	<u>253,648</u>	<u>520,002</u>
OTHER FINANCING SOURCES (USES)					
Transfer to Capital Projects Fund	(295,000)	0	(295,000)	(579,860)	(284,860)
Transfer from Impact fees	72,000	0	72,000	72,000	0
Loan proceeds	194,354	0	194,354	194,354	0
Total other financing sources (uses)	<u>(28,646)</u>	<u>0</u>	<u>(28,646)</u>	<u>(313,506)</u>	<u>(284,860)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>\$ (295,000)</u>	<u>\$ 0</u>	<u>\$ (295,000)</u>	<u>(59,858)</u>	<u>\$ 235,142</u>
FUND BALANCE - JULY 1, 2008				<u>645,864</u>	
FUND BALANCE - JUNE 30, 2009				<u>\$ 586,006</u>	

CHAMPLAIN VALLEY UNION HIGH SCHOOL

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2009

	Private Purpose Trust	Agency Funds
ASSETS		
Cash	\$ 22,253	\$ 195,594
LIABILITIES		
Due to student groups	0	\$ 195,594
NET ASSETS		
Reserved for Scholarships	\$ 22,253	

CHAMPLAIN VALLEY UNION HIGH SCHOOL

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

YEAR ENDED JUNE 30, 2009

	Private Purpose Trust
ADDITIONS	
Interest	\$ 41
NET ASSETS - July 1, 2008	0
PRIOR PERIOD ADJUSTMENT	22,212
NET ASSETS - July 1, 2008 (RESTATEd)	22,212
NET ASSETS - June 30, 2009	\$ 22,253

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

Champlain Valley Union High School is organized, according to State law, under the governance of the Board of School Directors to provide public high school education for the Charlotte, Hinesburg, Shelburne, and Williston Town School Districts.

The Union High School is governed by an eleven member elected Board. Champlain Valley Union High School, for financial reporting purposes, consists only of the funds of the School. Champlain Valley Union High School's elected Board of Directors has no financial accountability for any other governmental entity.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The High School'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 (including Statements and Interpretations). The more significant accounting policies established in GAAP and used by the High School are discussed below.

Reporting Entity

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

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

Basic Financial Statements – Government-Wide Statements

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

The government-wide Statement of Net Assets presents all the High School'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 High School's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The High School 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 High School's governmental functions. The functions are also supported by general government revenue (Town assessments and other local revenues). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, consisting of operating grants and contributions. Program revenues 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 revenues (Act 68 State aid, earnings on investments, etc.).

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 High School as an entity and the change in the High School's net assets resulting from the current year's activities.

Basic Financial Statements – Fund Financial Statements

The financial transactions of the High School 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, revenues and expenditures/expenses. 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 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 High School:

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 High School:

General Fund is the main operating fund of the High School. 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 Fund

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

The High School'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 revenues 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.

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. Revenues are 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.

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.

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

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 amounts. 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.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*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 transactions are treated as transfers. Transfers between governmental funds are netted in the preparation of the government-wide financial statements.

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 on their use by High School 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.

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.

On Behalf Payments

On behalf payments are contributions made by the State of Vermont to the State Teachers' Retirement System on behalf of the High School's teaching employees. The General Fund budget does not include on behalf payments as a revenue or expense.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*Budget Adoption*

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

The School Board 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 district meeting by the High School 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.

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 High School's deposits may not be returned to it. As of June 30, 2009, the High School is not exposed to custodial credit risk. The following is a breakdown of the School's bank deposits at June 30, 2009.

Insured	\$ 0
Uninsured - Collateralized	<u>3,115,870</u>
Total bank balance at June 30, 2009	<u><u>\$ 3,115,870</u></u>

NOTE 3 – CAPITAL ASSETS

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

	Book Value				Book Value
	at				at
	June 30, 2008	Additions	Disposals	Depreciation	June 30, 2009
Land	\$ 125,000	\$ 0	\$ 0	\$ 0	\$ 125,000
Construction in process	26,689	281,396	0	0	308,085
Buildings and improvements	28,762,916	10,029	0	0	28,772,945
Buses	1,583,253	238,769	(46,311)	0	1,775,711
Furniture & equipment	1,553,340	318,340	0	0	1,871,680
Accum. depreciation	<u>(6,093,080)</u>	0	46,311	(694,896)	<u>(6,741,665)</u>
Net book value	<u>\$ 25,958,118</u>	<u>\$ 848,534</u>	<u>\$ 0</u>	<u>\$ (694,896)</u>	<u>\$26,111,756</u>

Depreciation expense of \$694,896 was charged to regular instruction for \$146,288, building and maintenance for \$381,054, transportation for \$155,635 and food service for \$11,919.

CHAMPLAIN VALLEY UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

The High School 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. Interfund balances at June 30, 2009 are as follows:

Major Fund	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 0	\$ 75,616
Food Service Fund	41,845	0
Capital Projects Fund	33,771	0
	<u>\$ 75,616</u>	<u>\$ 75,616</u>

NOTE 5 – SHORT TERM DEBT

On July 1, 2008, the High School signed a tax anticipation note with Chittenden Bank for \$4,861,000 at 2.41% per annum. Principal and interest of \$4,958,625 were paid in full May 1, 2009.

The following is a summary of the changes in short term debt:

Balance June 30, 2008	\$ 0
Proceeds from tax anticipation note	4,861,000
Principal payments	<u>(4,861,000)</u>
Balance June 30, 2009	<u>\$ 0</u>

CHAMPLAIN VALLEY UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

NOTE 6 - LONG-TERM LIABILITIES

Bonds and notes payable of the Champlain Valley Union High School at June 30, 2009, are as follows:

	<u>Total Due</u>	<u>Due In One year</u>
Building addition bond payable with Vermont Municipal Bond Bank, 1.87% to 5.09%, 20 years, dated July 8, 2004, original amount \$14,220,000, interest payable each June 1 and December 1, principal payable each June 1 in the amount of \$780,000 through December 1, 2012, then \$775,000 through December 1, 2014, then \$645,000 through December 1, 2020, then \$640,000 through December 1, 2024.	\$ 11,100,000	\$ 780,000
Building addition bond payable with Vermont Municipal Bond Bank, 4.5% to 5.125%, 15 years, dated July 31, 2002, original amount \$2,100,000, interest payable each June 1 and December 1, principal payable each December 1 in the amount of \$225,000 through December 1, 2007, then \$110,000 through December 1, 2010, then \$105,000 through December 1, 2012, then \$95,000 for December 1, 2013 and \$85,000 until 2017.	865,000	110,000
Land note payable with Mildred Aube, interest at 5%, 10 years, dated January 20, 2002, original amount \$112,500, interest and principal due annually May 1 in the amount of \$14,569.27, through May 2012.	39,676	12,585
Bus note payable with Citizen Bank, interest at 2.8%, principal of \$38,870 due July 1, 2013.	194,354	38,870
Bus note payable with Chittenden Bank, interest at 2.85%, principal and interest due September 10, 2009. (this loan was paid in full on September 10, 2009)	44,371	44,371
Bus note payable with TD BankNorth, interest at 4.19%, principal of \$24,320, due July 26, 2011.	72,960	24,320
Bus note payable with Citizens Bank, interest at 4.22%, principal of \$35,800, due July 2, 2012.	143,200	35,800
Bus note payable with Chittenden Bank, interest at 2.75%, principal and interest due August 21, 2009. (renewable each year)	65,263	32,632
Total bonds and notes payable	<u>\$ 12,524,824</u>	<u>\$ 1,078,578</u>

CHAMPLAIN VALLEY UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

NOTE 6 - LONG-TERM LIABILITIES (Continued)

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

	Principal	Interest	Total
2009-2010	\$ 1,078,578	\$ 528,000	\$ 1,606,578
2010-2011	1,034,746	489,900	1,524,646
2011-2012	997,900	451,400	1,449,300
2012-2013	959,700	412,100	1,371,800
2013-2014	908,900	373,400	1,282,300
2014-2019	3,695,000	1,345,200	5,040,200
2019-2024	3,210,000	558,000	3,768,000
2024-2025	640,000	16,300	656,300
	<u>\$ 12,524,824</u>	<u>\$ 4,174,300</u>	<u>\$ 16,699,124</u>

Interest paid on long-term debt for the year ended June 30, 2009 was \$561,488.

The following is a summary of the changes in long-term debt:

Balance - June 30, 2008	\$ 13,424,183
New borrowings	194,354
Principal payments	<u>(1,093,713)</u>
Balance - June 30, 2009	12,524,824
Due within one year	<u>(1,078,578)</u>
Due after one year	<u>\$ 11,446,246</u>

Accrued Compensated Absences

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

	Accrued Absences
Balance - June 30, 2008	\$ 45,828
Earned	18,024
Used	<u>(19,039)</u>
Balance - June 30, 2009	44,813
Due within one year	0
Due after one year	<u>\$ 44,813</u>

CHAMPLAIN VALLEY UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

NOTE 7 - 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 a transfer from the General Fund to the Capital Projects Fund in the amount of \$579,860 for the purpose of funding future construction projects and a transfer from the Capital Projects Fund to the General Fund in the amount of \$72,000 from the impact fees to cover current expenses.

NOTE 8 – LEASES

In fiscal year 2006, the High School entered into a 48-month lease for a vehicle and on September 2008 entered into another lease for 36-month for a vehicle. The leases call for monthly payments of \$366 and \$562. The lease expense for the year ended June 30, 2009 was \$26,623.

In fiscal year 2009, the High School entered into four 36-month leases for copiers. The leases call for monthly payments ranging from \$216 to \$608. The lease expense for the year ended June 30, 2009 was \$45,586.

The minimum lease payments are as follows:

2010	\$	26,301
2011		15,017
2012		4,495
	\$	<u>45,813</u>

NOTE 9 – CONCENTRATION OF SUPPORT

The High School receives approximately 75% of its revenue from Act 68 State Aid. The amount of Act 68 State Aid received by the High School 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 Charlotte, Hinesburg, St. George, Williston and Shelburne are adjusted based on the amount of Act 68 State Aid in relation to the number of students in the above mentioned Towns. The tax rate for non-homestead properties in Charlotte, Hinesburg, St. George, Williston and Shelburne are not impacted by the amount of Champlain Valley Union High School'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 High School receives grants from the State of Vermont for special education, transportation and other programs.

NOTE 10 - ASSESSMENTS

Supervisory Union Assessment

The High School is billed for its appropriate share of expenses relating to the Chittenden South Supervisory Union. The High School paid \$1,575,301 of such expenses during the year ended June 30, 2009.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

NOTE 11 - DEFINED BENEFIT PENSION PLANS*State Teachers' Retirement System of Vermont*

The teachers employed by Champlain Valley Union High School are covered by the State Teachers' Retirement System of Vermont which is a single employer 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 State Teachers' Retirement System is approximately \$566,000. The amount is based on prior year's contribution percentage.

All teachers become members of the retirement system upon employment. Teachers who became members before July 1, 1990 are Group A members. All other teachers are Group C members. Members who have Group A coverage are required to contribute at a rate of 5.5% of earnable compensation and members in Group C are required to contribute at a rate of 3.54% of earnable compensation. Vesting in both groups occurs upon reaching five years of creditable service. Of the High School's total payroll of \$10,550,094, \$7,674,966 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

The non-teaching employees of the Champlain Valley Union High School are immediately eligible for coverage by the Vermont Municipal Employees' Retirement System (VMERS). VMERS 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 and the employees make required contributions to the System based upon a valuation report prepared by the System's actuary.

There are three levels of contributions and benefits in the System called Group A, Group B and Group C. Employee contributions are 2.5%, 4.5% and 9% of gross pay and employer contributions are 4%, 5% and 6% of gross pay for Group A, Group B, and Group C plan members, respectively.

Of the District's total payroll of \$10,550,094, \$2,475,013 was covered under the Vermont Municipal Employees' Retirement System. Total employer contributions to the Vermont Municipal Employees' Retirement Plan was \$123,223 for fiscal year 2009, \$116,448 for fiscal year 2008 and \$106,495 for fiscal year 2007.

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.

CHAMPLAIN VALLEY UNION HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009
(Continued)

NOTE 12 - RISK MANAGEMENT

The School 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 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. Settled claims have not exceeded this commercial coverage in any of the past three (3) fiscal years.

In addition, Champlain Valley Union High School 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 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 claim 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 13 – RECONCILIATION OF EXHIBIT G TO EXHIBIT E

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 was adjusted for on behalf payments of fringe benefits (see Note 11) as follows:

	<u>Revenues</u>	<u>Expenditures</u>
Exhibit E	\$21,394,045	\$ 21,140,397
On behalf fringe benefits	<u>(566,000)</u>	<u>(566,000)</u>
Exhibit G	<u>\$20,828,045</u>	<u>\$ 20,574,397</u>

NOTE 14 – BUDGETARY COMPARISON SCHEDULES

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

NOTE 15 - CONTINGENCIES

The High School 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 expects such amounts, if any, to be immaterial.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

NOTE 16 – CONSTRUCTION IN PROCESS

During fiscal year 2009 the High School entered into a contract with Summit/Catamount Construction, LLC to do auditorium improvements at the High School. The cost of the project is expected to cost approximately \$1,300,000. The High School is funding the project with funds in the Capital Projects Fund. The project was 40% completed at June 30, 2009.

NOTE 17 - RESTATEMENT OF PRIOR FIDUCIARY NET ASSETS

The fiduciary net assets were restated as follows:

	Private Purpose Trust
June 30, 2008 as previously reported	\$ 0
Agency funds - reclassification	<u>22,212</u>
June 30, 2008 - restated	<u><u>\$ 22,212</u></u>

NOTE 18 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 23, 2009, the date which the financial statements were available for issue.

On July 1, 2009, the High School signed a tax anticipation note with the Chittenden Bank for \$4,771,000 at 1.69% per annum with principal and interest due June 30, 2010.

On July 1, 2009, the High School signed a bus note with the Chittenden Bank for \$94,117. The note calls for annual principal payments of \$18,823.40 with interest at 3.1%, due July 1, 2014.

On August 21, 2009, the High School signed a bus note with the Chittenden Bank for \$32,631.60 at 2.25%. The note matures in full on August 19, 2010.

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*

September 23, 2009

To the Board of School Directors
Champlain Valley Union High School
Hinesburg, Vermont

We have audited the financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of the Champlain Valley Union High School, as of and for the year ended June 30, 2009, which collectively comprise the High School's basic financial statements and have issued our report thereon dated September 23, 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 High School'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 High School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the High School'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 High School'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 High School'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 High School'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 High School'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
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