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March 29, 2016

Warren School District
Att: Michelle Baker, Bus. Mgr.
340 Mad River Park, Ste. 7
Waitsfield, VT 05673

Dear Michelle :

I have electronically forwarded the final financial statements for Warren School District as of and for the year ended June 30, 2015. In addition I will be mailing you 7 bound copies. We have also sent a pdf copy to the AOE on your behalf.

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

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

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

Sincerely,

Angolano & Company

Angolano & Company

Enclosures

Warren School District
Financial Statements
For The Year Ended June 30, 2015

Warren School District
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For The Year Ended June 30, 2015

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Warren School District
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INDEPENDENT AUDITOR'S REPORT

To the School Board
Warren School District, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of Warren School District, Vermont, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District'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.

Auditor's 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 from 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 accounting 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, the business-type activities, and the aggregate remaining fund information of the Warren School District, Vermont, as of June 30, 2015, 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, budgetary comparison information, and pension and other post-employment benefit information on pages 6, 44-52, and 31-40 and 27 respectively, 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 the Warren School District, Vermont's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other

records used to prepare the basic financial statements. Such 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 and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2016, on our consideration of the Warren School District, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Warren School District, Vermont's internal control over financial reporting and compliance.

Angolano & Company

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

March 28, 2016

WARREN TOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015

Introduction

The discussion and analysis of The Warren School District's ("the District") financial performance provides a narrative introduction and overview of the school District's financial activities for the fiscal year ending June 30, 2015 (FY 15). The District is organized under the guidance of the Board of School Directors to provide public education for Warren.

Financial Highlights

- Total government-wide assets totaled \$582,459 and government-wide liabilities totaled \$288,629.
- The District's general fund actual revenues were \$2,385,221 while the budgeted revenues were \$2,354,948, an increase of \$30,273. \$36,397 of the increase was special education expenditure reimbursement.
- The District's general fund actual expenditures were \$2,343,158 while the budgeted expenditures were \$2,354,614, an overage of \$9,456.
- Special Revenue Funds totaling \$8,386 are held in the District's accounts for various Federal, State and Private Grants.
- The Capital Project Fund represents the Maintenance Reserve Fund which had a fund balance of \$26,705 at June 30, 2015.
- The Enterprise Fund represents the food program and had an ending net position of \$16,260.

Overview of the Financial Statements

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

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

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

The Statement of Activities presents information showing how the District net a position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing or related cash

flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

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

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

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

The District maintains four (4) governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Special Revenue, Capital Project and Debt Service. Individual fund data for the Proprietary and Fiduciary Funds is provided in the form of combining statements elsewhere in this report. The basic governmental funds financial statements can be found on pages 7-12.

Proprietary Funds – The District maintains proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for its Food Service Program (hot lunch and breakfast) operation. The basic proprietary fund financial statements can be found on pages 13-14 of this report.

Fiduciary Funds – Fiduciary Funds are those for which the District serves as a trustee for the benefit of others, such as scholarship and student activities funds. The District is responsible for ensuring that assets in these funds are used for their intended purposes and cannot use these assets to finance the general operations of the District

Agency Funds: The audit report classifies as Agency Funds all funds formally managed in an account by school personnel not overseen by the SU. These funds will be transferred to Special Revenue Funds in future reporting periods. A summary of the balances reported as Agency Funds are as follows:

Book Fair		\$ 2,650.99
Summer Learning Program		\$10,530.48
PreSchool Playground		\$ 2,400.00
Teacher of the Year		\$ 2.14
Wellness Fund		\$ 26.50
Safe Routes to School		\$ 1,800.00
Sunshine Fund	-	\$ 179.65
Upper Unit Fund		\$ 20,932.98
Piano Fund		<u>\$ 85.00</u>
Total		\$ 38,248.44

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15-42.

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

Government-Wide Financial Analysis

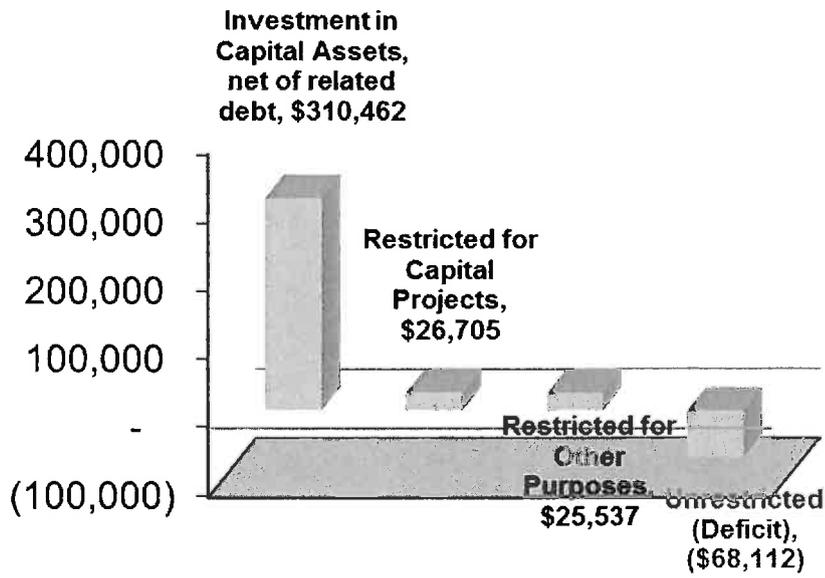
Our analysis of the District’s major funds begins on Table 1. The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, the District’s Board of Directors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

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

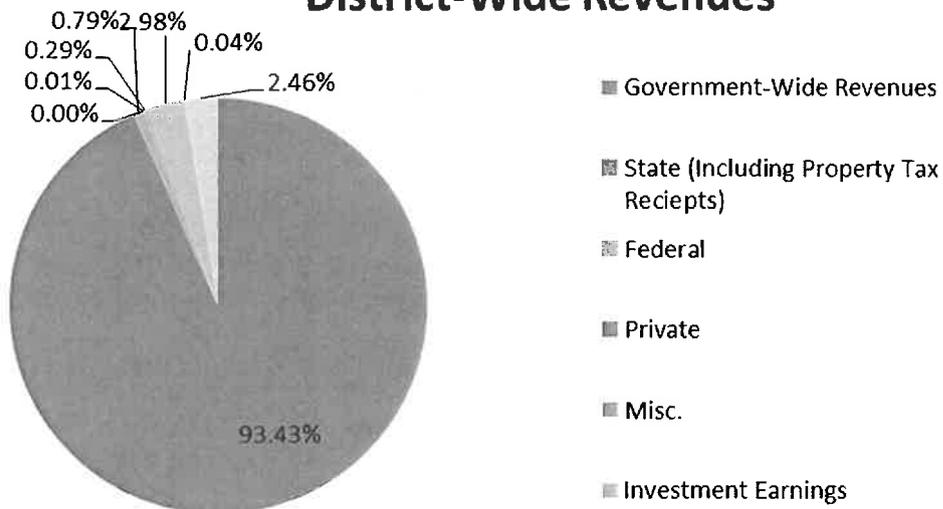
Warren School District
Statement of Net Assets and Fund Balance Reconciliation
June 30, 2015

	Net Position Governmental Activities <u>Fund Based</u>	Statement of Net Position <u>District-Wide</u>	<u>Difference</u>
ASSETS			
<u>Current Assets:</u>			
Cash	141,984	141,984	-
Accounts Receivable:			
Supervisory Union	33,854	33,854	-
Other	5,209	5,209	-
Prepaid Expenses	-	-	-
Total Current Assets	<u>181,047</u>	<u>181,047</u>	<u>-</u>
<u>Non-current Assets:</u>			
<u>Capital Assets:</u>			
Building & Equipment, net of Accum. Depr.	-	401,173	401,173
Total Non-current Assets	<u>-</u>	<u>401,173</u>	<u>401,173</u>
TOTAL ASSETS	<u>181,047</u>	<u>582,220</u>	<u>401,173</u>
<u>Deferred Outflows of Resources</u>			
Vermont Municipal Pension - Payments after measurement date		16,950	16,950
LIABILITIES			
<u>Current Liabilities:</u>			
<u>Accounts Payable:</u>			
Supervisory Union	243	243	
State	6,902	6,902	-
Other	28,097	28,097	-
Due from Agency Fund	63,752	63,752	-
Capital Leases Payable	-	12,809	(12,809)
Accrued Expenses	21,752	21,752	-
Net Pension Liability		5,158	(5,158)
Retirement Incentive		71,775	(71,775)
Long Term Debt-Bonds Payable-Due within one year	-	25,370	(25,370)
Total Current Liabilities	<u>120,746</u>	<u>235,858</u>	<u>(115,112)</u>
<u>Non-current Liabilities:</u>			
Long Term Debt - Notes Payable	-	52,532	(52,532)
Total Non-current Liabilities	<u>-</u>	<u>52,532</u>	<u>(52,532)</u>
<u>Deferred Inflows of Resources</u>			
Vermont Municipal Pension - Change in Proportional Share		16,188	(16,188)
NET POSITION			
Investment in Capital Assets, net of related Debt	-	310,462	(310,462)
Restricted for Capital Projects	26,705	26,705	-
Restricted for Other Purposes	25,337	25,537	(200)
Unrestricted (Deficit)	<u>8,259</u>	<u>(68,112)</u>	<u>76,371</u>
TOTAL NET POSITION	<u>60,301</u>	<u>294,592</u>	<u>(234,291)</u>

Government-Wide Net Assets - TABLE II



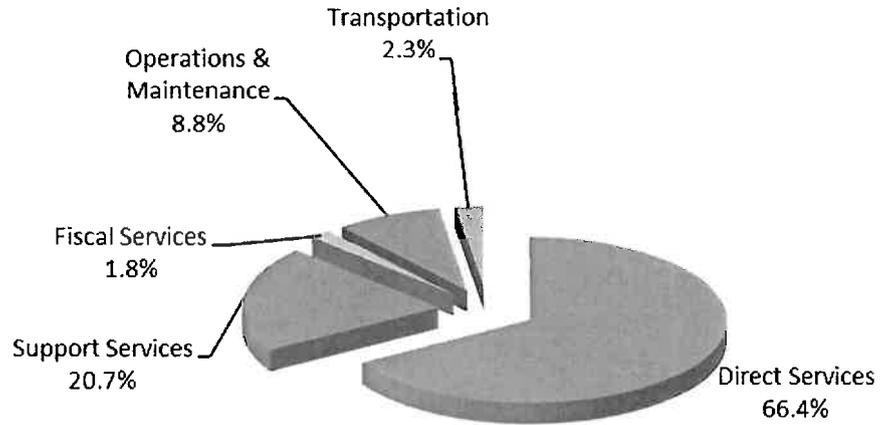
District-Wide Revenues



District-Wide Revenues

State (Including Property Tax Receipts)	\$ 2,168,887
Federal	\$ 18,396
Private	\$ -
Misc.	\$ 152
Investment Earnings	\$ 6,628
Tuition	\$ 69,243
Refunds and Reimbursements	\$ 943
Rentals	\$ 57,224
Transfers	\$ (24,273)
	2,297,200

District-Wide Expenditures



Government-Wide Expenditures

Direct Services	1,559,742
Support Services	486,883
Fiscal Services	42,655
Operations & Maintenance	206,049
Transportation	53,857
	2,349,186

Governmental Activities:

Governmental Activities revenues totaled \$2,297,200 and expenses net of program revenue totaled \$2,349,186 resulting in a decrease in net assets of \$51,986.

Business Type Activities:

Business Type Activities (Food Service Program) realized a \$906 decrease in net assets, with an ending balance of \$16,260.

Fund Financial Analysis – 5 year Overview

	Net Position Governmental Fund Based 6/30/2015	Net Position Governmental Fund Based 6/30/2014	Net Position Governmental Fund Based 6/30/2013	Net Position Governmental Fund Based 6/30/2012	Net Position Governmental Fund Based 6/30/2011
ASSETS					
Current Assets:					
Cash	141,984	52,000	121,394	133,526	95,315
Due from Proprietary Fund	-	1,647	316	-	-
Accounts Receivable:					
State	-	-	17,048	-	-
Town	-	-	-	17,468	89,651
Supervisory Union	33,854	21,057	33,691	19,704	12,431
Other LEA's	-	-	-	7	1,040
Other	5,209	21,295	1,297	2,367	-
Prepaid Expenses	-	7,294	-	2,847	2,387
Total Current Assets	181,047	103,293	173,746	175,919	200,824
LIABILITIES					
Cash Overdraft	-	-	-	1,367	-
Accrued Expenses	21,752	2,442	1,411	-	-
Due to Other Funds	63,752	-	-	2,614	-
Accounts Payable - State	6,902	22,494	27,816	16,291	-
Accounts Payable - Supervisory Union	243	-	-	8,329	-
Accounts Payable - Other LEA's	-	-	-	-	-
Accounts Payable - Other	28,097	19,004	69,517	34,812	73,408
Total Current Liabilities	120,746	43,940	98,744	63,413	73,408
NET POSITION					
Committed	16,951	3,167	10,440	38,435	76,275
Restricted	35,091	39,236	61,395	25,064	29,116
Unassigned	8,259	16,950	3,167	49,007	22,025
TOTAL NET POSITION	60,301	59,353	75,002	112,506	127,416
TOTAL LIABILITIES AND NET ASSETS	181,047	103,293	173,746	175,919	200,824

Governmental Fund Types:

Fund balances in the Governmental Fund types increased from \$59,353 to \$60,301, an increase of \$948. This increase was reflected in the General Fund by an increase of \$5,093 an increase of \$3,680 in the Special Revenue Funds and a decrease of \$7,825 in the Capital Projects Funds.

The Capital Projects Fund ending fund balance of \$26,705 is reflective of funds set aside in the Maintenance Reserve Fund

Proprietary Fund Type:

Food service programs are offered to the students for hot lunch and breakfast. This program had a net position of \$16,260 as of June 30, 2015.

Fiduciary Fund Types:

Agency funds of \$38,249 were reported and represent the following activities and balances:

Book Fair	\$ 2,650.99
Summer Learning Program	\$10,530.48
PreSchool Playground	\$ 2,400.00
Teacher of the Year	\$ 2.14
Wellness Fund	\$ 26.50
Safe Routes to School	\$ 1,800.00
Sunshine Fund	\$ 179.65
Upper Unit Fund	\$ 20,932.98
Piano Fund	\$ 85.00
Total	\$ 38,248.44

Capital Assets

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

Capital Assets June 30, 2015			
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value</u>
Governmental Activities:			
Construction in Progress	-	-	-
Land Improvements	21,847	21,847	-
Buildings	\$ 869,000	\$ 764,720	\$ 104,280
Building Improvements	\$ 260,688	\$ 65,758	\$ 194,930
Infrastructure	\$ 89,415	\$ 15,603	\$ 73,812
Vehicles	-	-	-
Furniture and Equipment	79,786	51,635	28,151
Total	\$ 1,320,736	\$ 919,563	\$ 401,173
Business Type Activities:			
Furniture and Equipment	\$ 19,900	\$ 10,635	\$ 9,265
Total	\$ 1,340,636	\$ 930,198	\$ 410,438

Long-Term Debt

The District had \$77,902 in long-term debt, associated with the water project loan and the new classroom project note, defined as debt due and payable beyond one year, at June 30, 2015.

Current Issues

- The Warren School facility has deferred maintenance and a number of facility issues that need to be addressed have been reported by the Vermont School Board's Insurance Trust, the school's property insurer. Two reports have been issued and are on the school's website.
 - Warren Buildings Security/Safety Inspection Report
 - VSBIT Building Safety Review
- The VT Secretary of Education, Rebecca Holcombe, requested a corrective action plan which the Warren Board submitted. Architectural firm, Truex Cullins, was hired by the Board through an RFP process to conduct a building study which has been completed. The Board is currently considering a vote for necessary capital improvements to be placed before the Warren voters in April 2016, for an amount to be determined.
- Warren is running a general fund deficit in the FY2016 year which is estimated to be \$200,000+. The deficit is primarily due to the expansion of the Pre-Kindergarten program, employee settlement agreements and the building study. Warren will need to borrow additional funds to meet the cash flow needs in FY2016 and determine how the final FY2016 deficit will be addressed.
- In addition to the general fund deficit, the Maintenance Reserve funds were spent to \$0 in FY2016 to fund necessary facility repairs.
- The Warren School has experienced Principal turnover in the last several years.
- WWSU has a merger study committee and the question of an Act 46 WWSU accelerated merger, including all WWSU school districts, is anticipated to be placed before the voters in June 2016.
- Act 153/156 requires transportation, special education, compensatory and remedial services to be provided by the Supervisory Union. Special education teachers will be employed by the Supervisory Union, not the Warren School District, in FY2017.
- There is a group of Warren community members meeting in regards to privatizing the Warren School.
- The Warren Town School Board has recently experienced board "turnover". A total of four, of the five members, have turned over since March 2015.

Contact for Further Information

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to Michelle J. Baker, Business Manager, Washington West Supervisory Union, 340 Mad River Park – Suite 7, Waitsfield, Vermont 05673 or at (802) 496-2272 ext. 117.

Warren School District
District-Wide Statement of Net Position
June 30, 2015

EXHIBIT I

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 141,984		\$ 141,984
Due From Other Funds	239	(239)	-
Accounts Receivable - Supervisory Union	33,854		33,854
Accounts Receivable - Other LEAs		\$ 7,515	7,515
Accounts Receivable - Other	5,209		5,209
Prepaid Expenses			-
Inventory		673	673
Capital Assets, net	401,173	9,265	410,438
TOTAL ASSETS	582,459	17,214	599,673
DEFERRED OUTFLOWS OF RESOURCES			
Vermont Municipal Pension - Payments after measurement date	16,950	-	16,950
TOTAL DEFERRED OUTFLOWS OF RESOURCES	16,950	-	16,950
LIABILITIES			
Accounts Payable - Supervisory Union	243		243
Accounts Payable - State	6,902		6,902
Accounts Payable - Other	28,097	954	29,051
Accounts Payable - Agency Fund	63,991		
Accrued Expenses	21,752		21,752
Net Pension Liability	5,158		5,158
Retirement Incentive	71,775		71,775
Capital Leases Payable	12,809		12,809
Long-Term Liabilities:			
Due Within 1 Year	25,370		25,370
Due in More Than 1 Year	52,532	-	52,532
TOTAL LIABILITIES	288,629	954	289,583
DEFERRED INFLOWS OF RESOURCES			
Vermont Municipal Pension - Change in proportional share	16,188	-	16,188
TOTAL DEFERRED INFLOWS OF RESOURCES	16,188	-	16,188
NET POSITION			
Net Investment in Capital Assets	310,462	9,265	319,727
Restricted For:			
Capital Projects	26,705		26,705
Other Purposes	25,537		25,537
Unrestricted (Deficit)	(68,112)	6,995	(61,117)
TOTAL NET POSITION	294,592	16,260	310,852

The accompanying notes are an integral part of these financial statements

Warren School District
District-Wide Statement of Activities
For The Year Ended June 30, 2015

EXHIBIT II

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Governmental Activities:							
Direct Services	\$ 1,654,446		\$ 94,704		\$ (1,559,742)		\$ (1,559,742)
Support Services:							
Student Services	170,481				(170,481)		(170,481)
Instructional Staff Services	78,827				(78,827)		(78,827)
General Administrative Services	74,341				(74,341)		(74,341)
Area Administrative Services	163,234				(163,234)		(163,234)
Fiscal Services	42,655				(42,655)		(42,655)
Building Operations and Maintenance	206,049				(206,049)		(206,049)
Transportation	94,342	-	40,485	-	(53,857)		(53,857)
Total Governmental Activities	<u>2,484,375</u>	<u>\$ -</u>	<u>135,189</u>	<u>\$ -</u>	<u>(2,349,186)</u>		<u>(2,349,186)</u>
Business-Type Activities:							
Food Service	10,692	85,760	-	-		\$ 75,068	75,068
Total Business-Type Activities	<u>10,692</u>	<u>85,760</u>	<u>-</u>	<u>-</u>		<u>75,068</u>	<u>75,068</u>
General Revenues:							
Tuition					69,243		69,243
State Revenues not Restricted to Specific Programs					2,168,887		2,168,887
Federal Revenues not Restricted to Specific Programs					18,396		18,396
Private Revenues not Restricted to Specific Programs							-
Investment Earnings					6,628		6,628
Rentals					57,224		57,224
Refunds and Reimbursements					943		943
Miscellaneous					152		152
Transfers					(24,273)	20,254	(4,019)
Total General Revenues					<u>2,297,200</u>	<u>20,254</u>	<u>2,317,454</u>
Change in Net Position					(51,986)	95,322	43,336
Net Position - Beginning of Year					359,986	17,166	377,152
Prior Period Adjustment					(13,408)	-	(13,408)
Net Position - Ending of Year					<u>\$ 294,592</u>	<u>\$ 112,488</u>	<u>\$ 407,080</u>

The accompanying notes are an integral part of these financial statements

Warren School District
 Combined Balance Sheet
 All Fund Types - Fund Base
 June 30, 2015

EXHIBIT III

	Governmental Fund Types			Proprietary	Fiduciary	Totals (Memorandum Only)
	General Fund	Special Revenue Fund	Capital Projects Fund	Enterprise Fund	Agency Fund	
ASSETS:						
Current Assets:						
Cash	\$ 107,420		\$ 34,564			\$ 141,984
Due From Other Funds		\$ 4,606			\$ 63,991	68,597
Accounts Receivable - Supervisory Union	27,863	5,991		\$ 7,515		41,369
Accounts Receivable - Other	5,209					5,209
Inventory	-	-	-	673	-	673
Total Current Assets	<u>140,492</u>	<u>10,597</u>	<u>34,564</u>	<u>8,188</u>	<u>63,991</u>	<u>257,832</u>
Other Assets:						
Fixed Assets - net	-	-	-	9,265	-	9,265
Total Other Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,265</u>	<u>-</u>	<u>9,265</u>
TOTAL ASSETS	<u>\$ 140,492</u>	<u>\$ 10,597</u>	<u>\$ 34,564</u>	<u>\$ 17,453</u>	<u>\$ 63,991</u>	<u>\$ 267,097</u>
LIABILITIES AND FUND EQUITIES:						
Liabilities:						
Due to Other Funds	\$ 58,288	\$ 2,211	\$ 7,859	\$ 239		\$ 68,597
Accounts Payable - State	6,902					6,902
Accounts Payable - Supervisory Union	243					243
Accounts Payable - Other	28,097			954	\$ 25,742	54,793
Accrued Expenses	21,752					21,752
Amount Held for Agency Funds	-	-	-	-	38,249	38,249
Total Liabilities	<u>115,282</u>	<u>2,211</u>	<u>7,859</u>	<u>1,193</u>	<u>63,991</u>	<u>190,536</u>
Fund Equity:						
Fund Balances:						
Unassigned	8,259					8,259
Committed	16,951		26,705			43,656
Restricted		8,386				8,386
Net Position	-	-	-	16,260	-	16,260
Total Fund Equities	<u>25,210</u>	<u>8,386</u>	<u>26,705</u>	<u>16,260</u>	<u>-</u>	<u>76,561</u>
TOTAL LIABILITIES AND FUND EQUITIES	<u>\$ 140,492</u>	<u>\$ 10,597</u>	<u>\$ 34,564</u>	<u>\$ 17,453</u>	<u>\$ 63,991</u>	<u>\$ 267,097</u>

The accompanying notes are an integral part of these financial statements

Warren School District
 Reconciliation of the Balance Sheet to the Statement of Net Position
 Governmental Funds
 June 30, 2015

Fund Balances – total governmental funds	\$ 60,301
<p>Amounts reported for governmental activities in the Statement of Net Positions are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:</p>	
Governmental capital assets	1,320,736
Less accumulated depreciation	(919,563)
<p>Other assets used in governmental activities are not financial Resources and therefore are not reported in the Governmental funds:</p>	
Deferred Outflows – VMERS	16,950
<p>Bonds payable and contractual obligations have not been included in the governmental fund financial statements.</p>	
Notes Payable	(77,902)
Capital Lease Obligations	(12,809)
<p>Accrued liabilities have not been reflected in the governmental Fund financial statements:</p>	
Net Pension Liability	(5,158)
Retirement Incentive	(71,775)
Deferred Inflows – VMERS	<u>(16,188)</u>
Net Position of Governmental Activities	<u>\$294,592</u>

The accompanying notes are an integral part of these financial statements

Warren School District
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances
 All Governmental Fund Types - Fund Base
 For The Year Ended June 30, 2015

EXHIBIT IV

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals (Memorandum Only)
REVENUES:				
Tuition	\$ 69,243			\$ 69,243
Interest on Investments	6,598		\$ 30	6,628
Rental Income	57,224			57,224
Refunds and Reimbursements	943			943
Miscellaneous	152			152
Private/Local		\$ 15,760		15,760
State	2,209,372			2,209,372
Federal	<u>41,689</u>	<u>-</u>	<u>-</u>	<u>41,689</u>
TOTAL REVENUES	<u>2,385,221</u>	<u>15,760</u>	<u>30</u>	<u>2,401,011</u>
EXPENDITURES:				
Direct Services	1,477,992	24,777		1,502,769
Support Services:				
Students	169,786			169,786
Instructional Staff	81,825			81,825
General Administration	74,341			74,341
Area Administration	172,072			172,072
Fiscal Services	42,655			42,655
Operation & Maintenance of Building	195,106		7,855	202,961
Transportation	94,342			94,342
Debt Services	<u>35,039</u>	<u>-</u>	<u>-</u>	<u>35,039</u>
TOTAL EXPENDITURES	<u>2,343,158</u>	<u>24,777</u>	<u>7,855</u>	<u>2,375,790</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	42,063	(9,017)	(7,825)	25,221
OTHER FINANCING SOURCES (USES):				
Transfers In		12,697		12,697
Transfers Out	<u>(36,970)</u>	<u>-</u>	<u>-</u>	<u>(36,970)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	5,093	3,680	(7,825)	948
FUND BALANCE, JULY 1, 2014	<u>20,117</u>	<u>4,706</u>	<u>34,530</u>	<u>59,353</u>
FUND BALANCE, JUNE 30, 2015	<u>\$ 25,210</u>	<u>\$ 8,386</u>	<u>\$ 26,705</u>	<u>\$ 60,301</u>

The accompanying notes are an integral part of these financial statements

Warren School District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities
 For The Year Ended June 30, 2015

Net Changes in fund Balances – total governmental funds	\$ 948
Amount reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives:	
Expenditures for capital assets	0
Less current year depreciation	(35,082)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	
Repayment of bonds	7,706
Repayment of notes	24,819
Repayment of capital lease obligation	12,386
Expense reported in the Statement of Activities does not require the use of current financial resources and is therefore not reported as expenditures in governmental funds:	
Deferred Outflows – VMERS Change	16,950
Net Pension Liability Change	(5,158)
Deferred Inflows – VMERS Change	(16,188)
Current year granting of voluntary exit programs (early retirements, etc.) are not reported as expenditures in governmental fund financial statements and are reported as an expense and debt in the district-wide financial statements	
	<u>(71,775)</u>
Change in Net Position of Governmental Funds	<u>\$(65,394)</u>

The accompanying notes are an integral part of these financial statements

Warren School District
Statement of Revenues, Expenditures and
Changes in Net Position
Proprietary Fund Type - Enterprise Fund
Food Program
For The Year Ended June 30, 2015

EXHIBIT V

Operating Revenues:		
Sales	\$ 39,008	
Refunds	<u>503</u>	
Total Operating Revenues		\$ 39,511
Operating Expenses:		
Salaries and Benefits	79,553	
Repairs and Maintenance	1,024	
Food and Supplies	25,052	
Equipment	364	
Depreciation	<u>927</u>	
Total Operating Expenses		<u>106,920</u>
Operating Income (Loss)		(67,409)
Non-Operating Revenue:		
Private Sources:		
Gifford Grant	2,000	
State Sources:		
State Match	898	
Child Nutrition Breakfast	31	
Child Nutrition Other	133	
Reduced Lunch Initiative	106	
Federal Sources:		
Restricted Grants:		
Commodities	5,365	
School Breakfast Program	7,238	
School Lunch Program	<u>30,478</u>	
Total Non-Operating Revenue		<u>46,249</u>
Increase (Decrease) in Net Position Before Transfers		(21,160)
Operating Transfers In (Out)		<u>20,254</u>
Increase (Decrease) in Net Position		(906)
Net Position, July 1, 2014		<u>17,166</u>
Net Position, June 30, 2015		<u>\$ 16,260</u>

The accompanying notes are an integral part of these financial statements

Warren School District
Statement of Cash Flows
Proprietary Fund Type - Enterprise Fund
Food Program
For The Year Ended June 30, 2015

EXHIBIT VI

Cash Flows From Operating Activities:		
Received From Customers	\$ 39,511	
Payments To Employees and Fringe Benefits	(79,553)	
Payments To Vendors and Supplies	<u>(21,610)</u>	
Net Cash Used By Operating Activities		\$ (61,652)
Cash Flows From Noncapital Financing Activities:		
Private Aid Received	2,000	
State Aid Received	40,806	
Support From General Fund	<u>18,846</u>	
Net Cash Used By Noncapital Financing Activities		61,652
Cash Flows From Capital and Related Financing Activities:		
None		-
Cash Flows From Investing Activities:		
None		<u>-</u>
Net Increase (Decrease) in Cash		-
Cash, July 1, 2014		<u>-</u>
Cash, June 30, 2015		<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Used By Operating Activities:		
Cash Provided From Operating Activities:		
Operating Income (Loss)		\$ (62,044)
Adjustments to Reconcile Net Income to Cash Provided (Used) By Operating Activities:		
Depreciation	\$ 927	
Increase (Decrease) in Accounts Payable	<u>(535)</u>	
Total Adjustments		<u>392</u>
Net Cash Provided (Used) By Operating Activities		<u>\$ (61,652)</u>

The accompanying notes are an integral part of these financial statements

Warren School District
Notes to Financial Statements
For The Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The School District financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the School District are discussed below. School District also complies with the requirements of the Vermont Department of Education's Handbook for Financial Accounting of Vermont School Systems (The Handbook).

Reporting Entity:

The reporting entity for the School District is based upon criteria set forth by the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity. The financial reporting entity consists of (1) organizations for which the standalone government is financially accountable and (2) the standalone government that is controlled by a separately elected governing body that is legally separate and is fiscally independent. All of the accounts of the School District comprise the standalone government.

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

Basic Financial Statements - District-wide:

The School District's basic financial statements include both District-wide (reporting School District as a whole) and fund financial statements (reporting School Districts major funds). Both the District-wide and fund financial statements categorized primary activities as either governmental or business type.

The District-wide Statement of Net Position reports all of the non-fiduciary activities of School District. Both the governmental and business-type activities are presented on a consolidated

Warren School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The District-wide Statement of Activity demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include fees paid by recipients or goods or services provided by a function, and grants that are restricted to a particular function. General State Support and other revenues not identified with a function are presented as general revenues.

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

Basic Financial Statements – Fund Financial Statements:

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria for the determination of major funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The School District reports major governmental funds as follows:

Governmental Fund Types:

- General Fund – The general fund is the School District's primary operating fund and is always classified as a major fund which accounts for typical general government revenues and a wide variety of activities that benefit the School District's as a whole. It accounts for all financial resources except those required to be accounted for in another fund.
- Special Revenue Funds – The special revenue funds focus on revenues that are restricted or committed to expenditures for specific purposes (other than major capital projects or expendable trusts). The School District accounts for resources restricted to, or committed for, specific purposes by the School District or a grantor in a special revenue fund. Most federal, some State financial assistance and voter committed funds are accounted for in a Special Revenue Fund and sometimes unused balances must be returned to the grantor or the voters at the close of specified project periods.

Warren School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Capital Project Fund – The capital projects funds are required when the acquisition or construction of capital assets is financed with general obligation debt. Capital project funds are permitted to be used for accounting and reporting whenever the School District has financial resources that are restricted, committed, or assigned to expenditures for capital outlays for general capital assets, including purchasing or constructing any type of general capital asset.

Proprietary Fund Types:

Proprietary Fund – The Proprietary Funds consist of Enterprise Funds and Internal Service Funds. Revenues generally come from fees for services. They use the economic resources measurement focus and full accrual basis of accounting.

Fiduciary Funds, (Not included in District-wide Statements):

Fiduciary Funds are used to report resources held for individuals, private organizations or other governments. The School District reports the following fiduciary funds:

- Agency funds are custodial in nature and do not involve measurements of results of operations.

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

Basis of accounting refers to the point at which revenues or expenditures/expenses 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.

Both District-wide and business-type activity statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liabilities are incurred regardless of when related cash flows take place. Grant revenues are recognized when eligibility requirements are satisfied. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when both measurable and available. “Available” means collectible within the current period or within 60 days after year end. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recorded when a liability is incurred except for early retirement, and compensated absences, which are

Warren School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

recognized to the extent they have matured. When both restricted and unrestricted resources are available for use, restricted resources are used first.

Other Accounting Policies:

Cash and Cash Equivalents:

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

Interfund Receivables and Payables:

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. All other outstanding balances between funds are also reported as “due to/from other funds”. As a general rule, the effect of interfund activity has been eliminated from the government wide financial statements.

Transfers:

Advances between funds that are not expected to be repaid are accounted for as transfers.

Deposits and Investments:

Resources from each fund are pooled for deposit and investment purposes. A separate accounting is maintained for each fund. Deposits and Investments are stated at fair value and are managed in accordance with any legal constraints.

Accounts Receivable:

All receivables are reported net of estimated uncollectible amounts. The accounts receivable balances at year end are from governmental entities, except in the proprietary funds which may have some receivables from individuals, and no allowance for doubtful accounts is considered necessary.

Inventory:

Inventories consist of expendable items held for consumption. They are valued at cost on a first-in, first-out method.

Deferred Inflows of Resources:

The School District recognizes differences between the receipt of funds and the recognition of revenues through the use of unearned revenue accounts. These unearned revenue accounts

Warren School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

represent funds that will be recognized as revenues in some future period when the conditions have been met.

Capital Assets:

Capital assets, which include land, construction in progress, buildings, improvements, furniture, equipment, infrastructure, and vehicles, are reported in the applicable governmental activities column in the governmental wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year (categories of assets are depreciated over the following lives; land improvements 10-40 years, buildings 25-50 years, building improvements 10-50 years, infrastructure 10-50 years, furniture & equipment 3-20 years, and vehicles 3-15 years). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets, except for land and construction in progress are depreciated using the straight line method over the estimated useful lives with a full year of depreciation taken in the year acquired and none taken in the year of disposal. Land and construction in progress are not depreciated.

Long-term Obligations:

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

Pensions:

VSTR. For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the Vermont Teachers Retirement System (VTRS), information about VTRS's fiduciary net position and additions to/deductions from VSTR's fiduciary net position have been determined on the same basis as they are reported by VSTR. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

VMERS. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System (VMERS) and additions to/deductions from VMERS's fiduciary net position have been determined on the same basis as

Warren School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

they are reported by VMERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Budgetary Data:

The School District is required by state law to adopt a budget for the General Fund. The budget is prepared on the modified accrual basis of accounting which is consistent with generally accepted accounting principles ("GAAP"). Annual appropriations lapse at the end of each fiscal year with the exception of restricted programs indicated as a fund balance restricted or committed. The following procedures are used to establish a budget:

The School Board with assistance from the Supervisory Union and the School District's Administration drafts a budget. The operating budget includes proposed expenditures by line item and the means of financing them.

The budget is adopted by the School Board for presentation to the voters as a warning or article in the annual report.

The voters vote on the total expense amount and not the individual line items at the School District's annual meeting or subsequent special meetings.

Encumbrances:

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration and project control in the General Fund, Special Revenue Funds, and Capital Projects Fund. Encumbrances are not liabilities and should be recorded as a reservation of fund balance at year end. For budgetary purposes, appropriations lapse at fiscal year-end. The School District has elected to treat its encumbrances as liabilities for budgetary control purposes.

Use of Estimates:

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

Net Resources and Fund Balance:

District-wide Financial Statements:

When the School District incurs an expense for which it may use either restricted or unrestricted

Warren School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

net position, it generally uses restricted net position first. Net position on the Statement of net position includes the following:

Net Investment in Capital Assets, net of Related Debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted For Other Purposes – It consists of assets that are restricted by the School District’s creditors, by the state enabling legislation, by grantors and by other contributors.

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

Unrestricted – All other net positions that do not meet the definition of “Restricted For Other Purposes” or “Net Investment in Capital Assets, net of Related Debt”.

Fund Based Financial Statements:

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

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

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

Restricted Fund Balance – Includes amounts constrained to specific purposes stipulated by constitution, external resource providers (grantors and contributors), or through enabling legislation.

Committed Fund Balance – Includes amounts constrained for the specific purposes determined by a formal action of the government’s highest level of decision-making authority, generally the voters.

Warren School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Spendable Fund Balance – The portion of the permanent fund balance that is available to be spent on the designated purpose of the fund.

Non-spendable Fund Balance – The portion of the permanent fund balance that has to be maintained, and cannot be spent, or an asset such as inventory or prepaid that are not expected to be converted to cash.

Function and Object Codes:

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

Memorandum Only Columns:

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

NOTE 2 – CASH, CASH EQUIVALENTS, AND REPURCHASE AGREEMENTS

Cash and cash equivalent deposits with financial institutions at June 30th amounted to \$141,984. As major revenues are received during the year bank deposits may temporarily exceed insured limits.

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of any investments. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The School District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the School District would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

Warren School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

**NOTE 2 – CASH, CASH EQUIVALENTS, AND REPURCHASE AGREEMENTS
(CONTINUED)**

FDIC insures all accounts held by the same financial institution up to a combined total of \$250,000. There are some special provisions which increase this limit.

Concentration of Credit Risk:

The policy of the School District contains no limitations on the amount that can be on deposit in any one financial institution.

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

These four levels of risk are as follows:

- Category 1 Repurchase Agreements - Deposits which are invested in government securities held by the School District or by its agent in the School District's name.
- Category 2 Collateralized Accounts - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Bank's name.
- Category 3 Letter of Credit - Private commercial insurance protection or letter of credit issued by the financial institution to cover funds in excess of FDIC limits.
- Category 4 Deposits which are not collateralized or insured. (includes cash on hand)

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

Balances held in each area are as follows:

	Carrying Amount	Bank Balance
- Insured (FDIC) and/or (SIPC)	\$109,564	\$109,564
- Category 1	0	0
- Category 2	32,420	105,348
- Category 3	0	0
- Category 4	0	0
Total deposits	\$141,984	\$214,912

Warren School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

**NOTE 2 – CASH, CASH EQUIVALENTS, AND REPURCHASE AGREEMENTS
(CONTINUED)**

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

Collateralization agreements of \$105,348 are securities held by the bank's trust department or agent in the bank's name. Securities consist of municipal bonds, U.S. Government obligations and U.S. Government Agency Bonds.

NOTE 3 - INTERFUND RECEIVABLES

In compliance with GASB 1300.109 School District does not maintain separate bank accounts for each fund, unless it is required by law, or grant agreement. The composition of amounts due to and from other funds as of June 30, 2015 is as follows:

Fund Financial Statements: Receivable Fund	Payable Fund	Amount
General Fund	Enterprise Fund: Food Program	<u>\$ 239</u>
General Fund	Capital Project Fund: Maintenance Reserve	<u>\$ 7,859</u>
Special Revenue Fund: Roy Foundation	General Fund	\$ 3,314
Technology Fund	General Fund	<u>1,292</u>
Total Special Revenue Fund		<u>\$ 4,606</u>
General Fund	Special Revenue Fund: Medicaid IEP	<u>\$ 2,211</u>
Agency Fund: Student Activities	General Fund	<u>\$63,991</u>

Warren School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 3 - INTERFUND RECEIVABLES (CONTINUED)

District-wide Financial Statements:			Amount
Receivable Fund	Payable Fund		
Governmental Type	Business Type		\$ 239
Agency Type	Governmental Type		<u>63,991</u>
	Total (Net)		<u>\$63,752</u>

NOTE 4 – CAPITAL ASSETS

Capital activity for the School District for the year ended June 30, 2015 was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Governmental activities:				
Capital assets being depreciated:				
Land Improvements	\$ 21,847	\$ 0	\$ 0	\$ 21,847
Buildings	869,000	0	0	869,000
Building Improvements	260,688	0	0	260,688
Infrastructure	89,415	0	0	89,415
Furniture and Equipment	<u>79,786</u>	<u>0</u>	<u>0</u>	<u>79,786</u>
Total other capital assets at historical costs	<u>1,320,736</u>	<u>0</u>	<u>0</u>	<u>1,320,736</u>
Less accumulated depreciation:				
Land Improvements	21,847	0	0	21,847
Buildings	747,340	17,380	0	764,720
Building Improvements	58,982	6,776	0	65,758
Infrastructure	13,374	2,229	0	15,603
Furniture and Equipment	<u>42,938</u>	<u>8,697</u>	<u>0</u>	<u>51,635</u>
Total accum. Depr.	<u>884,481</u>	<u>35,082</u>	<u>0</u>	<u>919,563</u>
Governmental activities Capital Assets, Net	<u>\$ 436,255</u>	<u>\$(35,082)</u>	<u>\$ 0</u>	<u>\$ 401,173</u>
Business-type activities:				
Furniture and Equipment	\$ 19,900	\$ 0	\$ 0	\$ 19,900
Less accum. Depr.	<u>9,708</u>	<u>927</u>	<u>0</u>	<u>10,635</u>
Business-type activities Capital Assets, Net	<u>\$ 10,192</u>	<u>\$ (927)</u>	<u>\$ 0</u>	<u>\$ 9,265</u>

Warren School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 4 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows:

Governmental activities:	
Direct Services	\$21,737
Support Services:	
Students	695
Instructional Staff	9,388
General Administration	0
Area Administration	174
Fiscal Services	0
Operation and Maintenance of Plant	3,088
Transportation	0
Other Support Services	<u>0</u>
Total governmental activities depreciation expense	<u>\$35,082</u>

NOTE 5 – SHORT-TERM DEBT

Short-term debt activity consisted of the following for the year ended June 30, 2014:

	Balance July 1, 2013	Borrowings	Retirements	Balance June 30, 2014
Revenue Anticipation note, issued July 1, 2014. Interest at 1.24%, due June 30, 2015	<u>\$ 0</u>	<u>\$420,000</u>	<u>\$420,000</u>	<u>\$ 0</u>

NOTE 6 - SICK LEAVE

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

Teaching staff earn 20 sick days per year, and may accumulate a maximum of 90 days. Non-teaching staff earn in varying amounts as per individual contracts.

Warren School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 7 – OPEB AND TERMINATION BENEFITS

The Governmental Accounting Standards Board (GASB) issued Statement #45 requiring the entire liability for Other Post Employment Benefits (post-employment health care benefits) to be accrued. The School District does not offer any OPEB plans and has no liability under GASB #45.

Voluntary termination benefits are governed by GASB Statement #47 and are recognized to the extent they become payable in the current year. The School District offers:

From time to time the District Board may desire to offer a retirement incentive to teachers. The decision to offer such an incentive is at the Board’s discretion. As of June 30, 2015, three (3) teachers accepted this incentive for a total liability of \$71,775 to the District. The following is a schedule of future retirement payments under this incentive.

During the year ended June 30, 2016	\$35,888
2017	35,887
Thereafter	<u>0</u>
Total	<u>\$71,775</u>

NOTE 8 - LONG-TERM OBLIGATIONS

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

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

	Balance		Balance
	July 1, 2014	Borrowings	Retirements
			June 30, 2015

BONDS:

Vermont Municipal Bond Bank,
Water Construction Note Payable,
interest at 1.0% and admin. fee of
2.0%; principal, interest, and admin.
fee due September 1st of each year

Warren School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 8 - LONG-TERM OBLIGATIONS (CONTINUED)

	Balance July 1, 2014	Borrowings	Retirements	Balance June 30, 2015
until 2014; originally borrowed \$48,830 in May of 2008; amended to \$59,271 on November 15, 2010.	<u>\$ 7,706</u>	<u>\$ 0</u>	<u>\$ 7,706</u>	<u>\$ 0</u>

NOTES:

Community National Bank, Capital Improvement note payable, interest at 2.20%, interest paid annually, principal and interest of \$27,101.33 due on July 18th of each year until 2017; originally borrowed \$127,000 on July 18, 2012 for classroom construction.

	<u>\$102,721</u>	<u>\$ 0</u>	<u>\$24,819</u>	<u>\$77,902</u>
Total Bonds and Notes	<u>\$110,427</u>	<u>\$ 0</u>	<u>\$32,525</u>	<u>\$77,902</u>

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

	Principal	Interest	Total
During the year ended June 30, 2016	\$25,370	\$1,731	\$27,101
2017	25,934	1,167	27,101
2018	<u>26,598</u>	<u>591</u>	<u>27,189</u>
Totals	<u>\$77,902</u>	<u>\$3,489</u>	<u>\$81,391</u>

The following is a summary of other long term obligation:

	Balance July 1, 2014	Increases	Retirements	Balance June 30, 2015
OTHER LONG-TERM OBLIGATIONS:				
Obligations Under Capital Lease	<u>\$25,195</u>	<u>\$ 0</u>	<u>\$12,386</u>	<u>\$12,809</u>
OPEB and Termination Benefits	<u>\$ 0</u>	<u>\$71,775</u>	<u>\$ 0</u>	<u>\$71,775</u>

Warren School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 9 - CAPITAL LEASES

On June 25, 2014, the Warren School District entered into a noncancellable lease agreement with General Electric Capital Corporations for the lease of Apple computers. This lease agreement qualifies as a capital lease, for accounting purposes and thus, has been recorded at the present value of the future minimum lease payments at the inception of the lease in the general long-term debt account group. The total amount due is \$12,834, to be paid in yearly installments of \$4,278 over three (3) years with a buyout at the end of \$1.

The future minimum lease obligations and the net present value of these minimum lease payments are as follows:

During the year ended June 30, 2016	\$4,278
2017	4,278
Thereafter	<u>0</u>
Total minimum lease payments	8,556
Less amount representing interest	<u>835</u>
Present value of minimum lease payments	<u>\$7,721</u>

Interest rate on the capitalized lease is approximately 7.13 percent.

On July 18, 2013, the Warren School District entered into a noncancellable lease agreement with Apple Financial for the lease of Apple computers. This lease agreement qualifies as a capital lease, for accounting purposes and thus, has been recorded at the present value of the future minimum lease payments at the inception of the lease in the general long-term debt account group. The total amount due is \$16,354, to be paid in yearly installments of \$5,451 over three (3) years with a buyout at the end of \$1.

The future minimum lease obligations and the net present value of these minimum lease payments are as follows:

During the year ended June 30, 2016	\$5,451
Thereafter	<u>0</u>
Total minimum lease payments	5,451
Less amount representing interest	<u>363</u>
Present value of minimum lease payments	<u>\$5,088</u>

Interest rate on the capitalized lease is approximately 7.13 percent.

Warren School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 10 – RESTRICTED, COMMITTED AND ASSIGNED FUND BALANCES (Fund Financial Statements)

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

General Fund:	
Committed for 2015-2016 Budget	<u>\$16,951</u>
Special Revenue Fund:	
Medicaid IEP	\$ 3,780
Roy Foundation	3,314
Technology Fund	<u>1,292</u>
Total	<u>\$ 8,386</u>
Capital Projects Fund:	
Maintenance Reserve	<u>\$26,705</u>

NOTE 11 – NET RESOURCES RESTRICTED (District-wide Financial Statements)

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

Net Resources Restricted For Capital Projects:	
Maintenance Reserve	<u>\$26,705</u>
Net Resources Restricted For Other Purposes:	
Committed for 2015-2016 Budget	\$16,951
Medicaid IEP	3,780
Roy Foundation	3,314
Technology Fund	<u>1,292</u>
Total	<u>\$25,337</u>

Warren School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 12 – TRANSFERS IN THE FUND BASED FINANCIAL STATEMENTS

The School District transfers funds to cover expenditures made in one fund for which the revenues are in another fund, or at the request of the voters. The following transfers were made during the year.

Funds of \$12,697 were transferred from the General Fund to the Special Revenue Fund – Medicaid IEP for the purpose of subsidizing the program funded by the State funds.

Funds of \$20,254 were transferred from the General Fund to the Enterprise Fund – Food Program for the purpose of subsidizing the operations.

Funds of \$4,019 were transferred from the General Fund to the Agency Fund for the purpose of subsidizing the field trips and other activities.

NOTE 13 - PENSIONS

VERMONT TEACHERS' RETIREMENT SYSTEM

Plan Description. VSTR is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the Vermont State Teachers Retirement System (VSTR) that provides benefits for teaching-certified employees of participating school districts. Title 16 of the Vermont State Statutes grants the authority to establish and amend the benefit terms to the VSTR Board of Trustee. VSTR issues a publicly available financial report that can be obtained at www.vermonttreasurer.gov/retirement/vstr-financial-reports.

Benefits provided. VSTR provides retirement, disability, and death benefits. Retirement benefits vary based on group classification (Group A or Group C), years of service, and age at retirement. Details of benefits are explained in Vermont Statutes Annotated Title 16 Section 1937. Five years of service is required for disability eligibility. Details of disability benefits are explained in Vermont Statutes Annotated Title 16 section 1938. Details of death benefits are explained in Vermont Statutes Annotated Title 16 section 1940.

Public school teachers employed within the State of Vermont prior to July 1, 1981 and elected to remain in Group A are eligible for group A benefits. Public school teachers employed within the State of Vermont on or after July 1, 1990 are automatically a Group C member. All employees hired before July 1, 1990 who were Group B members are now Group C members.

Warren School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 13 – PENSIONS (CONTINUED)

VERMONT TEACHERS’ RETIREMENT SYSTEM (CONTINUED)

Contributions. Per Vermont Statutes Annotated Title 16 Section 1944, contribution requirements of the active employees and the participating school districts are established and may be amended by the VSTR Board. Title 16 also requires the State to contribute 100 percent of school districts’ contractually required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees are required to contribute 5.5% for Group A, 6% for Group C with less than 5 years of employment and 5% for Group C with more than 5 years of employment of their annual pay. The school districts’ contractually required contribution rate for the year ended June 30, 2015 was 12.79 percent of annual school district payroll of which 0 percent of payroll was required from the school districts and 12.79 percent of payroll was required from the State. State contributions to the pension plan were \$55,651 for the year ended June 30, 2015.

Pension Liability, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At June 30, 2014, the State reported a liability of \$1,920,587 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the date. The State’s proportion of the net pension liability was based on a projection of the State’s long-term share of contributions to the pension plan relative to the total projected contributions of the state and all participating school districts, actuarially determined. At June 30, 2014, the State’s proportion was 100 percent.

As a result of its requirement to contribute to VSTR, the State recognized expense of \$135,474 for the year ended June 30, 2014. At June 30, 2014, the State reported deferred outflows of resources and deferred inflows of resources from the following sources as a result of its requirement to contribute to VSTR.

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences between expected and actual experience	\$ 0	\$ 0
Changes in assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	0	(166,993)
Change in proportional share	0	(88,532)
State contributions subsequent to the measurement date	0	0
Total	<u>\$ 0</u>	<u>\$ (255,525)</u>

Warren School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 13 – PENSIONS (CONTINUED)

VERMONT TEACHERS’ RETIREMENT SYSTEM (CONTINUED)

\$(192,468) reported as deferred outflows/inflows of resources related to pensions resulting from State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources as a result of the State’s requirement to contribute to VSTR will be recognized in expenses as follows:

Year ended June 30:	
2016	\$(73,993)
2017	(73,993)
2018	(44,482)
2019	0
2020	0
Thereafter	0

Actuarial assumptions. The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	3-3.25 percent
Salary increases	4.25 – 8.4 percent, average, including inflation
Investment rate of return	13.83 percent, net of pension plan investment expense, Including inflation

Mortality rates were based on the 12995 Buck Mortality Tables for Males or Females, as appropriate.

The actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2010. Expectations of life after disability were based on RP 2000 Disabled Life Tables.

The long-term expected rate of return on System investments was determined using best estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variables and the asset classes. These best estimate ranges were combined to produce forecast of the short, intermediate, and longer term horizons by weighting the expected future nominal rates of return by the target asset allocation

Warren School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 13 – PENSIONS (CONTINUED)

VERMONT TEACHERS’ RETIREMENT SYSTEM (CONTINUED)

percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles. To reflect this in the rate-of-return assumption, a Select and Ultimate assumption setting approach, which is cited in Section 3.6.4 of Actuarial Standard of Practice No. 27 as an alternative to a single assumed rate of return, is employed.

The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed Income	33.0%	2.94%
Equity	31.5	6.70
Alternative	15.5	6.26
Multi-Strategy	20.0	5.98

Discount rate. The discount rate used to measure the total pension liability was 8.15 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined, and that contributions from the State will be made at current statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the State’s proportionate share of the net pension liability to changes in the discount rate. The following presents the State’s proportionate share of the net pension liability calculated using the discount rate of 8.15 percent, as well as what the State’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage -point lower (7.15 percentage) or 1-percentage -point higher (9.15 percentage) than the current rate:

Warren School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 13 – PENSIONS (CONTINUED)

VERMONT TEACHERS’ RETIREMENT SYSTEM (CONTINUED)

	1% Decrease <u>(7.15%)</u>	Discount Rate <u>(8.15%)</u>	1% Increase <u>(9.15%)</u>
State’s proportionate share of The net pension liability	\$2,244,217	\$1,708,823	\$1,259,395

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued VSTR financial report.

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (Cost sharing pension plan)

Employees of the District are provided with pensions through the Vermont Municipal Employees’ Retirement System (VMERS) – a cost-sharing multiple employer defined benefit pension plan administered by a board of five trustees, known as the Retirement Board. Vermont Statutes Annotated title 24 Section 5062 grants the responsibility for the proper operation and effective provision of the Retirement System to the Retirement Board. VMERS issues a

publicly available financial report that can be obtained at www.vermonttreasurer.gov/retirement/muni-financial-reports.

Benefits provided. VMERS provides retirement, disability and death benefits. Details of benefits can be obtained at www.vermonttreasurer.gov/retirement/muni-group-plans and www.vermonttreasurer.gov/retirement/muni-group-comparisons.

Contributions. Per Title 24 Chapter 125 of the Vermont Statutes, contribution requirements of the active employees and the participating School District are established and may be amended by the Retirement Board. Employees and the School District contributions vary based on group classification (Group A, B, C, or D)

Employees' Contributions (% of gross wages)	2.5%	4.75%	9.75%	11.25%
The School District's contributions (% of gross wages)	4.0%	5.375%	7.0%	9.75%

Further information on contributions can be obtained at www.vermonttreasurer.gov/retirement/muni-group-comparisons.

Warren School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 13 – PENSIONS (CONTINUED)

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (Cost sharing pension plan) (CONTINUED)

The School District contractually required contribution rate for the year ended June 30, 2015, was the percentage of annual payroll from the above table, which is actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School District were \$8,429 for the year ended June 30, 2015.

Pension Liability, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions.

At June 30, 2015, the School District reported a liability of \$5,250 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating School Districts,

actuarially determined. At June 30, 2014, the School District's proportion was 0.0575 percent, which was in decrease of 0.0003 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the School District recognized pension expense of \$7,938. At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows <u>Of Resources</u>	Deferred Inflows <u>Of Resources</u>
Differences between expected and actual experience	\$ 0	\$ 0
Changes in assumptions	0	0
Net difference between projected and actual		
Earnings on pension plan investments	0	(16,188)
Changes in proportion and differences between		
School District contributions and		
Proportionate share of contributions	92	0
School District contributions subsequent		
To the measurement date	0	0
Total	<u>\$ 92</u>	<u>\$ (16,188)</u>

Warren School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 13 – PENSIONS (CONTINUED)

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (Cost sharing pension plan) (CONTINUED)

\$(12,006) reported as deferred outflows/inflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expenses as follows:

Year ended June 30:	
2016	\$(4,002)
2017	(4,002)
2018	(4,002)
2019	0
2020	0
Thereafter	0

Actuarial assumptions. The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	3-3.25 percent
Salary increases	5 percent, average, including inflation
Investment rate of return	6.25 percent, net of pension plan investment expense, Including inflation

Mortality rates were based on the 12995 Buck Mortality Tables for Males or Females, as appropriate.

The actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2010. Expectations of life after disability were based on RP 2000 Disabled Life Tables.

The long-term expected rate of return on System investments was determined using best estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variables and the asset classes. These best estimate ranges

Warren School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 13 – PENSIONS (CONTINUED)

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (Cost sharing pension plan) (CONTINUED)

were combined to produce forecast of the short, intermediate, and longer term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles. To reflect this in the rate-of-return assumption, a Select and Ultimate assumption setting approach, which is cited in Section 3.6.4 of Actuarial Standard of Practice No. 27 as an alternative to a single assumed rate of return, is employed.

The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed Income	33.0%	2.94%
Equity	31.5	6.70
Alternative	15.5	6.26
Multi-Strategy	20.0	5.98

Discount rate. The discount rate used to measure the total pension liability was 8.23 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from School Districts will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate. The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 8.23 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage -point lower (7.23 percentage) or 1-percentage -point higher

Warren School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 13 – PENSIONS (CONTINUED)

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (Cost sharing pension plan) (CONTINUED)

(9.23 percentage) than the current rate:

	1% Decrease <u>(7.23%)</u>	Discount Rate <u>(8.23%)</u>	1% Increase <u>(9.23%)</u>
School District's proportionate share of The net pension liability	\$44,227	\$5,250	\$(27,451)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued VMERS financial report.

NOTE 14 - RISK MANAGEMENT

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

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

Warren School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 14 - RISK MANAGEMENT (CONTINUED)

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

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

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

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

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

Warren School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 15 - OPERATING LEASES

On November 19, 2013 Warren School District entered into a lease agreement with LEAF Capital Funding, Inc. for the lease of a copier. The total amount due is \$8,820, to be paid in yearly installments of \$2,940 over three (3) years. The following is a schedule of future minimum lease payments under this lease.

During the year ended June 30, 2016	\$2,940
2017	1,225
Thereafter	<u>0</u>
Total	<u>\$4,165</u>

Total lease payments made this year were \$2,940.

NOTE 16 - SUBSEQUENT EVENTS

On July 1, 2015, the School District issued a tax anticipation note in the amount of \$500,000 to Peoples United Bank. The note carries interest at 1.19%. Principal and interest are due at maturity on June 30, 2016.

NOTE 17 - COMMITMENTS

On June 25, 2015, the School District entered into an agreement with Gillespie Fuels & Propane, Inc. to accept a fixed prepaid rate of \$2.47 per gallon of fuel oil for 8,000 gallons. The full payment amount of \$19,760 is due September 14, 2015. Any unused account balance at June 30, 2016 will be refunded to the District.

The School District participates in various state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money recovered may be required and the collectibility of any related receivable at June 30, 2015 may be impaired. It is the opinion of the School District, that there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Warren School District
Notes to Financial Statements (continued)
For The Year Ended June 30, 2015

NOTE 17 – COMMITMENTS (CONTINUED)

The School District is responsible for the withholding and paying over of certain payroll taxes and related items. At June 30, 2015, School District showed a liability for any taxes due and unpaid. These taxes are subject to audit by the State and federal government. It is the opinion of the School District, that there are no significant contingent liabilities relating to compliance with the rules and regulations governing these or other taxes.

NOTE 18 - RELATED PARTY

As defined by GASB No. 14, paragraph 71, the School District is a participant in and has an ongoing financial responsibility to Washington West Supervisory Union. The School District's board is responsible for appointing one member to the board of Washington West Supervisory Union. Washington West Supervisory Union assesses the School District annually for a share of the net projected expenses in excess of revenues, plus a share of other budgetary provisions. Washington West Supervisory Union also provides the busing for the District, the cost of which is billed by the busing company directly to the School District based on agreement with the Washington West Supervisory Union. Washington West Supervisory Union collects the food program reimbursement from the State and passes it through the School District. Separate financial statements on Washington West Supervisory Union are available from Washington West Supervisory Union.

The School District is part of the Harwood Union School District. The Union District is not a component of Warren School District. Separate financial statements on the Union School District are available from Washington West Supervisory Union.

NOTE 19 - CONTINGENCY

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

The School District received State construction aid in the past for various projects. In the event that the school building was to be sold, this construction aid might have to be repaid out of the proceeds. The amount of State construction aid received since July 1970 is not available but can be calculated by the State of Vermont in the event that a repayment is sought.

Warren School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
General Fund
For The Year Ended June 30, 2015

Schedule 1

	Object	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Tuition:				
Preschool		\$ -	\$ 9,949	\$ 9,949
Other LEAs		57,600	59,094	1,494
Summer School		-	200	200
Interest on Investments		7,500	6,598	(902)
Town Rental Income		61,816	57,224	(4,592)
E-Rate Reimbursement		-	943	943
Miscellaneous		-	152	152
State:				
Education Spending Grant		1,948,778	1,946,594	(2,184)
Transportation Aid		40,556	40,485	(71)
Capital Debt Hold Harmless		5,000	7,184	2,184
Mainstream Block Grant		51,934	51,934	-
SPED Expenditure Reimbursement		121,734	123,778	2,044
Essential Early Education		3,000	39,397	36,397
Federal:				
School Wide Program		22,800	23,293	493
IDEA-B		14,230	13,160	(1,070)
Forest Revenue		20,000	5,236	(14,764)
TOTAL REVENUES		<u>2,354,948</u>	<u>2,385,221</u>	<u>30,273</u>
EXPENDITURES:				
Regular Instruction 1100:				
Salaries	110	581,934	561,871	20,063
Tutors	112	2,000	2,744	(744)
Aide Salaries	115	35,551	22,619	12,932
Temporary Salaries	120	12,500	9,553	2,947
Personal Days	125	654	1,116	(462)
Per Diem Salaries	151	-	925	(925)
MGI Per Diem Salaries	170	-	5,475	(5,475)
Health Insurance	210	156,074	167,617	(11,543)
Section 125 Plan	211	280	507	(227)
Insurance Compensation	212	700	-	700
Social Security	220	47,238	44,899	2,339
Life Insurance	230	3,143	2,882	261
Retirement	240	1,422	905	517
Workers Compensation	250	5,311	4,527	784

The accompanying notes are an integral part of these financial statements

Warren School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
General Fund
For The Year Ended June 30, 2015

Schedule 1

	Object	Budget	Actual	Variance Favorable (Unfavorable)
Unemployment Compensation	260	\$ 261	\$ 343	\$ (82)
Tuition Reimbursement	270	15,000	26,089	(11,089)
Dental Insurance	280	10,200	9,513	687
Purchased Services	330	1,600	2,135	(535)
Evaluations/Consultants	331	2,000	-	2,000
Copier	410	4,500	4,673	(173)
Supplies	610	13,060	13,340	(280)
Books and Periodicals	640	8,000	4,882	3,118
Equipment	730	<u>2,000</u>	<u>355</u>	<u>1,645</u>
Subtotal		<u>903,428</u>	<u>886,970</u>	<u>16,458</u>
Early Education 1100:				
Salaries	110	49,717	49,747	(30)
Per Diem Salaries	110	-	330	(330)
Aide Salaries	115	19,715	18,867	848
Per Diem Extra Salaries	151	-	403	(403)
Health Insurance	210	12,666	12,098	568
Social Security	220	5,311	3,984	1,327
Life Insurance	230	362	296	66
Workers Compensation	250	789	464	325
Unemployment Compensation	260	598	36	562
Professional Development	270	84	-	84
Dental Insurance	280	849	778	71
Testing Services	331	560	552	8
Supplies	610	650	-	650
Books and Periodicals	640	<u>500</u>	<u>-</u>	<u>500</u>
Subtotal		<u>91,801</u>	<u>87,555</u>	<u>4,246</u>
Art 1102:				
Salaries	110	21,435	21,435	-
Per Diem Salaries	111	-	160	(160)
Personal Days	125	-	95	(95)
Health Insurance	210	3,136	-	3,136
Social Security	220	1,640	1,623	17
Life Insurance	230	170	20	150
Workers Compensation	250	184	143	41
Unemployment Compensation	260	21	12	9
Dental Insurance	280	376	345	31
Supplies	610	1,700	1,859	(159)

The accompanying notes are an integral part of these financial statements

Warren School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
General Fund
For The Year Ended June 30, 2015

Schedule 1

	Object	Budget	Actual	Variance Favorable (Unfavorable)
Equipment	730	\$ 1,000	\$ -	\$ 1,000
Subtotal		<u>29,662</u>	<u>25,692</u>	<u>3,970</u>
Language Program 1106:				
Salaries	110	18,285	18,285	-
Insurance Compensation	212	280	5	275
Social Security	220	1,399	1,399	-
Life Insurance	230	158	-	158
Workers Compensation	250	157	122	35
Unemployment Compensation	260	21	8	13
Supplies	610	<u>800</u>	<u>635</u>	<u>165</u>
Subtotal		<u>21,100</u>	<u>20,454</u>	<u>646</u>
Physical Education 1108:				
Salaries	110	33,421	33,420	1
Personal Days	125	-	105	(105)
Health Insurance	210	6,849	6,549	300
Social Security	220	2,557	2,565	(8)
Life Insurance	230	214	173	41
Workers Compensation	250	287	223	64
Unemployment Compensation	260	21	18	3
Dental Insurance	280	418	447	(29)
Supplies	610	<u>800</u>	<u>857</u>	<u>(57)</u>
Subtotal		<u>44,567</u>	<u>44,357</u>	<u>210</u>
Music 1112:				
Salaries	110	24,892	25,277	(385)
Music Lessons	111	6,000	1,606	4,394
Personal Days	125	-	25	(25)
Health Insurance	210	8,263	8,304	(41)
Social Security	220	1,904	2,474	(570)
Life Insurance	230	182	144	38
Workers Compensation	250	214	206	8
Unemployment Compensation	260	21	17	4
Dental Insurance	280	-	465	(465)
Supplies	610	<u>800</u>	<u>358</u>	<u>442</u>
Subtotal		<u>42,276</u>	<u>38,876</u>	<u>3,400</u>
Special Education 1200:				
Salaries	110	99,172	108,289	(9,117)
Per Diem Salaries	110	-	1,280	(1,280)
Tutor	112	4,200	-	4,200

The accompanying notes are an integral part of these financial statements

Warren School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
General Fund
For The Year Ended June 30, 2015

Schedule 1

	Object	Budget	Actual	Variance Favorable (Unfavorable)
Aide Salaries	115	\$ 68,926	\$ 67,478	\$ 1,448
Temporary Salaries	120	-	6,977	(6,977)
Personal Days	125	-	196	(196)
Per Diem Extra Salaries	151	-	669	(669)
Health Insurance	210	46,253	45,395	858
Insurance Compensation	212	96	420	(324)
Social Security	220	12,860	13,450	(590)
Life Insurance	230	727	477	250
Retirement	240	2,757	2,881	(124)
Workers Compensation	250	1,446	1,151	295
Unemployment Compensation	260	161	94	67
Tuition Reimbursement	270	-	4,106	(4,106)
Dental Insurance	280	2,664	2,408	256
Testing Services	331	1,000	-	1,000
Travel	580	1,500	-	1,500
Supplies	610	-	1,246	(1,246)
Books and Periodicals	640	-	215	(215)
Subtotal		<u>241,762</u>	<u>256,732</u>	<u>(14,970)</u>
Essential Early Education 1200:				
Aide Salaries	115	6,033	7,777	(1,744)
Social Security	220	-	595	(595)
Workers Compensation	250	-	40	(40)
Unemployment Compensation	260	-	4	(4)
Supplies	610	750	-	750
Subtotal		<u>6,783</u>	<u>8,416</u>	<u>(1,633)</u>
Compensatory Education 1250:				
Salaries	110	65,815	66,930	(1,115)
Health Insurance	210	14,322	12,599	1,723
Insurance Compensation	212	169	-	169
Social Security	220	5,035	4,544	491
Life Insurance	230	604	302	302
Workers Compensation	250	566	440	126
Unemployment Compensation	260	83	35	48
Dental Insurance	280	883	808	75
Subtotal		<u>87,477</u>	<u>85,658</u>	<u>1,819</u>
School Wide Program 1270:				
Salaries	110	15,649	21,437	(5,788)
Insurance Compensation	212	155	-	155

The accompanying notes are an integral part of these financial statements

Warren School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
General Fund
For The Year Ended June 30, 2015

Schedule 1

	Object	Budget	Actual	Variance Favorable (Unfavorable)
Social Security	220	\$ 1,197	\$ 1,640	\$ (443)
Life Insurance	230	147	95	52
Workers Compensation	250	135	98	37
Unemployment Compensation	260	21	13	8
Subtotal		<u>17,304</u>	<u>23,283</u>	<u>(5,979)</u>
Guidance Services 2120:				
Salaries	110	27,505	27,505	-
Personal Days	125	280	84	196
Social Security	220	2,104	2,111	(7)
Life Insurance	230	191	-	191
Workers Compensation	250	237	184	53
Unemployment Compensation	260	21	15	6
Supplies	610	250	-	250
Subtotal		<u>30,588</u>	<u>29,899</u>	<u>689</u>
Health Services 2130:				
Salaries	110	21,128	21,128	-
Personal Days	125	-	105	(105)
Insurance Compensation	212	350	350	-
Social Security	220	1,616	1,651	(35)
Life Insurance	230	167	136	31
Workers Compensation	250	182	141	41
Unemployment Compensation	260	21	11	10
Supplies	610	600	329	271
Books and Periodicals	640	120	12	108
Equipment	730	100	-	100
Subtotal		<u>24,284</u>	<u>23,863</u>	<u>421</u>
SPED Psychological Services 2140:				
Evaluations	300	12,000	16,194	(4,194)
Equipment	739	-	(7)	7
Subtotal		<u>12,000</u>	<u>16,187</u>	<u>(4,187)</u>
EEE Psychological Services 2140:				
Evaluations	300	-	2,800	(2,800)
Subtotal		<u>-</u>	<u>2,800</u>	<u>(2,800)</u>
Special Education Speech 2150:				
Salaries	110	68,792	68,762	30
Summer Services Salaries	112	900	339	561
Personal Days	125	-	34	(34)
Health Insurance	210	13,698	13,098	600

The accompanying notes are an integral part of these financial statements

Warren School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
General Fund
For The Year Ended June 30, 2015

Schedule 1

	Object	Budget	Actual	Variance Favorable (Unfavorable)
Social Security	220	\$ 5,263	\$ 5,079	\$ 184
Life Insurance	230	342	280	62
Workers Compensation	250	592	472	120
Unemployment Compensation	260	21	34	(13)
Dental Insurance	280	837	754	83
Supplies	610	700	455	245
Subtotal		91,145	89,307	1,838
SPED Occupational Therapy Services 2160:				
Professional Services	300	2,080	4,830	(2,750)
Subtotal		2,080	4,830	(2,750)
EEE Occupational Therapy Services 2160:				
Professional Services	300	765	1,954	(1,189)
Subtotal		765	1,954	(1,189)
Physical Therapy Services 2190:				
Professional Services	300	150	403	(253)
Subtotal		150	403	(253)
EEE Physical Therapy Services 2190:				
Professional Services	300	-	543	(543)
Subtotal		-	543	(543)
Improvement of Instruction 2210:				
Inservice	320	1,000	-	1,000
Subtotal		1,000	-	1,000
Media Center 2220:				
Salaries	110	22,127	22,127	-
Assistant Salaries	115	5,915	3,362	2,553
Personal Days	125	-	84	(84)
Insurance Compensation	212	280	-	280
Social Security	220	2,145	1,956	189
Life Insurance	230	173	-	173
Workers Compensation	250	240	187	53
Unemployment Compensation	260	36	14	22
Repairs and Maintenance	430	750	721	29
Supplies	610	400	163	237
Books and Periodicals	640	3,200	4,127	(927)
Equipment	730	1,000	791	209
Subtotal		36,266	33,532	2,734

The accompanying notes are an integral part of these financial statements

Warren School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
General Fund
For The Year Ended June 30, 2015

Schedule 1

	Object	Budget	Actual	Variance Favorable (Unfavorable)
Audio Visual/Technology 2223:				
Salaries	116	\$ 18,483	\$ 12,794	\$ 5,689
Social Security	220	1,414	979	435
Retirement	240	739	-	739
Workers Compensation	250	152	123	29
Unemployment Compensation	260	21	3	18
Purchased Services	330	11,500	11,357	143
Repairs and Maintenance	430	500	4	496
Supplies	610	-	1,751	(1,751)
Software	650	-	5,022	(5,022)
Equipment	730	<u>15,598</u>	<u>16,260</u>	<u>(662)</u>
Subtotal		<u>48,407</u>	<u>48,293</u>	<u>114</u>
Board of Education 2310:				
Salaries	110	675	300	375
Stipends	118	2,500	2,500	-
Social Security	220	52	214	(162)
Life Insurance	230	-	1	(1)
Retirement	240	-	12	(12)
Dental Insurance	280	-	5	(5)
Legal	360	2,500	1,814	686
Insurance	523	3,030	3,123	(93)
Advertising	540	1,500	529	971
Miscellaneous	550	1,200	2,750	(1,550)
Dues and Fees	810	<u>1,250</u>	<u>1,077</u>	<u>173</u>
Subtotal		<u>12,707</u>	<u>12,325</u>	<u>382</u>
Supervisory Union Assessment 2321:				
Assessment	331	<u>62,013</u>	<u>62,016</u>	<u>(3)</u>
Subtotal		<u>62,013</u>	<u>62,016</u>	<u>(3)</u>
Administration 2400:				
Salaries	110	85,698	80,000	5,698
Support Staff Salaries	111	43,953	43,953	-
Temporary Salaries	120	-	560	(560)
Health Insurance	210	23,755	23,935	(180)
Social Security	220	9,918	9,376	542
Life Insurance	230	660	567	93
Retirement	240	2,198	1,758	440
Workers Compensation	250	1,115	866	249
Unemployment Compensation	260	42	55	(13)

The accompanying notes are an integral part of these financial statements

Warren School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
General Fund
For The Year Ended June 30, 2015

Schedule 1

	Object	Budget	Actual	Variance Favorable (Unfavorable)
Professional Development	270	\$ 3,000	\$ 2,139	\$ 861
Dental Insurance	280	1,742	1,306	436
Mentoring Services	300	-	3,546	(3,546)
Postage	531	1,250	538	712
Travel	580	-	450	(450)
Supplies	610	300	587	(287)
Equipment	730	500	1,332	(832)
Dues and Fees	810	300	1,104	(804)
Subtotal		<u>174,431</u>	<u>172,072</u>	<u>2,359</u>
Fiscal Services 2521:				
Business Manager Assessment	331	10,366	10,367	(1)
Accounting Assessment	331	23,304	23,305	(1)
Audit	370	3,700	3,700	-
Current Interest	830	6,000	5,194	806
Bank Analysis Fees	890	-	89	(89)
Subtotal		<u>43,370</u>	<u>42,655</u>	<u>715</u>
Building Maintenance & Operation 2600:				
Salaries	110	40,070	40,070	-
Assistant Salaries	111	17,834	15,295	2,539
Health Insurance	210	15,745	15,745	-
Social Security	220	4,430	4,235	195
Life Insurance	230	-	143	(143)
Retirement	240	2,263	1,603	660
Workers Compensation	250	5,183	375	4,808
Unemployment Compensation	260	45	27	18
Dental Insurance	280	871	843	28
Trash Removal	421	2,400	3,126	(726)
Repairs and Maintenance	430	35,000	38,198	(3,198)
Property Insurance	521	6,800	5,641	1,159
Telephone	530	3,600	3,496	104
Supplies	610	5,250	6,888	(1,638)
Electricity	622	25,750	26,246	(496)
Gas	623	2,500	2,302	198
Oil	624	22,750	30,741	(7,991)
Diesel Fuel	625	-	132	(132)
Equipment	730	1,000	-	1,000
Subtotal		<u>191,491</u>	<u>195,106</u>	<u>(3,615)</u>

The accompanying notes are an integral part of these financial statements

Warren School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
General Fund
For The Year Ended June 30, 2015

Schedule 1

	Object	Budget	Actual	Variance Favorable (Unfavorable)
Transportation 2710:				
Contracted Transportation	519	\$ 91,719	\$ 92,171	\$ (452)
Subtotal		<u>91,719</u>	<u>92,171</u>	<u>(452)</u>
Co-Curricular Transportation 2720:				
Field Trips	519	<u>9,000</u>	<u>2,171</u>	<u>6,829</u>
Subtotal		<u>9,000</u>	<u>2,171</u>	<u>6,829</u>
Debt Services 5100:				
Interest Charges	830	2,513	2,513	-
Principal Retirement	910	<u>32,525</u>	<u>32,525</u>	-
Subtotal		<u>35,038</u>	<u>35,038</u>	-
 TOTAL EXPENDITURES		 <u>2,352,614</u>	 <u>2,343,158</u>	 <u>9,456</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		 2,334	 42,063	 39,729
 OTHER FINANCING SOURCES (USES):				
Transfer To Special Revenue Fund		-	(12,697)	(12,697)
Transfer To Enterprise Fund		(5,500)	(20,254)	(14,754)
Transfer To Agency Fund		<u>-</u>	<u>(4,019)</u>	<u>(4,019)</u>
 EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES		 (3,166)	 5,093	 8,259
 FUND BALANCE, JULY 1, 2014		 <u>-</u>	 <u>20,117</u>	 <u>20,117</u>
 FUND BALANCE, JUNE 30, 2015		 <u>\$ (3,166)</u>	 <u>\$ 25,210</u>	 <u>\$ 28,376</u>

The accompanying notes are an integral part of these financial statements

Warren School District
Combining Balance Sheet
Special Revenue Funds
June 30, 2015

Schedule 2

	Medicaid	Roy Foundation	Technology Fund	Totals
ASSETS:				
Current Assets:				
Due From Other Funds		\$ 3,314	\$ 1,292	\$ 4,606
Accounts Receivable - Supervisory Union	\$ 5,991	-	-	5,991
Total Current Assets	<u>5,991</u>	<u>3,314</u>	<u>1,292</u>	<u>10,597</u>
TOTAL ASSETS	<u>\$ 5,991</u>	<u>\$ 3,314</u>	<u>\$ 1,292</u>	<u>\$ 10,597</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Due To Other Funds	\$ 2,211	-	-	\$ 2,211
Total Liabilities	<u>2,211</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,211</u>
Fund Balances:				
Restricted	<u>3,780</u>	<u>3,314</u>	<u>1,292</u>	<u>8,386</u>
Total Fund Balances	<u>3,780</u>	<u>3,314</u>	<u>1,292</u>	<u>8,386</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 5,991</u>	<u>\$ 3,314</u>	<u>\$ 1,292</u>	<u>\$ 10,597</u>

The accompanying notes are an integral part of these financial statements

Warren School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Special Revenue Funds
For The Year Ended June 30, 2015

Schedule 3

	Medicaid	Roy Foundation	Technology Fund	Totals
REVENUES:				
Private/Local	\$ 15,760	-	-	\$ 15,760
TOTAL REVENUES	<u>15,760</u>	<u>\$ -</u>	<u>\$ -</u>	<u>15,760</u>
EXPENDITURES:				
Direct Services	<u>24,777</u>	-	-	<u>24,777</u>
TOTAL EXPENDITURES	<u>24,777</u>	<u>-</u>	<u>-</u>	<u>24,777</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(9,017)	-	-	(9,017)
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>12,697</u>	-	-	<u>12,697</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	3,680	-	-	3,680
FUND BALANCES, JULY 1, 2014	<u>100</u>	<u>3,314</u>	<u>1,292</u>	<u>4,706</u>
FUND BALANCES, JUNE 30, 2015	<u>\$ 3,780</u>	<u>\$ 3,314</u>	<u>\$ 1,292</u>	<u>\$ 8,386</u>

The accompanying notes are an integral part of these financial statements

Warren School District
Statement of Changes in Assets and Liabilities
Fiduciary Fund Type - Agency Fund
Student Activities
For The Year Ended June 30, 2015

Schedule 4

	Balance July 1, 2014	Receipts	Disbursements	Balance June 30, 2015
Assets:				
Due From Other Funds	\$ -	\$ 96,047	\$ 32,056	\$ 63,991
Total Assets	<u>\$ -</u>	<u>\$ 96,047</u>	<u>\$ 32,056</u>	<u>\$ 63,991</u>
Liabilities:				
Accounts Payable - Other	\$ -	\$ 25,742	\$ -	\$ 25,742
Amount Held for Agency Funds	<u>-</u>	<u>70,305</u>	<u>32,056</u>	<u>38,249</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 96,047</u>	<u>\$ 32,056</u>	<u>\$ 63,991</u>

The accompanying notes are an integral part of these financial statements



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

To the School Board
Warren School District, Vermont

We have audited, in accordance with the 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 the governmental activities, the business-type activities, and the aggregate remaining fund information of Warren School District, Vermont, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Warren School District, Vermont's basic financial statements and have issued our report thereon dated March 28, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Warren School District, Vermont'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Warren School District, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of Warren School District, Vermont'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 Warren School District, Vermont's financial statements are free from 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 of 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Angolano & Company

Angolano & Company
Shelburne, Vermont
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March 28, 2016



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August 21, 2015

To the School Board
Warren School District

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Warren School District** for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, Government Auditing Standards and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 19, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Warren School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during June 30, 2015. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the lives of property, plant, and equipment is based on expected usefulness. We evaluated the key factors and assumptions used to develop the lives of property, plant, and equipment in determining that it is reasonable in relation to the financial statements taken as a whole.

Management estimates the final receivable or payable with the State of Vermont Department of Education for special education expense reimbursement.

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

The disclosure of Fund Balances and Net Resources in Notes 10 and 11 to the financial statements as to how any surplus is to be used in future fiscal years.

Other Post Employment Benefits (OPEB) and Termination Benefits in Note 7 to the financial statements as to how it is being offered and any contingent and real liabilities that exist.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

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

Management Consultations with Other Independent Accountants

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

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

Other Audit Findings or Issues

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

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

Very truly yours,

Angolano & Company

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