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Independent Auditors' Report

To The School Board
Waitsfield School District

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of Waitsfield School District, Vermont, as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the School District's nonmajor governmental and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of Waitsfield School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of Waitsfield School District, Vermont, as of June 30, 2007, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and fiduciary fund of Waitsfield School District, as of June 30, 2007, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2007 on our consideration of Waitsfield School District's internal

control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 5 and 29 through 37 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Waitsfield School District'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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Angolano & Company

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

November 20, 2007

Waitsfield School District
 Combined Balance Sheet
 All Fund Types - Fund Base
 June 30, 2007

EXHIBIT III

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General Fund	Special Revenue Fund	Capital Projects Fund	Agency Funds	
ASSETS:					
Current Assets:					
Cash	\$ 148,750			\$ 10,646	\$ 159,396
Accounts Receivable - State		\$ 5,314			5,314
Accounts Receivable - Other	17,291				17,291
Due From Other Funds		18,891	\$ 26,782		45,673
Prepaid Expenses	<u>5,238</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,238</u>
Total Current Assets	<u>171,279</u>	<u>24,205</u>	<u>26,782</u>	<u>10,646</u>	<u>232,912</u>
TOTAL ASSETS	\$ 171,279	\$ 24,205	\$ 26,782	\$ 10,646	\$ 232,912
LIABILITIES AND FUND EQUITIES:					
Liabilities:					
Cash Overdraft	\$ 17,756				\$ 17,756
Accounts Payable - Other	13,477				13,477
Due To Other Funds	41,446	\$ 4,226			45,672
Amount Held for Agency Funds	<u>-</u>	<u>-</u>	<u>-</u>	\$ 10,646	<u>10,646</u>
Total Liabilities	<u>72,679</u>	<u>4,226</u>	<u>\$ -</u>	<u>10,646</u>	<u>87,551</u>
Fund Equity:					
Fund Balances:					
Unreserved	66,440				66,440
Reserved	<u>32,160</u>	<u>19,979</u>	<u>26,782</u>	<u>-</u>	<u>78,921</u>
Total Fund Equities	<u>98,600</u>	<u>19,979</u>	<u>26,782</u>	<u>-</u>	<u>145,361</u>
TOTAL LIABILITIES AND FUND EQUITIES	\$ 171,279	\$ 24,205	\$ 26,782	\$ 10,646	\$ 232,912

The accompanying notes are an integral part of these financial statements

Waitsfield School District
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances
 All Governmental Fund Types - Fund Base
 For The Year Ended June 30, 2007

EXHIBIT IV

	Governmental Fund Types				Totals (Memorandum Only)
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
REVENUES:					
Interest on Investments	\$ 53,494				\$ 53,494
Refunds and Reimbursements	50,080				50,080
Private/Local/Other		\$ 13,772			13,772
State	3,057,984				3,057,984
Federal	<u>33,078</u>	<u>4,226</u>	<u>-</u>	<u>-</u>	<u>37,304</u>
TOTAL REVENUES	<u>3,194,636</u>	<u>17,998</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,212,634</u>
EXPENDITURES:					
Direct Services	2,535,821	16,584			2,552,405
Support Services:					
Students	124,941				124,941
Instructional Staff	39,835				39,835
General Administration	47,047				47,047
Area Administration	137,324				137,324
Fiscal Services	25,192				25,192
Operation & Maintenance of Building	154,148				154,148
Transportation	38,166				38,166
Food Services	3,952				3,952
Debt Service:					
Interest Charges				20,121	20,121
Principal Retirement	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,080</u>	<u>45,080</u>
TOTAL EXPENDITURES	<u>3,106,426</u>	<u>16,584</u>	<u>-</u>	<u>65,201</u>	<u>3,188,211</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	88,210	1,414	-	(65,201)	24,423
OTHER FINANCING SOURCES (USES):					
Transfers In				65,201	65,201
Transfers Out	<u>(65,201)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(65,201)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	23,009	1,414	-	-	24,423
FUND BALANCE, JULY 1, 2006	<u>75,591</u>	<u>18,565</u>	<u>26,782</u>	<u>-</u>	<u>120,938</u>
FUND BALANCE, JUNE 30, 2007	<u>\$ 98,600</u>	<u>\$ 19,979</u>	<u>\$ 26,782</u>	<u>\$ -</u>	<u>\$ 145,361</u>

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