

**SOUTHWEST VERMONT REGIONAL
TECHNICAL SCHOOL DISTRICT**

Financial Statements and Schedules

June 30, 2009

(With Independent Auditors' Report Thereon)

Love, Cody & Company, CPAs

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SECTION I

FINANCIAL SECTION



Independent Auditors' Report

The Board of School Directors
Southwest Vermont Regional Technical School District

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Southwest Vermont Regional Technical School District as of June 30, 2009, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated [to be determined] on our consideration of Southwest Vermont Regional Technical 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis on pages 2 through 10 and the budgetary comparison information on pages 26 through 28 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 supplementary information. However, we did not audit the information and express no opinion on it.

November 3, 2009

Love, Cody & Company, CPAs, P.C.

Vt. Reg. #357

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SOUTHWEST VERMONT REGIONAL TECHNICAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2009

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2009. This section is a summary of the School District's financial activities based on currently known facts, decisions, or statements. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

The District ended fiscal year 2009 in a very solid cash position. The amount of cash and cash equivalents increased from \$741,660 at the end of fiscal year 2008 to \$875,089 at the end of fiscal year 2009. Because the District maintained a solid cash position throughout the entire fiscal year, it was able to pay employees and vendors without having to borrow funds. Since its inception in 2003, the District has never had to borrow.

The General Fund Balance for fiscal year 2009 is \$766,362. This amount has increased \$146,707 or 24% over the fiscal year 2008. The fund balance is comprised of the following: \$63,220 for voter approved reserve funds for capital improvements, \$40,463 for equipment, \$309,716 is designated for revenue offset for fiscal year 2010, and \$352,963 is the undesignated fund balance. This is further evidence of a very sound fiscal position at year end.

It should be noted here that the \$352,963 undesignated fund balance will be used to offset, or refund tuition for fiscal year 2011.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

- The first two statements are *entity-wide financial statements that provide both short-term and long term information about the School District's overall financial status.*
- The remaining statements are fund financial statements that focus on individual parts of the School District, reporting the operation in more detail than the entity-wide statements. The fund financial statements concentrate on the School District's most significant funds with all nonmajor funds listed in one column.
- The governmental fund statements tell how basic services, such as instruction and support functions, were financed in the short-term, as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others, including the employees of the School District.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of actual results to the School District's budget for the year. Table A-1 shows how the various parts of this annual report are arranged and related to one another.

SOUTHWEST VERMONT REGIONAL TECHNICAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2009

Table A-1: Organization of the School District's Annual Financial Report

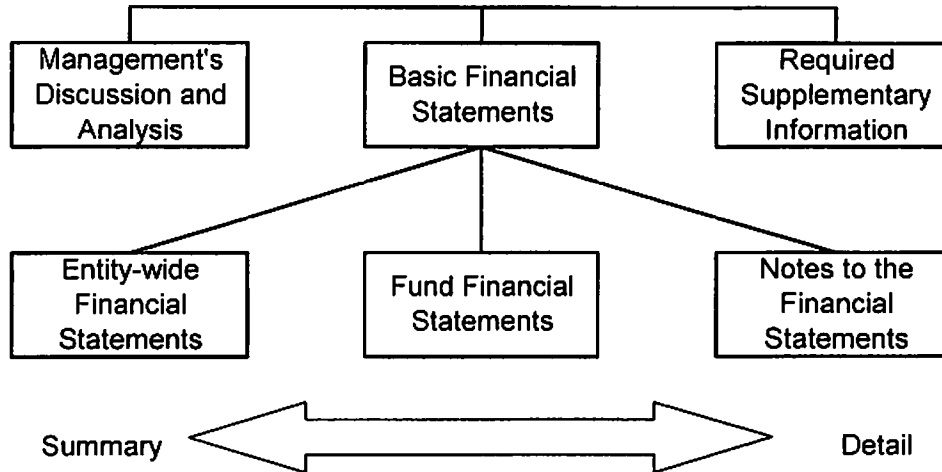


Table A-2 summarizes the major features of the School District's financial statements, including the portion of the School District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

Table A-2: Major Features of the School District-Wide and Fund Financial Statements

	School District-Wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire School District (except fiduciary funds)	The day-to-day operating activities of the School District, such as instruction and support services.	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities funds.
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus

SOUTHWEST VERMONT REGIONAL TECHNICAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2009

Table A-2 (continued)

	Fund Financial Statements		
	School District-Wide	Governmental Funds	Fiduciary Funds
Type of asset / liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon after; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow / outflow information	All revenue and expenses during year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

School District-Wide Statements

The School District-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the School District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two School District-wide statements report the School District's net assets and how they have changed. Analysis of net assets – the difference between the School District's assets and liabilities – is one way to measure the School District's financial health or position.

- Over time, increases or decreases in the School District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the School District, additional non-financial factors, such as the impact of certain legislative changes to technical education regulations, and the condition of building and other facilities should be considered.

Net assets of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (dollars) are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balances.

School District-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net assets:

SOUTHWEST VERMONT REGIONAL TECHNICAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2009

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Depreciate capital assets and allocate the depreciation to the proper function.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net assets balances as follows:
 - Net assets invested in capital assets, net of debt.
 - Restricted net assets are those with constraints placed on use by external sources or imposed by law.
 - Unrestricted net assets are net assets that do not meet any of the above restrictions.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds – not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs.

The School District has two kinds of funds:

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the School District-wide statements, a reconciliation is provided on the following page that explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund and special revenue funds. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balances.
- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the School District-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net assets and changes in net assets.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The School District's net assets as of June 30, 2009, are as detailed in Table A-3.

SOUTHWEST VERMONT REGIONAL TECHNICAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2009

Table A-3: Condensed Statements of Net Assets – Governmental Activities

	<u>2009</u>	<u>2008</u>	<u>Percent Change</u>
Cash and other current assets	\$ 913,342	815,071	12.1%
Capital assets	613,388	608,570	0.8%
Total assets	<u>\$ 1,526,730</u>	<u>1,423,641</u>	7.2%
Current liabilities	\$ 119,401	163,623	-27.0%
Long-term liabilities	36,284	16,244	123.4%
Total liabilities	<u>\$ 155,685</u>	<u>179,867</u>	-13.4%
Net assets:			
Investment in capital assets	\$ 613,388	608,570	0.8%
Unrestricted	757,657	635,204	19.3%
Total net assets	<u>\$ 1,371,045</u>	<u>1,243,774</u>	10.2%

Cash and other current assets increased \$98,271 or 12% to \$913,342 at June 30, 2009. It should be noted that good cash flow during fiscal year 2009 eliminated the need to borrow.

Capital assets balance has increased \$4,818 or 0.8% to \$613,388, indicating new asset acquisitions in excess of depreciation charges.

Changes in Net Assets

The School District's fiscal year 2009 Revenue totaled \$3,424,290 (see table A-4). Charges for services and operating grants accounted for most of the School District's revenue by contributing 30% and 65% respectively, of every dollar raised (see Table A-5). The remainder came from other miscellaneous sources.

Table A-4: Changes in Net Assets

	<u>2009</u>	<u>2008</u>	<u>Percent Change</u>
Revenues:			
Charges for services	\$ 1,029,757	957,405	7.6%
Operating grants	2,239,870	2,291,090	-2.2%
General revenues:			
Interest	14,345	37,756	-62.0%
Other	140,318	110,616	26.9%
Total revenues	<u>3,424,290</u>	<u>3,396,867</u>	0.8%

SOUTHWEST VERMONT REGIONAL TECHNICAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2009

Table A-4 (continued)

	<u>2009</u>	<u>2008</u>	<u>Percent Change</u>
Expenses:			
Direct instruction	\$ 2,048,309	2,053,060	-0.2%
General and administrative	521,845	518,114	0.7%
Support services - students	238,402	229,525	3.9%
Support services - technology	86,827	82,002	5.9%
Plant maintenance and safety	267,618	315,281	-15.1%
SVSU assessments	48,830	71,325	-31.5%
Pupil transportation	37,888	39,633	-4.4%
Board of education	40,511	39,445	2.7%
Student organizations	6,789	4,149	63.6%
Total expenses	<u>3,297,019</u>	<u>3,352,534</u>	-1.7%
Change in net assets	<u>\$ 127,271</u>	<u>44,333</u>	187.1%

Total revenue increased \$27,423 from FY 2008 to FY 2009 or 0.8%.
 Total expenses decreased \$55,515 from FY 2008 to FY 2009 or 1.7%.

Table A-5: Sources of Revenue for 2009 Fiscal Year

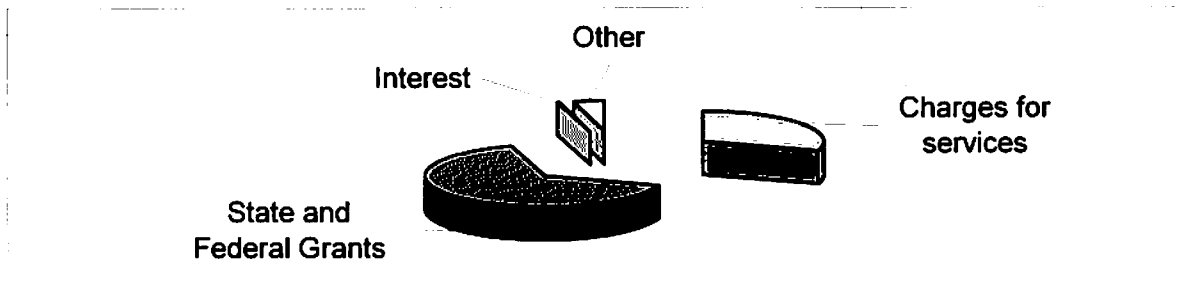
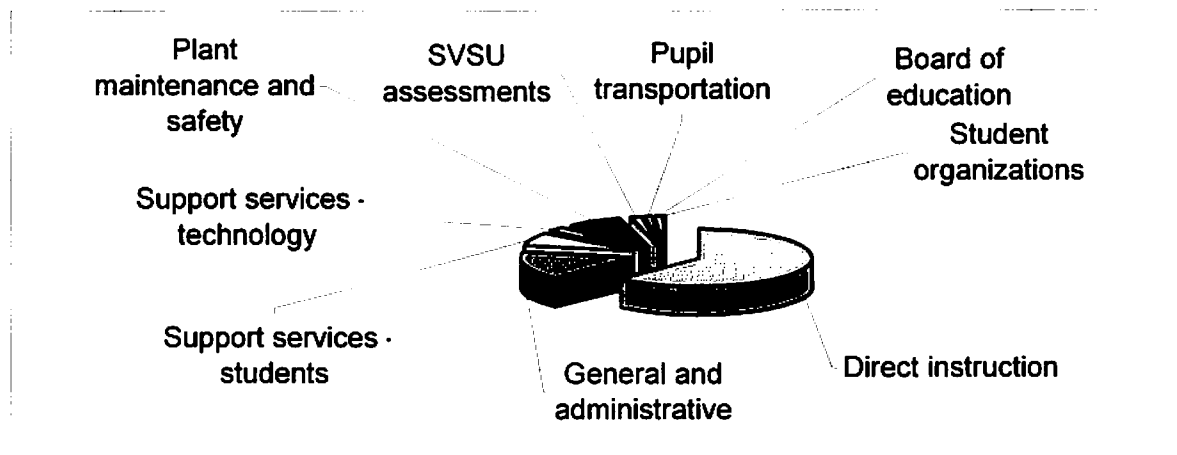


Table A-6: Expenditures for 2009 Fiscal Year



SOUTHWEST VERMONT REGIONAL TECHNICAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2009

Governmental Activities

Revenue for the School District's governmental activities totaled \$3,424,290, while total expenses equaled \$3,297,019. The School District's good financial condition can be credited to:

- Support from legislators
- Support from board of directors
- Support from treasurer and clerk
- Support from program advisory committees and others in community
- Program teacher involvement in recruitment process
- Work of outreach coordinator
- Program teacher involvement in budgeting and cost containment process
- Business operations independent of other educational entities

Table A-7 presents the cost of eight School District activities: Direct instruction, General and Administrative, Plant Maintenance and Safety, Student Support Services, SVSU Assessments, Pupil Transportation, Board of Education and Student organizations. The table also shows each activity's net cost (total cost less fees generated by the activities and aid provided for specific programs). The net cost shows the effect of these functions.

Table A-7: Cost of School District Activities

	Total Cost of Services			Net Cost of Services		
	2009	2008	Percent Change	2009	2008	Percent Change
Functions:						
Direct instruction	\$ 2,048,309	2,053,060	-0.2%	(1,221,318)	(1,195,435)	2.2%
General and administrative	521,845	518,114	0.7%	521,845	518,114	0.7%
Plant maintenance and safety	267,618	315,281	-15.1%	267,618	315,281	-15.1%
Support services	325,229	311,527	4.4%	325,229	311,527	4.4%
SVSU assessments	48,830	71,325	-31.5%	48,830	71,325	-31.5%
Pupil transportation	37,888	39,633	-4.4%	37,888	39,633	-4.4%
Board of education	40,511	39,445	2.7%	40,511	39,445	2.7%
Student organizations	6,789	4,149	63.6%	6,789	4,149	63.6%
Total	\$ 3,297,019	3,352,534		27,392	104,039	

- The cost of all governmental activities was \$3,297,019.
- Charges to users, primarily tuition, amounted to \$1,029,757 for the fiscal year ended June 30, 2009, compared to \$957,405 in the prior year.

SOUTHWEST VERMONT REGIONAL TECHNICAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2009

- The federal and state governments provided revenue amounts with grants and contributions in the amounts of \$2,239,870 and \$2,291,090 for the years ended June 30, 2009 and 2008, respectively.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

GENERAL FUND BUDGETARY HIGHLIGHTS

This section presents an analysis of significant variance between original and final budget amounts for the general fund.

The general fund is the only fund for which a budget is legally adopted by the voters.

Significant variance between budget revenue and expenditures and actual results will be explained in this narrative. Please see the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual, found on pages 26 - 28.

Revenue

- Interest had a negative variance of (\$10,730) due to rates being low in general.
- Other revenue had a positive variance of \$50,709 due to the increase of the transportation reimbursement rate set by the State, and increased billing for the transportation of sending school students.

Expenditures

- Budget transfers were done to reclassify amounts between categories. The total budgeted amount was not changed.
- Direct instruction had a positive variance of \$86,906, primarily due to under usage of health insurance benefits, and salary shrinkage.
- Plant maintenance had a positive variance of \$83,885, once again due to the fact that the building is primarily heated with wood chip fuel rather than fuel oil. There was also significant savings in building maintenance expense.

FACTORS BEARING ON THE FUTURE OF THE SCHOOL DISTRICT

- A sharp increase in FTEs in the first semester of fiscal year 2010 will result in additional revenue to pay for those expenses that go along with the increase of students.
- On July 1, 2009 the Southwest Vermont Regional Technical School District assumed the following major functions from SVSU: Payroll, Human Resources and Superintendent Services. This change of services of course eliminated the billing from SVSU for these services.

SOUTHWEST VERMONT REGIONAL TECHNICAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2009

- Also, prior to July 1st, business files were moved from SVSU's server to SVRTSD's. This allowed for efficiency and autonomy.
- In-house contract administration, and benefit management allows for efficiency.
- Facilities needs are for additional storage space and space for student welding booths. Also, major work on the roof must be undertaken in the near future.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the finances of the School District and to demonstrate the School District's accountability with the funds it receives. If you have any questions about this report or need any additional financial information, please contact:

Southwest Vermont Regional Technical School Administrative Office
Mr. Greg Lewis, Business Manager
321 Park Street
Bennington, VT 05201

BASIC FINANCIAL STATEMENTS

SOUTHWEST VERMONT REGIONAL TECHNICAL SCHOOL DISTRICT
Statement of Net Assets
June 30, 2009

Assets:	
Cash and cash equivalents	\$ 875,089
Accounts receivable	2,621
Prepaid expenses	35,632
Capital assets, net of accumulated depreciation	613,388
Total assets	\$ 1,526,730
Liabilities:	
Accounts payable	\$ 97,159
Accrued liabilities	22,242
Compensated absences:	
Payable within one year	-
Payable after one year	36,284
Total liabilities	155,685
Net assets:	
Invested in capital assets	613,388
Unrestricted	757,657
Total net assets	1,371,045
Total liabilities and net assets	\$ 1,526,730

See accompanying notes to financial statements.

SOUTHWEST VERMONT REGIONAL TECHNICAL SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2009

Functions / Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
Direct instruction	\$ 2,048,309	1,029,757	2,239,870	1,221,318
General and administrative	521,845	-	-	(521,845)
Plant maintenance and safety	267,618	-	-	(267,618)
Support services - students	238,402	-	-	(238,402)
Support services - technology	86,827	-	-	(86,827)
SVSU assessments and purchased services	48,830	-	-	(48,830)
Pupil transportation	37,888	-	-	(37,888)
Board of education	40,511	-	-	(40,511)
Student organizations	6,789	-	-	(6,789)
	<u>\$ 3,297,019</u>	<u>1,029,757</u>	<u>2,239,870</u>	<u>(27,392)</u>

General revenues:

Interest income	\$ 14,345
Miscellaneous	<u>140,318</u>
Total general revenues	<u>154,663</u>
Change in net assets	127,271
Net assets - beginning	<u>1,243,774</u>
Net assets - ending	<u>\$ 1,371,045</u>

See accompanying notes to financial statements.

SOUTHWEST VERMONT REGIONAL TECHNICAL SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2009

	General Fund	Carl Perkins Fund	Adult Education	Other Governmental Funds	Total
Assets:					
Cash and cash equivalents	\$ 847,510	-	27,579	-	875,089
Accounts receivable	682	-	1,939	-	2,621
Prepaid expenses	35,632	-	-	-	35,632
Due from other funds	-	12,761	-	-	12,761
Total assets	\$ 883,824	12,761	29,518	-	926,103
Liabilities:					
Accounts payable	\$ 93,246	3,913	-	-	97,159
Accrued liabilities	12,378	8,848	1,016	-	22,242
Due to other funds	11,838	-	923	-	12,761
Deferred revenue	-	-	-	-	-
	117,462	12,761	1,939	-	132,162
Fund balance:					
Reserved for:					
Capital improvements	63,220	-	-	-	63,220
Equipment	40,463	-	-	-	40,463
Unreserved:					
Undesignated	352,963	-	27,579	-	380,542
Designated for subsequent year's expenditures	309,716	-	-	-	309,716
	766,362	-	27,579	-	793,941
Total liabilities and fund balance	\$ 883,824	12,761	29,518	-	926,103

See accompanying notes to financial statements.

SOUTHWEST VERMONT REGIONAL TECHNICAL SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2009

Total fund balances - governmental funds		\$	793,941
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>			
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>			
Governmental capital assets		\$	1,824,393
Less accumulated depreciation			<u>(1,211,005)</u>
			613,388
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>			
			<u>(36,284)</u>
Net assets - governmental activities		\$	<u><u>1,371,045</u></u>

See accompanying notes to financial statements.

SOUTHWEST VERMONT REGIONAL TECHNICAL SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	General Fund	Carl Perkins Fund	Adult Education	Other Governmental Funds	Total
Revenues:					
Tuition	\$ 992,094	-	37,663	-	1,029,757
State aid	1,942,676	-	66,619	55,133	2,064,428
Federal aid	-	175,442	-	-	175,442
Interest income	14,270	-	75	-	14,345
Other revenue	63,209	-	79,402	196	142,807
	3,012,249	175,442	183,759	55,329	3,426,779
Expenditures:					
Direct instruction	1,597,994	175,442	187,973	55,329	2,016,738
General and administrative	528,360	-	-	-	528,360
Plant maintenance and safety	280,581	-	-	-	280,581
Support services - students	231,953	-	-	-	231,953
Support services - technology	86,821	-	-	-	86,821
SVSU assessments and purchased services	48,830	-	-	-	48,830
Pupil transportation	43,703	-	-	-	43,703
Board of education	40,511	-	-	-	40,511
Student organizations	6,789	-	-	-	6,789
	2,865,542	175,442	187,973	55,329	3,284,286
Excess of revenues over expenditures	146,707	-	(4,214)	-	142,493
Fund balance, July 1, 2008	619,655	-	31,793	-	651,448
Fund balance, June 30, 2009	\$ 766,362	-	27,579	-	793,941

See accompanying notes to financial statements.

SOUTHWEST VERMONT REGIONAL TECHNICAL 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, 2009

Net change in fund balances - governmental funds \$ 142,493

Amounts 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 these assets is depreciated over their estimated useful lives.

Expenditures for capital assets	\$ 137,430	
Less: current year depreciation	<u>(129,873)</u>	7,557

Governmental funds report proceeds from the sale of capital assets as revenue, however, in the statement of activities, a gain or loss is recognized based on the net book value of the asset sold.

Gain (loss) on assets sold or disposed	(2,489)	
Less: proceeds from sale of assets	<u>(250)</u>	(2,739)

Non-current accrued compensated absences are not recorded as an expenditure in the governmental funds. This amount represents the increase in accrued vested sick pay in the governmental funds.

(20,040)

Change in net assets - governmental activities \$ 127,271

See accompanying notes to financial statements.

SOUTHWEST VERMONT REGIONAL TECHNICAL SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Private Purpose Trust	Agency
Assets		
Cash - restricted	\$ 3,040	47,776
Total assets	\$ 3,040	47,776
Liabilities and Net assets		
Liabilities:		
Extraclassroom activity balances	\$ -	47,776
Total liabilities	-	47,776
Net Assets:		
Restricted	3,040	-
Total net assets	3,040	-
Total liabilities and net assets	\$ 3,040	47,776

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended June 30, 2009

	Private Purpose Trust
Revenues:	
Contributions	\$ 400
Investment income	91
	491
Operating expenses	
Scholarship awards	500
Excess of revenues over expenditures	(9)
Net assets, July 1, 2008	3,049
Net assets, June 30, 2009	\$ 3,040

See accompanying notes to financial statements.

SOUTHWEST VERMONT REGIONAL TECHNICAL SCHOOL DISTRICT

Notes to Financial Statements

(1) *Summary of Significant Accounting Policies*

(a) *Introduction*

The Southwest Vermont Regional Technical School District (the "District") is a unit of local government created in April 2003, by an act of the Vermont Legislature. The District provides technical education to junior and senior high school students from Districts within the region. The region includes Bennington, North Bennington, Pownal, Shaftsbury, Woodford, Arlington, Dorset, Glastenbury, Manchester, Readsboro, Sandgate, Searsburg, Stamford, and Sunderland.

The basic financial statements of the Southwest Vermont Regional Technical School District include all of the financial activity of the general fund and special revenue funds because they are under the direct control of the Board of School Directors. Also included in these financial statements are trust and agency funds. These are included because the board has fiduciary responsibility for such funds.

The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

(b) *Basis of Presentation*

District-wide Statements

The Statement of Net Assets and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Adjustments have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through tuition charges, state and federal aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including assessments, are presented as general revenues.

Fund Financial Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as non-major funds.

The financial activities of the District that are reported in the accompanying financial statements have been classified in the funds listed below. In addition, descriptions of the fiduciary funds are listed below.

(continued)

SOUTHWEST VERMONT REGIONAL TECHNICAL SCHOOL DISTRICT

Notes to Financial Statements

(1) **Summary of Significant Accounting Policies (continued)**

(b) **Basis of Presentation - (continued)**

Governmental Funds

General Fund - The General Fund is used to account for all revenues and expenditures applicable to the general operations of the District. All general operating revenues which are not restricted as to use by sources external to the District are recorded in the General Fund.

Special Revenue Funds - The Special Revenue Funds are operating funds for which the use of revenues is restricted, generally by federal and state governments. The District has eight Special Revenue Funds; Carl Perkins, Adult Education, Adult Salary and Formula Grants, Adult Education DOL Grant, Program Innovation Grant, CEEP College Partnership Grant, Equipment Grant, FES Networking with Elementary Schools. The three adult education funds have been combined and treated as a major fund in the fund financial statements.

Fiduciary Fund Types

Private-purpose Trust Funds - Private-purpose Trust Funds are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The District has one Private-purpose trust fund: the James W. Quinn Memorial Scholarship Fund.

Agency Funds - The District accounts for resources held for others in a custodial capacity in agency funds. The District's agency fund is the Student Activities Fund.

(c) **Measurement Focus and Basis of Accounting**

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year.

(d) **Budgets and Budgetary Accounting**

The combined statement of revenue, expenditures, and changes in fund equity - budget and actual on pages 26 through 28 reflects budgeted and actual amounts for the general fund, the only fund with a legally adopted budget.

(continued)

SOUTHWEST VERMONT REGIONAL TECHNICAL SCHOOL DISTRICT

Notes to Financial Statements

(1) *Summary of Significant Accounting Policies (continued)*

(d) *Budgets and Budgetary Accounting (continued)*

The District follows these procedures in establishing the budgetary data reflected in the general purpose financial statements:

1. The Business Manager and the Director/Superintendent prepare the annual operating budget for the District's year ending June 30. The finance committee reviews the budget and makes any changes that it deems appropriate. The operating budget includes proposed expenditures and the means of financing them. The budget is then submitted to the full school board for its approval.
2. After the budget is approved, the District disseminates a copy of the operating budget and a notice of the annual meeting of the School District to discuss the budget.
3. In March, the annual District floor meeting is held for all legal voters of the service region (Arlington, Bennington, Dorset, Glastenbury, Manchester, North Bennington, Pownal, Readsboro, Sandgate, Searsburg, Shaftsbury, Stamford, Sunderland, and Woodford) for Southwest Vermont Regional Technical School District. On the day following the floor meeting, the budget is legally enacted by voting which will take place at large by Australian Ballot.
4. Budget revisions, which would increase the amount of total budgeted expenditures, must be approved by another vote from the entire service region.
5. Formal budgetary integration is employed as a management control device during the year for the general fund.
6. The budget for the general fund is as adopted using the modified accrual basis. The total budgeted amount of expenditures is as originally adopted. Transfers between expenditure categories have occurred during the year.

(e) *Capital Assets*

Property and equipment is stated at known or estimated historical cost. Depreciation is computed using the straight-line method over estimated useful lives as follows: furniture and equipment – 5 to 10 years, motor vehicles – 8 years, and buildings and improvements – 7 to 50 years. Capitalization thresholds are as follows: land - \$10,000, furniture and equipment – \$2,500, motor vehicles – \$5,000, and buildings and improvements – \$25,000. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized. Deduction is made for retirements resulting from renewals or betterments.

(f) *Compensated Absences*

The liability for compensated absences is calculated at rates in effect as of the balance sheet date and is recorded in the governmental funds to the extent that it will be funded from current financial resources. The district-wide financial statements present both current and long-term portions of compensated absences.

(continued)

SOUTHWEST VERMONT REGIONAL TECHNICAL SCHOOL DISTRICT

Notes to Financial Statements

(1) *Summary of Significant Accounting Policies (continued)*

(g) *Retirement Plans*

Vermont Municipal Employees' Retirement System: The Southwest Vermont Regional Technical School District funds accrued pension cost. Certain District employees are members of the state administered Vermont Municipal Employees' Retirement System. Under Vermont statutes, the District and its employees each contribute a statutory percentage of compensation to the system. Any remaining actuarial liability of the retirement system is funded by the State of Vermont.

State Teachers' Retirement System of Vermont: Teachers who are full-time employees of the School District are members of the State Teachers' Retirement System of Vermont. Under Vermont statutes, the retirement plan is funded entirely by the State of Vermont.

(h) *Post Retirement Benefits*

In addition to providing pension benefits, the District offers health insurance coverage and survivor benefits for retired employees and their survivors. This coverage is paid for by the respective retirees with no additional expense recognized by the District.

(i) *Net Assets/Governmental Fund Balance*

In the government-wide financial statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance reported in this category.

Restricted Net Assets – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Unrestricted Net Assets – This category includes both designated and undesignated net assets of the District. Designated net assets include reserves that were established by the Board, which are considered internally designated. Undesignated net assets are not restricted for any project or other purpose.

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. While a separate bank account is not necessary for each reserve fund, a separate identity for each reserve fund is maintained.

(j) *Encumbrance Accounting*

Encumbrances outstanding at year-end are recorded as a reservation of fund balance in the District's governmental funds, since they do not constitute expenditures or liabilities.

(continued)

SOUTHWEST VERMONT REGIONAL TECHNICAL SCHOOL DISTRICT

Notes to Financial Statements

(1) *Summary of Significant Accounting Policies (continued)*

(k) *Use of Accounting 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 expenses during the reporting period. Actual results could differ from those estimates.

(2) *Explanation of Certain Differences Between Governmental Fund Statements and the District-wide Statements*

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

Total Fund Balances of Governmental Funds vs. Net Assets of Governmental Activities

Total fund balances of the District's governmental funds differ from "net assets" of governmental activities reported in the Statement of Net Assets. This difference primarily results from the additional long-term economic focus of the Statement of Net Assets versus the solely current financial resources focus of the governmental fund Balance Sheets.

Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of the categories listed below.

1. Long-Term Revenue and Expense Differences - Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.
2. Long-Term Debt Transaction Differences - Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Assets.
3. Capital Assets - Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

SOUTHWEST VERMONT REGIONAL TECHNICAL SCHOOL DISTRICT

Notes to Financial Statements

(3) Cash

At June 30, 2009 all of the District's cash balances were either insured by Federal depository insurance or collateralized with securities held in the District's name.

(4) Capital Assets

Capital asset activity for the year was as follows:

	Balance June 30, 2008	Additions	Transfers and Disposals	Balance June 30, 2009
Governmental activities:				
Furniture and equipment	\$ 1,676,241	137,430	(3,925)	1,809,746
Leasehold improvements	14,647	-	-	14,647
	1,690,888	137,430	(3,925)	1,824,393
Less accumulated depreciation	(1,082,318)	(129,873)	1,186	(1,211,005)
Governmental activities capital assets, net	\$ 608,570	7,557	(2,739)	613,388

Depreciation expense was charged to governmental functions as follows:

Direct instruction	\$ 107,089
General and administrative	7,592
Plant maintenance and safety	660
Support services - students	6,449
Pupil transportation	8,083
	<u>\$ 129,873</u>

(5) Reserved Fund Balance

A portion of the fund balance in the general fund is reserved for future expenditures that have been authorized by the voters of the District.

(6) Pension Plans

The School District participates in the Vermont Municipal Employees' Retirement System (VMERS) and the State Teachers' Retirement System of Vermont (STRSV). The VMERS is a cost-sharing, multiple public employer retirement system, while the STRSV is a multiple public employer retirement system with noncontributing employer provisions. Obligations of employers and employees to contribute and benefits to employees are governed by Vermont Statutes and Social Security Law. The systems offer a wide range of plans and benefits that are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits, and optional methods of benefit payments. All benefits generally vest after ten years of credited service.

(continued)

SOUTHWEST VERMONT REGIONAL TECHNICAL SCHOOL DISTRICT

Notes to Financial Statements

(6) Pension Plans (continued)

The total covered payroll for all employees of the School District for the year ended June 30, 2009 was \$1,622,157, of which \$1,252,888 and \$369,269 was attributable to the STRSV and VMERS, respectively. Contributions payable to the VMERS are calculated on the basis of salaries paid during the system's fiscal year ending June 30, and are made in accordance with funding requirements determined by the system's actuaries. The \$14,771 of employer contributions paid to the VMERS in the School District's 2009 fiscal year represented 4.0% of the covered payroll for that period. In the fiscal years ending June 30, 2008 and 2007, the employer contributions paid to VMERS amounted to \$14,255 and \$11,780, respectively. The School District funds its portion of the retirement contribution from the general fund. Contributions are made on behalf of School District employees participating in the STRSV by the State of Vermont.

The pension benefit obligation (PBO) of credited projected benefits is a standardized disclosure measure of the actuarial present value of pension benefits, adjusted for the effects of projected salary increases estimated to be payable in the future as a result of employees service to date. The retirement systems do not make separate measurements for individual employers. Information regarding the PBO of credited projected benefits and net assets available to pay benefits as of June 30, 2009, will be available from the two systems when their annual financial reports are issued.

Historical trend information showing the progress in accumulating sufficient assets to pay benefits when due will be presented in the June 30, 2009, annual financial reports of the two systems when they are issued. Additional detailed information concerning the systems will also be available in these reports.

(7) Risk Management

The District is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, employee health and accident and environmental liability. The District obtains coverage for the risks of losses to which it is exposed through the purchase of commercial insurance.

(8) Contingencies

In the normal course of operations, the District receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authorities, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of such audits is not believed to be material.

(9) Related Party Transactions

Southwest Vermont Supervisory Union (SVSU) provides superintendent services to the following school districts: Bennington, Southwest Vermont Regional Technical, Mount Anthony, Pownal, Shaftsbury, and Woodford.

There are currently two members of the Technical Center Board who are also members of the Mt. Anthony Board and SVSU Board. Additionally, there is one member who is a member of the Pownal School Board and the SVSU Board.

SOUTHWEST VERMONT REGIONAL TECHNICAL SCHOOL DISTRICT

Notes to Financial Statements

(10) Leases

The School District leases the building it occupies from Mount Anthony Union High School District #14. The lease provides for rent of \$1 for the 30 year term. The lease agreement has been amended and formally executed, with the new lease term running from July 1, 2007 to June 30, 2038. The School District subleases a portion of its space to a private child care provider under a three year lease agreement, which requires an annual rental fee of \$1,000 and expires on June 30, 2011.

The School District has three leases for office equipment. Two of the leases are for copiers with agreements expiring in June 2010 and June 2012. Monthly payments for the leases are \$281 and \$337, respectively. The remaining lease is for a postage meter; the agreement expires in September 2013 and calls for quarterly payments of \$242. Rent expense under noncancelable lease agreement for the year ended June 30, 2009 was \$8,396. Future minimum required lease payments for years ending June 30 are:

2010	\$	8,381
2011		5,009
2012		5,009
2013		968
2014		242

SOUTHWEST VERMONT REGIONAL TECHNICAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures And Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Tuition	\$ 992,066	992,066	992,094	28
State aid	1,937,806	1,937,806	1,942,676	4,870
Interest income	25,000	25,000	14,270	(10,730)
Other revenue	12,500	12,500	63,209	50,709
	2,967,372	2,967,372	3,012,249	44,877
Expenditures:				
Direct instruction:				
Employee benefits	529,050	507,260	472,013	35,247
General expense	41,050	38,850	26,409	12,441
Technical English	41,289	41,289	31,406	9,883
Communications technologies	46,915	46,915	42,261	4,654
Intro to print publishing	100	100	-	100
Creative computing	8,018	8,018	6,385	1,633
Cosmetology	74,894	84,994	84,927	67
Intro to emergency management	3,997	3,024	1,810	1,214
Business management	29,089	29,089	29,063	26
Agro Biology	20,447	20,426	17,714	2,712
Theatre arts	44,030	44,030	41,710	2,320
Forestry and heavy equipment	52,095	53,418	54,158	(740)
Computer networking	35,862	42,331	42,150	181
Computer technology	29,062	1,500	1,283	217
Medical professions	58,782	58,782	58,551	231
Entrepreneurship	28,139	28,331	28,331	-
Business basics	4,428	4,406	2,533	1,873
Artificial intelligence	14,780	42,342	38,958	3,384
Marketing	27,516	27,363	27,363	-
Accounting and finance	28,563	30,950	30,949	1
CAD design and fabrication	10,518	10,513	10,007	506
Automotive technology	64,760	65,760	65,559	201
Automotive maintenance	8,920	7,920	7,142	778
Mental illness care	3,847	4,819	4,819	-
Human services	68,377	69,800	69,489	311
Special needs	59,094	59,094	57,969	1,125
Building trades	52,888	54,710	54,709	1
Video production	42,875	42,875	41,545	1,330
Engineering and design	56,927	43,107	41,425	1,682
CAD 3D	8,950	8,950	5,696	3,254

(continued)

SOUTHWEST VERMONT REGIONAL TECHNICAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures And Changes in Fund Balance -
Budget and Actual - General Fund (continued)
For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Direct instruction (continued):				
Design and fabrication	74,123	74,128	74,128	-
Pre-law	64,215	64,215	63,056	1,159
Law enforcement	53,336	59,269	59,269	-
Forensics	6,322	6,322	5,207	1,115
Subtotal	1,693,258	1,684,900	1,597,994	86,906
General and administrative:				
Director's office	307,206	263,128	251,708	11,420
Discipline	53,700	53,700	53,700	-
Recruitment	50,783	50,783	42,500	8,283
Business office	114,992	145,470	136,164	9,306
Fiscal services	21,445	12,445	6,657	5,788
Insurance	47,318	47,318	37,631	9,687
Subtotal	595,444	572,844	528,360	44,484
Plant maintenance and safety:				
Maintenance director	9,500	9,500	8,710	790
Building maintenance	178,225	178,225	143,475	34,750
Grounds maintenance	20,200	20,200	18,110	2,090
Safety	11,591	20,591	19,755	836
Utilities	135,950	135,950	90,531	45,419
Subtotal	355,466	364,466	280,581	83,885
Support services - students:				
General	79,108	81,308	81,058	250
Guidance	83,876	86,276	86,296	(20)
Co-op department	56,356	56,356	55,556	800
Nurse services	14,908	14,908	9,043	5,865
Subtotal	234,248	238,848	231,953	6,895
Support services - technology	83,361	86,821	86,821	-
SVSU assessments and purchased services:				
Superintendent services	32,683	32,683	32,683	-
Human resources	16,147	16,147	16,147	-
Subtotal	48,830	48,830	48,830	-
Pupil transportation	30,300	44,198	43,703	495

(continued)

SOUTHWEST VERMONT REGIONAL TECHNICAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures And Changes in Fund Balance -
Budget and Actual - General Fund (continued)
For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Board of education	47,610	47,610	40,511	7,099
Student organizations	7,400	7,400	6,789	611
Voter authorized reserves	60,000	60,000	-	60,000
Contingency	78,898	78,898	-	78,898
<i>Total expenditures</i>	3,234,815	3,234,815	2,865,542	369,273
<i>Excess (deficiency) of revenues over expenditures</i>	(267,443)	(267,443)	146,707	414,150
<i>Fund Balance July 1, 2008</i>			619,655	
<i>Fund Balance June 30, 2009</i>	\$		766,362	

SECTION II

COMPLIANCE AND INTERNAL CONTROL



**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***

The Board of School Directors
Southwest Vermont Regional Technical School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Southwest Vermont Regional Technical School District, as of and for the year ended June 30, 2009, which collectively comprise the Southwest Vermont Regional Technical School District's basic financial statements and have issued our report thereon dated November 3, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Southwest Vermont Regional Technical School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Southwest Vermont Regional Technical School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Southwest Vermont Regional Technical School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Southwest Vermont Regional Technical School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Southwest Vermont Regional Technical School District's financial statements that is more than inconsequential will not be prevented or detected by the Southwest Vermont Regional Technical School District's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southwest Vermont Regional Technical School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the organization, the Board of School Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Love, Cody & Company, CPA's, P.C.

November 3, 2009

Vt. Reg. #357

Love, Cody & Company, CPAs