



CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS CONSULTANTS

March 20, 2015

To the Board of Directors
Addison Northwest Supervisory Union
Vergennes, Vermont

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Addison Northwest Supervisory Union for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, 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 June 5, 2014. 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 Addison Northwest Supervisory Union 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 fiscal year 2014. We noted no transactions entered into by Addison Northwest Supervisory Union 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 estimate affecting the financial statements was the value of the potential liability for disallowed grant expenditures.

Management's estimate that no material liabilities will result from any financial or compliance audit conducted by grantor agencies is based on its understanding of the grant terms and conditions, and on its past experience with these programs. We evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

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The financial statement disclosures are neutral, consistent, and clear.

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 clearly trivial, and communicate them to the appropriate level of management. Below is the uncorrected misstatement of the financial statements. Management had determined that its effect is immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

- Beginning net position is overstated and expenditures are overstated in the amount of \$26,924 in the governmental activities, due to a Supervisory Union employee's retirement incentives liability incorrectly recorded as a liability on an Elementary School's books in the prior year.

The following material misstatements detected as a result of audit procedures were corrected by management. We proposed adjustments to adjust receivables to actual, close balances in deferred revenue, and record adjustments to convert the fund basis financial statements to GASB 34 basis.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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 dated March 20, 2015.

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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 Addison Northwest Supervisory Union’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 Addison Northwest Supervisory Union’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Budgetary Comparison Schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We want to thank the staff at the Addison Northwest Supervisory Union for their assistance during the audit.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of Addison Northwest Supervisory Union and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

AM. Peisch & Company, LLP

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