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**A.M. PEISCH & COMPANY, LLP**  
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CERTIFIED PUBLIC ACCOUNTANTS  
& BUSINESS CONSULTANTS

February 23, 2015

To the Board of School Directors  
Vergennes Union Elementary School  
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 Vergennes Union Elementary School 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 Vergennes Union Elementary School 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 Vergennes Union Elementary School 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.

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.

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### *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 understated and expenditures are understated 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 the 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 food service checking account to actual, adjust food service retained earnings to actual, 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 February 23, 2015.

### *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 Vergennes Union Elementary School'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.

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*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 Vergennes Union Elementary School'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 Schedule, which is 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 Vergennes Union Elementary School for their assistance during the audit.

Restriction on Use

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

Very truly yours,

*A.M. Peisch & Company, LLP*

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