

Federal Compliance Audit

Burlington School District

June 30, 2016



Proven Expertise and Integrity

BURLINGTON SCHOOL DISTRICT

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JUNE 30, 2016

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Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Burlington School District
Burlington, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Burlington School District, a department of the City of Burlington, Vermont as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the 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.

Auditors' 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 of 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, business-type activities, each major fund and the aggregate remaining fund information of the Burlington School District as of June 30, 2016, 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.

Emphasis of Matter

As discussed in Note 1 of Notes to Financial Statements, the financial statements of the Burlington School District are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Burlington, Vermont that is attributable to the transactions of the Burlington School District. They do not purport to, and do not present fairly the financial position of the City of Burlington, Vermont as of June 30, 2016, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion, budgetary comparison information, pension, and retiree healthcare and life insurance benefits information on pages 4 through 12 and 64 through 71 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 Burlington School District's basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related 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 financial statements and the schedule of expenditures of federal awards 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 January 19, 2017 on our consideration of Burlington 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* in considering Burlington School District's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
January 19, 2017

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

(UNAUDITED)

The following management's discussion and analysis of the Burlington School District's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the School District's financial statements.

Financial Statement Overview

The School District's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required supplementary information which consists of a general fund budgetary comparison schedule, pension, and retiree healthcare and life insurance benefits information, and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the School District's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the School District's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position – this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities – this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above mentioned financial statements have separate columns for the two different types of District activities. The types of activities presented for the School District are:

- *Governmental activities* – The activities in this section are mostly supported by intergovernmental revenues (federal and state grants). Most of the School District's basic services are reported in regular instruction, special education instruction, vocational tuition, other instruction programs, summer school program, student and staff support services, general and school administration, centralized services, operations and maintenance, transportation services, and program expenses.
- *Business-type activities* – These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the School District include the food service fund.

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 School District, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the School District can be classified into three categories: governmental funds, business-type funds and fiduciary funds.

Governmental funds: Most of the basic services provided by the School District are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the School District's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the School District.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-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 the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The School District presents three columns in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The School District's two major funds are the general fund and the debt service fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

For auditing purposes, the School District's general fund is an aggregation of a series of general funds. The most important, and by far the largest, of these funds is what the School District refers to as Fund 0100 General Fund. Fund 0100 General Fund is the only fund for which the school district legally adopted a budget. The Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund provides a comparison of the original and final budget and the actual expenditures for all of the aggregated general fund, not simply Fund 0100, for the current year.

Proprietary Funds: The School District maintains one proprietary fund, the food service fund. This fund is used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the Burlington School District. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the District's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

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 the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Fiduciary Net Position.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund, a Schedule of Proportionate

Share of the Net Pension Liability, a Schedule of Contributions, a Schedule of Changes in Net Pension Liability and Related Ratios – Burlington Employees' Retirement System, a Schedule of Contributions – Burlington Employees' Retirement System, a Schedule of Investment Returns - Burlington Employees' Retirement System and a Schedule of Funding Progress – Retiree Healthcare and Life Insurance Benefits.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining schedules provide information in regards to nonmajor funds.

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the District's governmental activities. The District's total net position for governmental activities increased by \$2,572,012 from \$9,836,019 to \$12,408,031. The District's total net position for business-type activities increased by \$92,694 from \$1,129,768 to \$1,222,462.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased for governmental activities to a deficit balance of \$2,509,538 at the end of this year. Unrestricted net position for business-type activities increased to a balance of \$1,198,946.

Table 1
Burlington School District
Net Position
June 30,

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Assets:				
Current Assets	\$ 15,557,354	\$ 11,358,592	\$ 1,315,849	\$ 1,143,399
Capital Assets	42,764,538	41,961,762	23,516	94,946
Total Assets	<u>58,321,892</u>	<u>53,320,354</u>	<u>1,339,365</u>	<u>1,238,345</u>
Deferred Outflows of Resources	<u>2,522,582</u>	<u>1,190,910</u>	<u>-</u>	<u>-</u>
Liabilities:				
Current Liabilities	6,021,549	4,951,892	116,903	108,577
Long-term Debt Outstanding	42,382,489	37,906,764	-	-
Total Liabilities	<u>48,404,038</u>	<u>42,858,656</u>	<u>116,903</u>	<u>108,577</u>
Deferred Inflows of Resources	<u>32,405</u>	<u>1,816,589</u>	<u>-</u>	<u>-</u>
Net Position:				
Net Investment in Capital Assets	13,703,102	13,874,414	23,516	94,946
Restricted	1,214,467	646,896	-	-
Unrestricted	(2,509,538)	(4,685,291)	1,198,946	1,034,822
Total Net Position	<u>\$ 12,408,031</u>	<u>\$ 9,836,019</u>	<u>\$ 1,222,462</u>	<u>\$ 1,129,768</u>

Revenues and Expenses

Revenues for the Burlington School District's governmental activities decreased by 0.87%, while total expenses increased by 2.32%. The biggest decreases in revenues were in operating grants and contributions and charges for services. The largest increase in expenses were in special education instruction and on-behalf payments.

Revenues for the School District's business-type activities increased by .46%, while total expenses decreased by 1.78%. The District's revenues and expenses were consistent with the previous year.

Table 2
Burlington School District
Changes in Net Position
For the Years Ended June 30,

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 257,670	\$ 560,191	\$ 581,284	\$ 624,614
Operating grants and contributions	26,274,122	28,791,999	2,606,053	2,534,773
<i>General Revenues:</i>				
General state support	57,332,457	55,356,925	-	-
Investment income	602,490	599,184	-	-
Miscellaneous	2,787,069	2,712,630	64,709	77,840
Total Revenues	<u>87,253,808</u>	<u>88,020,929</u>	<u>3,252,046</u>	<u>3,237,227</u>
Expenses				
Regular instruction	32,643,509	30,382,529	-	-
Special education instruction	13,023,703	15,087,249	-	-
Vocational tuition	2,558,887	3,118,042	-	-
Other instructional programs	1,853,639	1,878,255	-	-
Summer school program	146,277	122,692	-	-
Student support services	5,263,245	4,492,659	-	-
Staff support services	3,116,649	3,009,924	-	-
General administration	733,526	1,040,320	-	-
School administration	3,285,866	3,381,961	-	-
Centralized services	1,741,442	1,660,941	-	-
Operations and maintenance	6,749,279	6,600,446	-	-
Transportation services	1,069,529	1,134,283	-	-
Employee benefits	480,586	811,595	-	-
On-behalf payments	8,674,591	7,042,818	-	-
Program expenses	74,202	6,986	-	-
Unallocated depreciation	1,510,234	1,424,774	-	-
Interest on long-term debt	1,468,602	1,422,614	-	-
Food service	-	-	3,189,962	3,247,673
Prior year	6,651	116,797	-	-
Capital improvement	250,769	-	-	-
Total Expenses	<u>84,651,186</u>	<u>82,734,885</u>	<u>3,189,962</u>	<u>3,247,673</u>
Transfers	(30,610)	(8,690)	30,610	8,690
Change in Net Position	2,572,012	5,277,354	92,694	(1,756)
Net Position - July 1	<u>9,836,019</u>	<u>4,558,665</u>	<u>1,129,768</u>	<u>1,131,524</u>
Net Position - June 30	<u>\$ 12,408,031</u>	<u>\$ 9,836,019</u>	<u>\$ 1,222,462</u>	<u>\$ 1,129,768</u>

Financial Analysis of the School District's Fund Statements

Governmental funds: The financial reporting focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the School District's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year, and the net resources available for spending.

Table 3
Burlington School District
Fund Balances - Governmental Funds
June 30,

	2016	2015
Major Funds:		
General Fund:		
Nonspendable	\$ 9,500	\$ 8,250
Committed	2,933,363	1,104,785
Unassigned	1,131,879	1,660,371
Total General Fund	\$ 4,074,742	\$ 2,773,406
Debt Service Fund:		
Committed	\$ 3,985,522	\$ 3,169,464
Total Debt Service Fund	\$ 3,985,522	\$ 3,169,464
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 1,052,673	\$ 643,507
Committed	45,472	141,152
Unassigned	(28,850)	(23,266)
Capital Projects Funds:		
Restricted	161,794	3,389
Committed	1,598,695	1,600,000
Total Nonmajor Funds	\$ 2,829,784	\$ 2,364,782

The general fund total fund balance increased by \$1,301,336 from the prior fiscal year. The debt service fund total fund balance increased by \$816,058 from the prior fiscal year. The nonmajor fund total fund balances increased by \$465,002 from the prior fiscal year.

Proprietary funds: The School District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The food service fund had an increase in net position of \$92,694 for the year ended June 30, 2016.

Budgetary Highlights

There was no difference between the original and final budget for the general fund.

For auditing purposes, the School District's general fund is an aggregation of a series of general funds. The most important, and by far the largest, of these funds is what the School District refers to as Fund 0100 General Fund. Fund 0100 General Fund is the only fund for which the school district legally adopted a budget.

Both actual revenues and actual expenditures from Fund 0100 General Fund were below budgeted amounts, primarily due to special education revenues and expenditures. For the year ended June 30, 2016, total Fund 0100 General Fund revenues exceeded expenditures by \$577,748, resulting in an operating surplus of less than 1 percent. This surplus is added to the prior year's unassigned fund balance.

Capital Asset and Long-Term Debt Activity

Capital Assets

As of June 30, 2016, the School District capital assets increased by \$731,346. This increase was due to capital additions of \$2,321,646 less current year depreciation of \$1,514,937 and net disposal of capital assets of \$75,363.

Table 4
Burlington School District
Capital Assets (Net of Depreciation)
June 30,

	2016	2015
Land	\$ 2,251,677	\$ 2,251,677
Construction in progress	2,135,480	48,074
Buildings and improvements	37,546,579	38,683,581
Furniture, fixtures and equipment	566,257	783,940
Vehicles	288,061	289,436
 Total	 \$ 42,788,054	 \$ 42,056,708

Debt

At June 30, 2016, the School District had \$29.06 million in bonds and capital leases payable versus \$28.09 million in the prior fiscal year. Other obligations include accrued vacation and sick time, net pension obligation, net pension liability, and net OPEB obligation. Refer to Note 5 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

The 2016-2017 budget could be severely impacted by the reduction of funding from the State.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School District at 150 Colchester Avenue, Burlington, Vermont 05401.

BURLINGTON SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 11,952,150	\$ 500	\$ 11,952,650
Investments	199,408	-	199,408
Accounts receivable (net of allowance for uncollectibles):			
Intergovernmental	3,625,181	847,301	4,472,482
Other	179,022	1,840	180,862
Prepaid items	22,000	1,162	23,162
Inventory	-	44,639	44,639
Internal balances	(420,407)	420,407	-
Total current assets	<u>15,557,354</u>	<u>1,315,849</u>	<u>16,873,203</u>
Non-current assets:			
Land and other assets not being depreciated	4,387,157	-	4,387,157
Buildings, building improvements and other assets, net of accumulated depreciation	<u>38,377,381</u>	<u>23,516</u>	<u>38,400,897</u>
Total non-current assets	<u>42,764,538</u>	<u>23,516</u>	<u>42,788,054</u>
TOTAL ASSETS	<u>58,321,892</u>	<u>1,339,365</u>	<u>59,661,257</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>2,522,582</u>	-	<u>2,522,582</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,522,582</u>	<u>-</u>	<u>2,522,582</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 60,844,474</u>	<u>\$ 1,339,365</u>	<u>\$ 62,183,839</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 3,259,322	\$ 116,903	\$ 3,376,225
Accrued expenses	1,407,984	-	1,407,984
Current portion of long-term debt	1,354,243	-	1,354,243
Total current liabilities	<u>6,021,549</u>	<u>116,903</u>	<u>6,138,452</u>
Non-current liabilities:			
Bonds payable	27,953,908	-	27,953,908
Capital leases payable	9,053	-	9,053
Accrued compensated absences	2,301,909	-	2,301,909
Net pension obligation	417,409	-	417,409
Net pension liability	9,182,200	-	9,182,200
Net OPEB obligation	2,518,010	-	2,518,010
Total non-current liabilities	<u>42,382,489</u>	<u>-</u>	<u>42,382,489</u>
TOTAL LIABILITIES	<u>48,404,038</u>	<u>116,903</u>	<u>48,520,941</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>32,405</u>	-	<u>32,405</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>32,405</u>	<u>-</u>	<u>32,405</u>
NET POSITION			
Net investment in capital assets	13,703,102	23,516	13,726,618
Restricted	1,214,467	-	1,214,467
Unrestricted (deficit)	(2,509,538)	1,198,946	(1,310,592)
TOTAL NET POSITION	<u>12,408,031</u>	<u>1,222,462</u>	<u>13,630,493</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 60,844,474</u>	<u>\$ 1,339,365</u>	<u>\$ 62,183,839</u>

See accompanying independent auditors' report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
Regular instruction	\$ 32,643,509	\$ 257,670	\$ 14,357,773	\$ -	\$ (18,028,066)	\$ -	\$ (18,028,066)
Special education instruction	13,023,703	-	1,503,356	-	(11,520,347)	-	(11,520,347)
Vocational tuition	2,558,887	-	1,738,402	-	(820,485)	-	(820,485)
Other instructional programs	1,853,639	-	-	-	(1,853,639)	-	(1,853,639)
Summer school program	146,277	-	-	-	(146,277)	-	(146,277)
Student support services	5,263,245	-	-	-	(5,263,245)	-	(5,263,245)
Staff support services	3,116,649	-	-	-	(3,116,649)	-	(3,116,649)
General administration	733,526	-	-	-	(733,526)	-	(733,526)
School administration	3,285,866	-	-	-	(3,285,866)	-	(3,285,866)
Centralized services	1,741,442	-	-	-	(1,741,442)	-	(1,741,442)
Operations and maintenance	6,749,279	-	-	-	(6,749,279)	-	(6,749,279)
Transportation services	1,069,529	-	-	-	(1,069,529)	-	(1,069,529)
Employee benefits	480,586	-	-	-	(480,586)	-	(480,586)
On-behalf payments	8,674,591	-	8,674,591	-	-	-	-
Program expenses	74,202	-	-	-	(74,202)	-	(74,202)
Unallocated depreciation (Note 4)	1,510,234	-	-	-	(1,510,234)	-	(1,510,234)
Interest on long-term debt	1,468,602	-	-	-	(1,468,602)	-	(1,468,602)
Prior year	6,651	-	-	-	(6,651)	-	(6,651)
Capital outlay	250,769	-	-	-	(250,769)	-	(250,769)
Total governmental activities	<u>84,651,186</u>	<u>257,670</u>	<u>26,274,122</u>	<u>-</u>	<u>(58,119,394)</u>	<u>-</u>	<u>(58,119,394)</u>
Business-type activities:							
Food service	3,189,962	581,284	2,606,053	-	-	(2,625)	(2,625)
Total business-type activities	<u>3,189,962</u>	<u>581,284</u>	<u>2,606,053</u>	<u>-</u>	<u>-</u>	<u>(2,625)</u>	<u>(2,625)</u>
Total government	<u>\$ 87,841,148</u>	<u>\$ 838,954</u>	<u>\$ 28,880,175</u>	<u>\$ -</u>	<u>(58,119,394)</u>	<u>(2,625)</u>	<u>(58,122,019)</u>

STATEMENT B (CONTINUED)
BURLINGTON SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	(58,119,394)	(2,625)	(58,122,019)
General revenues:			
General state support	57,332,457	-	57,332,457
Investment income	602,490	-	602,490
Miscellaneous	2,787,069	64,709	2,851,778
Total general revenues	60,722,016	64,709	60,786,725
Transfers	(30,610)	30,610	-
Change in net position	2,572,012	92,694	2,664,706
NET POSITION - JULY 1	9,836,019	1,129,768	10,965,787
NET POSITION - JUNE 30	<u>\$ 12,408,031</u>	<u>\$ 1,222,462</u>	<u>\$ 13,630,493</u>

See accompanying independent auditors' report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 8,460,077	\$ 3,491,473	\$ 600	\$ 11,952,150
Investments	-	-	199,408	199,408
Accounts receivable (net of allowance for uncollectibles):				
Other	170,870	-	8,152	179,022
Due from other governments	1,315,357	-	2,309,824	3,625,181
Prepaid items	9,500	-	12,500	22,000
Due from other funds	1,752,643	494,049	2,365,687	4,612,379
TOTAL ASSETS	<u>\$ 11,708,447</u>	<u>\$ 3,985,522</u>	<u>\$ 4,896,171</u>	<u>\$ 20,590,140</u>
LIABILITIES				
Accounts payable	\$ 2,953,426	\$ -	\$ 305,896	\$ 3,259,322
Accrued expenses	1,400,136	-	7,848	1,407,984
Due to other funds	3,280,143	-	1,752,643	5,032,786
TOTAL LIABILITIES	<u>7,633,705</u>	<u>-</u>	<u>2,066,387</u>	<u>9,700,092</u>
FUND BALANCES				
Nonspendable	9,500	-	-	9,500
Restricted	-	-	1,214,467	1,214,467
Committed	2,933,363	3,985,522	1,644,167	8,563,052
Unassigned	1,131,879	-	(28,850)	1,103,029
TOTAL FUND BALANCES	<u>4,074,742</u>	<u>3,985,522</u>	<u>2,829,784</u>	<u>10,890,048</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 11,708,447</u>	<u>\$ 3,985,522</u>	<u>\$ 4,896,171</u>	<u>\$ 20,590,140</u>

See accompanying independent auditors' report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 10,890,048
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	42,764,538
Deferred outflows of resources are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Deferred outflows related to pensions	2,522,582
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(29,025,876)
Capital leases payable	(35,560)
Accrued compensated absences	(2,557,677)
Net pension obligation	(417,409)
Net pension liability	(9,182,200)
Net OPEB obligation	<u>(2,518,010)</u>
Net position of governmental activities	<u>\$ 12,408,031</u>

See accompanying independent auditors' report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
General state support	\$ 57,332,457	\$ -	\$ -	\$ 57,332,457
Intergovernmental revenues	14,199,486	-	7,225,645	21,425,131
Charges for services	257,670	-	-	257,670
Investment income	598,207	4,058	225	602,490
Miscellaneous revenues	1,047,701	-	1,438,408	2,486,109
TOTAL REVENUES	73,435,521	4,058	8,664,278	82,103,857
EXPENDITURES				
Current:				
Regular instruction	28,879,062	-	4,005,848	32,884,910
Special education instruction	11,774,041	-	1,249,662	13,023,703
Vocational tuition	10,578	-	2,548,309	2,558,887
Other instructional programs	1,853,639	-	-	1,853,639
Summer school program	146,277	-	-	146,277
Student support services	5,263,245	-	-	5,263,245
Staff support services	3,116,649	-	-	3,116,649
General administration	733,526	-	-	733,526
School administration	3,285,866	-	-	3,285,866
Centralized services	1,741,442	-	-	1,741,442
Operations and maintenance	6,749,279	-	-	6,749,279
Transportation services	1,069,529	-	-	1,069,529
Employee benefits	480,586	-	-	480,586
On-behalf payments	3,825,600	-	-	3,825,600
Program expenses	-	-	74,202	74,202
Debt service:				
Principal	954,286	-	-	954,286
Interest	1,468,602	-	-	1,468,602
Prior year	6,651	-	-	6,651
Capital outlay	411,072	-	2,161,343	2,572,415
TOTAL EXPENDITURES	71,769,930	-	10,039,364	81,809,294
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,665,591	4,058	(1,375,086)	294,563
OTHER FINANCING SOURCES (USES)				
Proceeds from bond issuance	-	-	2,318,443	2,318,443
Transfers in	650,000	812,000	1,072,060	2,534,060
Transfers (out)	(1,014,255)	-	(1,550,415)	(2,564,670)
TOTAL OTHER FINANCING SOURCES (USES)	(364,255)	812,000	1,840,088	2,287,833
NET CHANGE IN FUND BALANCES	1,301,336	816,058	465,002	2,582,396
FUND BALANCES - JULY 1	2,773,406	3,169,464	2,364,782	8,307,652
FUND BALANCES - JUNE 30	\$ 4,074,742	\$ 3,985,522	\$ 2,829,784	\$ 10,890,048

See accompanying independent auditors' report and notes to financial statements.

BURLINGTON 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, 2016

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 5,254,809</u>
<p>Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:</p>	
Capital asset purchases capitalized	2,321,646
Capital assets disposed	(8,636)
Depreciation expense	<u>(1,510,234)</u>
	<u>802,776</u>
<p>Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds.</p>	
	<u>1,331,672</u>
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position</p>	
	<u>(2,017,483)</u>
<p>Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position</p>	
	<u>1,043,395</u>
<p>Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds.</p>	
	<u>1,784,184</u>
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:</p>	
Accrued compensated absences	67,657
Accrued interest payable	191,784
Net pension obligation	9,067
Net pension liability	(2,724,084)
Net OPEB obligation	<u>(499,352)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 5,244,425</u>

See accompanying independent auditors' report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

STATEMENT OF NET POSITION – PROPRIETARY FUNDS
JUNE 30, 2016

	Enterprise Fund <u>Food Service</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 500
Accounts receivable (net of allowance for uncollectibles)	1,840
Inventory	44,639
Due from other governments	847,301
Prepaid expense	1,162
Due from other funds	420,407
Total current assets	<u>1,315,849</u>
Noncurrent assets:	
Equipment, net of accumulated depreciation	<u>23,516</u>
Total noncurrent assets	<u>23,516</u>
TOTAL ASSETS	<u><u>\$ 1,339,365</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 116,903
Due to other funds	-
Total current liabilities	<u>116,903</u>
TOTAL LIABILITIES	<u>116,903</u>
NET POSITION	
Net investment in capital assets	23,516
Unrestricted	1,198,946
TOTAL NET POSITION	<u>1,222,462</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 1,339,365</u></u>

See accompanying independent auditors' report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Charges for services	\$ 581,284
Intergovernmental revenue	2,606,053
Miscellaneous revenue	<u>131,436</u>
TOTAL OPERATING REVENUES	<u>3,318,773</u>
OPERATING EXPENSES	
Food service expenses	3,185,259
Depreciation	<u>4,703</u>
TOTAL OPERATING EXPENSES	<u>3,189,962</u>
OPERATING INCOME (LOSS)	<u>128,811</u>
NON OPERATING REVENUE (EXPENSES)	
Transfers in	30,610
Loss on fixed assets	<u>(66,727)</u>
TOTAL NON OPERATING REVENUE (EXPENSES)	<u>(36,117)</u>
CHANGE IN NET POSITION	92,694
NET POSITION - JULY 1	<u>1,129,768</u>
NET POSITION - JUNE 30	<u><u>\$ 1,222,462</u></u>

See accompanying independent auditors' report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Enterprise Fund <u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 712,720
Intergovernmental receipts	2,374,629
Interfund activity	83,022
Payments to suppliers	<u>(3,200,981)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(30,610)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfer from the general fund	<u>30,610</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>30,610</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS - JULY 1	<u>500</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u><u>\$ 500</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 128,811
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	4,703
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivables	(231,424)
(Increase) decrease in inventory	(22,886)
(Increase) decrease in prepaid expense	(1,162)
(Increase) decrease in due from other funds	83,022
Increase (decrease) in accounts payable	11,350
Increase (decrease) in due to other funds	<u>(3,024)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ (30,610)</u></u>

See accompanying independent auditors' report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016

	<u>Agency Funds</u> <u>Student</u> <u>Activities</u>
ASSETS	
Cash	<u>\$ 330,214</u>
TOTAL ASSETS	<u><u>\$ 330,214</u></u>
LIABILITIES	
Deposits held for others	<u>\$ 330,214</u>
TOTAL LIABILITIES	<u><u>\$ 330,214</u></u>

See accompanying independent auditors' report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Burlington School District was formed by the Burlington City Charter and operates as a department of the City of Burlington, Vermont, the financial statements of which have been issued in a separate report for the year ended June 30, 2016. Therefore, the financial statements that follow present only the operations for the District and are not intended to present fairly the financial position and results of operations of the City of Burlington, Vermont in accordance with generally accepted accounting principles (GAAP). Certain disclosures relevant to both the City of Burlington, Vermont and the Burlington School District have been omitted from these financial statements and have been disclosed in the City's financial statements.

The School District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The School District's combined financial statements include all accounts and all operations of the School District. We have determined that the School District has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and 61.

Implementation of New Accounting Standards

During the year ended June 30, 2016, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 72, "*Fair Value Measurement and Application*". The objective of the Statement is to expand comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will improve fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". The objective of the Statement is to improve financial reporting by instituting a single framework for the presentation of information about pensions, thereby expanding the comparability of pension-related

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

information reported by state and local governments. Management has determined that this Statement is not applicable.

Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*". The objective of this Statement is to identify-in the context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 79, "*Certain External Investment Pools and Pool Participants*". This Statement establishes specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

This Statement also establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

The School District's basic financial statements include both government-wide (reporting the School District as a whole) and fund financial statements (reporting the School District's major funds).

Both the government-wide and fund financial statements categorize primary activities as governmental. The School District's food service fund is categorized as a business-type activity. All other activities of the Town are categorized as governmental.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position are reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The School District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the School District's functions (instruction, administration, etc.). The functions are also supported by general government revenues (general state support, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (assessments, certain intergovernmental revenues and interest income, etc.).

The School District does not allocate indirect costs. All costs are charged directly to the corresponding departments.

The government-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.

Measurement Focus - Basic Financial Statements & Fund Financial Statements

The financial transactions of the School District are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following fund types are used by the School District:

Major Funds

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the School District:

- a. The General Fund is the general operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Debt Service Fund is used to account for and report the accumulation of required bond sinking funds.

Nonmajor Funds

- c. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- d. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Non-operating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the School District:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support the School District's programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

The School District's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

The emphasis in fund financial statements is on the major funds in the governmental activity category. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

The School District's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

In accordance with Governmental Accounting Standards Board Statement No. 24, *Accounting and Reporting for Certain Grants and Other Financial Assistance*, payments made by the State of Vermont to the Vermont State Retirement System for teachers and certain other school employees are reported as offsetting revenues and expenditures of the general fund.

Revenues per budgetary basis	\$70,259,921
Add: On-behalf payments	<u>2,324,420</u>
Total GAAP basis	<u>\$72,584,341</u>
Expenditures per budgetary basis	\$68,958,585
Add: On-behalf basis	<u>2,324,420</u>
Total GAAP basis	<u>\$71,283,005</u>

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. The annual school budget is the planning management tool, which delineates the District's educational priorities and programs and forms the basis for voter review and approval of the budget according to State of Vermont Educational Act 60 guidelines.
2. The Board budget process includes input from school district administration and staff, central administration, educational priorities for the next school year, along with public hearings, which include the Board of Commissioners and general public.
3. The budget document itself is based upon the most current funding information available along with the projection of current revenues and expenditures for the

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

next year. At the conclusion of the budget process, a final budget is approved by the Board of Commissioners.

4. The School District is not legally required to adopt a budget for the Special Revenue Fund.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the District's policy to value investments at fair value. None of the District's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be a cash equivalent. The District Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities.
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations, and credit Districts.
- Repurchase agreements
- Money market mutual funds

The Burlington School District has no formal investment policy but instead follows the State of Vermont Statutes.

Inventories and Prepaid Items

Inventories of supplies are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet. The food service fund inventory consists of food service supplies and food on hand at the end of the year, valued at cost. The cost value is determined using the first-in, first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2016.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Estimated useful lives are as follows:

Buildings	20 - 50 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of bonds payable, capital leases payable, accrued compensated absences, net pension obligation, net pension liability and net OPEB obligation.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The District's policies regarding vacation do permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2016, the District's liability for compensated absences is \$2,557,677.

Pensions

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 Vermont State Teachers' Retirement System (VSTRS) Plan and the Burlington Employees' Retirement System (the System) and additions to/deductions from the VSTRS and the System Plans' fiduciary net position have been determined on the same basis as they are reported by the VSTRS and the System Plans. 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.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. As of June 30, 2016, the District has one type of item, deferred outflows related to pensions. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, deferred inflows related to pensions, which qualifies for reporting in this category. This item is only reported in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonspendable – This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted – This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the District. The inhabitants of the District through the Board of Commissioners meetings are the highest level of decision-making authority of the District. Commitments may be established, modified, or rescinded only through a District meeting vote.

Assigned – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Board of Commissioners.

Unassigned – This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Commissioners meeting vote has provided otherwise in its commitment or assignment actions.

The District has adopted a set of financial policies to guide the financial operation of the District. Included in the policies will be guidelines for accumulating and maintaining an operating position in certain budgeted governmental funds such that annual expenditures shall not exceed annual resources, including fund balances. Other funds shall be fully self-supporting to the extent that the fund balance or retained earnings of each fund shall be zero or greater.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services, or privileges provided, operating or capital grants and contributions, including special assessments).

Operating/Non-operating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The School District uses encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the School District's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits:

The School District's investment policies, which follow state statutes, authorize the School District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These investment policies apply to all School District funds.

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

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2016, the School District's cash balance of \$12,282,864 was comprised of bank deposits of \$13,757,699. Of these bank deposits and cash equivalents, \$1,004,885 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk. \$12,656,129 of bank deposits was collateralized with an irrevocable standby letter of credit in the District's name. The remaining \$96,685 of deposits is uninsured and uncollateralized.

Account Type	Bank Balance
Checking accounts	\$ 10,266,225
Money Market	3,491,473
	\$ 13,757,699

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the District does not have a policy for custodial credit risk for investments.

At June 30, 2016, the District's investments of \$199,408 in certificates of deposit were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

At June 30, 2016, the District had the following investment and maturities:

Investment Type	Fair Value	Not Applicable	Less than 1 Year	1 - 5 Years
Certificates of deposit	\$ 199,408	\$ -	\$ 199,408	\$ -
	\$ 199,408	\$ -	\$ 199,408	\$ -

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Credit risk – Statutes for the State of Vermont authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The District does not have an investment policy on credit risk. Generally, the District invests excess funds in savings accounts and various insured certificates of deposit.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2016 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due from)</u>	<u>Payables (Due to)</u>
General Fund	\$ 1,752,643	\$ 3,280,143
Debt Service Fund	494,049	-
Enterprise Funds	420,407	-
Nonmajor Funds	2,365,687	1,752,643
	<u>\$ 5,032,786</u>	<u>\$ 5,032,786</u>

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2016:

	Balance, 7/1/15	Additions	Disposals	Balance, 6/30/16
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 2,251,677	\$ -	\$ -	\$ 2,251,677
Construction in progress	48,074	2,087,406	-	2,135,480
	<u>2,299,751</u>	<u>2,087,406</u>	<u>-</u>	<u>4,387,157</u>
Depreciated assets:				
Buildings & improvements	51,718,532	75,005	(215,886)	51,577,651
Furniture & equipment	5,591,755	70,894	-	5,662,649
Vehicles	974,682	88,341	-	1,063,023
	<u>58,284,969</u>	<u>234,240</u>	<u>(215,886)</u>	<u>58,303,323</u>
Less accumulated depreciation:				
Buildings & improvements	(13,034,951)	(1,203,371)	207,250	(14,031,072)
Furniture & equipment	(4,898,335)	(221,573)	-	(5,119,908)
Vehicles	(689,672)	(85,290)	-	(774,962)
	<u>(18,622,958)</u>	<u>(1,510,234)</u>	<u>207,250</u>	<u>(19,925,942)</u>
Net depreciated assets	<u>39,662,011</u>	<u>(1,275,994)</u>	<u>(8,636)</u>	<u>38,377,381</u>
Net governmental capital assets	<u>\$ 41,961,762</u>	<u>\$ 811,412</u>	<u>\$ (8,636)</u>	<u>\$ 42,764,538</u>
<u>Business-type activities:</u>				
Depreciated assets:				
Furniture, fixtures & equipment	\$ 451,570	\$ -	\$ (414,235)	\$ 37,335
Vehicles	44,266	-	(44,266)	-
	<u>495,836</u>	<u>-</u>	<u>(458,501)</u>	<u>37,335</u>
Less accumulated depreciation:				
Furniture, fixtures & equipment	(361,050)	(4,703)	351,934	(13,819)
Vehicles	(39,840)	-	39,840	-
	<u>(400,890)</u>	<u>(4,703)</u>	<u>391,774</u>	<u>(13,819)</u>
Net business-type capital assets	<u>\$ 94,946</u>	<u>\$ (4,703)</u>	<u>\$ (66,727)</u>	<u>\$ 23,516</u>
<u>Depreciation expense:</u>				
Education				\$ 1,510,234
Food service				4,703
Total depreciation expense				<u>\$ 1,514,937</u>

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 - LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2016:

	Balance, 7/1/15	Additions	Deletions	Balance, 6/30/16	Current Portion
<u>Governmental activities:</u>					
Bonds payable	\$ 28,009,987	\$ 2,000,000	\$ (984,111)	\$ 29,025,876	\$ 1,071,968
Capital leases payable	77,361	17,483	(59,284)	35,560	26,507
Accrued compensated absences	2,625,334	-	(67,657)	2,557,677	255,768
Net pension obligation	426,476	-	(9,067)	417,409	-
Net pension liability	6,458,116	59,685,646	(56,961,562)	9,182,200	-
Net OPEB obligation	2,018,658	499,352	-	2,518,010	-
	<u>39,615,932</u>	<u>\$ 62,202,481</u>	<u>\$ (58,081,681)</u>	<u>43,736,732</u>	<u>\$ 1,354,243</u>

The following is a summary of bonds payable:

Bonds Payable:

Governmental activities:

\$860,000, 2002 General Obligation Bond due in annual installments and semiannual interest installments through September 2022. Interest is charged at a rate varying from 3.00% to 4.75% per annum. Annual principal Installments vary from \$30,000 to \$65,000 .

\$ 390,000

\$2,370,000, 2004 General Obligation Bond due in annual installments and semiannual interest installments through December 2016. Interest is charged at a rate varying from 2.00% to 3.80% per annum. Annual principal Installments vary from \$100,000 to \$190,000 .

194,061

\$750,000, 2005 General Obligation Bond due in annual installments and semiannual interest installments through November 2025. Interest is charged at a rate varying from 3.25% to 4.20% per annum. Annual principal Installments vary from \$15,000 to \$55,000 .

473,809

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 5 - LONG TERM DEBT (CONTINUED)

<p>\$750,000, 2006 General Obligation Bond due in annual installments and semiannual interest installments through November 2026. Interest is charged at a rate varying from 3.50% to 4.00% per annum. Annual principal Installments vary from \$115,000 to \$265,000 .</p>	513,609
<p>\$3,615,000, 2006 General Obligation Bond due in annual installments and semiannual interest installments through November 2026. Interest is charged at a rate varying from 3.50% to 4.00% per annum. Annual principal Installments vary from \$115,000 to \$265,000 .</p>	2,350,000
<p>\$750,000, 2007 General Obligation Bond due in annual installments and semiannual interest installments through November 2027. Interest is charged at a rate varying from 3.50% to 4.25% per annum. Annual principal Installments vary from \$20,000 to \$55,000 .</p>	525,000
<p>\$750,000, 2009 General Obligation Bond due in annual installments and semiannual interest installments through November 2029. Interest is charged at a rate varying from 2.00% to 4.125% per annum. Annual principal Installments vary from \$25,000 to \$50,000 .</p>	575,000
<p>\$2,000,000, 2009 General Obligation Bond due in annual installments and semiannual interest installments through November 2029. Interest is charged at a rate varying from 2.00% to 4.125% per annum. Annual principal Installments vary from \$60,000 to \$140,000 .</p>	1,650,199
<p>\$9,700,000, 2010 Qualified School Construction Bond (QSCB) due in semiannual interest installments through November 2026. Interest is charged at a rate of 6.50% per annum. Semiannual interest Installments are \$315,250.</p>	9,700,000
<p>\$2,000,000, 2010 Qualified School Construction Bond (QSCB) due in semiannual interest installments through November 2026. Interest is charged at a rate of 6.50% per annum. Semiannual interest Installments are \$65,000.</p>	2,000,000
<p>\$2,000,000, 2011 General Obligation Bond due in annual installments and semiannual interest installments through November 2031. Interest is charged at a rate varying from 2.00% to 4.75% per annum. Annual principal Installments vary from \$60,000 to \$145,000 .</p>	1,710,000

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 5 - LONG TERM DEBT (CONTINUED)

\$3,250,000, 2012 General Obligation Bond due in annual installments and semiannual interest installments through November 2032. Interest is charged at a rate of 5.00% per annum. Annual principal Installments vary from \$95,000 to \$250,000 .	3,146,421
\$2,000,000, 2013 General Obligation Bond due in annual installments and semiannual interest installments through November 2033. Interest is charged at a rate varying from 4.00% to 6.75% per annum. Annual principal Installments vary from \$52,857 to \$170,000.	1,897,777
\$2,000,000, 2014 General Obligation Bond due in annual installments and semiannual interest installments through November 2034. Interest is charged at a rate varying from .513% to 3.993% per annum. Annual principal Installments are \$100,000 .	1,900,000
\$2,000,000, 2015 General Obligation Bond due in annual installments and semiannual interest installments through November 2035. Interest is charged at a rate of 5% per annum. Annual principal Installments vary from \$55,000 to \$155,000 .	<u>2,000,000</u>
Total Bonds Payable	<u><u>\$ 29,025,876</u></u>

The annual principal and interest requirements to amortize the bond are as follows:

Year	Principal	Premium	Interest	Total Debt Service
2017	\$ 1,042,143	\$ 29,825	\$ 1,485,457	\$ 2,557,425
2018	896,429	25,764	1,453,547	2,375,740
2019	920,714	25,764	1,418,158	2,364,636
2020	960,000	25,764	1,380,513	2,366,277
2021	999,286	25,765	1,340,207	2,365,258
2022-2026	5,453,571	126,730	6,018,846	11,599,147
2027-2031	16,175,714	89,478	1,436,909	17,702,101
2032-2036	2,205,000	23,929	196,513	2,425,442
	<u>\$ 28,652,857</u>	<u>\$ 373,019</u>	<u>\$ 14,730,150</u>	<u>\$ 43,756,026</u>

In 2010, the District issued Series 2010A and 2010B Public Improvement Qualified School Construction Bonds totaling \$11,700,000. Annual principal payments on the bonds are required to be deposited into a sinking fund held by the District. The deposits and the interest earned on those deposits will be used to make the principal payment in November 2026.

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 5 - LONG TERM DEBT (CONTINUED)

These bonds are also eligible for federal interest subsidy payments equal to 92.9% of the true interest cost of the bond as provided in the American Recovery and Reinvestment Act (ARRA) and the Hiring Incentives to Restore Employment (HIRE) Act.

Due to mandatory federal spending cuts that went into effect March 1, 2013 with sequestration, the federal interest subsidy payments are being adjusted downward. The current sequestration reduction rate is 7.3% and is subject to change at any time. The total financial impact to the District is unknown.

The following is a summary of capital leases outstanding as of June 30, 2016:

The District Leases a 20" rider scrubber under a non-cancelable lease agreement. The term of the lease is for 48 months period expiring in December of 2017. Monthly payments are \$305.	\$ 1,829
The District Leases a front end loader under a non-cancelable lease agreement. The term of the lease is for 60 months period expiring in November of 2016. Monthly payments are \$734.	4,402
The District Leases a riding mower under a non-cancelable lease agreement. The term of the lease is for 60 months period expiring in April of 2018. Monthly payments are \$1,036.	20,395
The District Leases a tandem concession trailer under a non-cancelable lease agreement. The term of the lease is for 4 years expiring in December of 2016. Yearly payments are \$9,335	<u>8,934</u>
Total Capital Leases Payable	<u><u>\$ 35,560</u></u>

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 5 - LONG TERM DEBT (CONTINUED)

Future minimum payments, for the next five years ending June 30, are as follows:

Year Ending June 30:		
2017	\$	27,999
2018		9,325
2019		-
2020		-
2021		-
Total minimum lease payment		37,324
Less amount representing interest		(1,764)
Present value of future minimum lease payments	\$	35,560

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for the year ended June 30, 2016 was \$1,468,602.

NOTE 6 – LETTER OF CREDIT

At June 30, 2016, the District has an outstanding irrevocable standby letter of credit issued by the Federal Home Loan Bank of Pittsburgh serving as collateral for its deposits held at TD, Bank, N.A. This letter of credit, which expires at the close of business on August 22, 2016, authorizes one draw only up to the amount of \$17,000,000. There were no draws for the year ended June 30, 2016.

NOTE 7 - NONSPENDABLE FUND BALANCES

At June 30, 2016, the District had the following nonspendable fund balances:

General fund:		
Prepaid items	\$	9,500

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 - RESTRICTED FUND BALANCES

At June 30, 2016, the District had the following restricted fund balances:

Nonmajor special revenue funds (Schedule C)	\$ 1,052,673
Nonmajor capital projects funds (Schedule E)	161,794
	\$ 1,214,467

NOTE 9 - COMMITTED FUND BALANCES

At June 30, 2016, the District had the following committed fund balances:

General fund:	
General fund grants	\$ 38,398
BAS afterschool fees	628,523
Dental access grant	6,131
E-rate	233,379
Mercy Peace Award	1,219
New England Dairy & Food	7,072
NMEF Labor Relations	4,658
Project Explore - Flynn	1,135
Science Camp	3,466
Seventh Generation, Inc.	1,756
String Program	16,116
Wellness Program	3,177
On Top Program	405,800
Horizons	150,401
Care and custody students	224,520
Driver Education	102,740
Stars Bonus Program	4,872
Use of FY 17 fund balance	1,100,000
Debt service fund:	
Sinking fund	3,985,522
Nonmajor special revenue funds (Schedule C)	45,472
Nonmajor capital projects funds (Schedule E)	1,598,695
	\$ 8,563,052

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 10 - DEFICIT FUND BALANCES

At June 30, 2016, the District had the following deficit fund balances:

Fund 151 Nellie Mae Implementation	\$	1,526
Fund 608 Richard & Deb Tarrant		16,840
Fund 612 Digital Promise Grant		10,484
		28,850
	\$	28,850

NOTE 11 - OVERSPENT APPROPRIATIONS

At June 30, 2016, the District had the following overspent appropriations:

Special education	\$	86,693
Other instructional programs		97,025
Summer school program		221
Student support services		76,696
Staff support services		122,272
Capital outlay		411,072
		793,979
	\$	793,979

NOTE 12 - DEFINED BENEFIT PENSION PLANS

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

Plan Description

All of the teachers employed by the District participate in the Vermont State Teachers' Retirement System ("VSTRS"), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, covering nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State of Vermont that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2016, the retirement system consisted of 288 participating employers.

The plan was established effective July 1, 1947, and is governed by *Title 16, V.S.A. Chapter 55*. Subsequent Vermont state legislation, *Act 74*, which became effective on July 1, 2010, contained numerous changes to the plan benefits available to current and future members, as well as a change in access to health care coverage

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

after retirement, resulting from a multi-party agreement to provide sustainability of quality pension and retiree health benefits for Vermont teachers.

The general administration and responsibility for formulating administrative policy and procedures of the retirement System for its members and their beneficiaries is vested in the Board of Trustees consisting of six members. They are the Secretary of Education (ex-officio); the State Treasurer (ex-officio), the Commissioner of Financial Regulation (ex-officio); two members and one alternate elected by active members of the System under rules adopted by the Board; and one retired member and one alternate elected by the board of directors of Association of Retired Teachers of Vermont. The Chair is elected by the Board and acts as executive officer of the Board.

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service. The Vermont State Agency of Administration issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for the VSTRS. That report may be viewed on the State's Department of Finance & Management website at: http://finance.vermont.gov/reports_and_publications/cafr.

The VSTRS provides retirement, and disability benefits, annual cost-of-living adjustments, health care and death benefits to plan members and beneficiaries. There are two levels of contributions and benefits in the System: Group A- for public school teachers employed within the State of Vermont prior to July 1, 1981 and elected to remain in Group A; and Group C- for public school teachers employed within the State of Vermont on or after July 1, 1990. Group C also includes those teachers hired prior to July 1, 1990 and were in Group B on July 1, 1990. When *Act 74* became effective on June 30, 2010, Group C was further bifurcated into Groups #1 and #2. Group #1 contains members who were at least 57 years of age or had at least 25 years of service, and Group #2 contains members who were less than 57 years of age and had less than 25 years of service.

Benefits available to each group are based on average final compensation (AFC) and years of creditable service, and are summarized below:

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

VSTRS	Group A	Group C – Group # 1	Group C – Group # 2
Normal service retirement eligibility (no reduction)	Age 60 or 30 years of service	Age 62 or with 30 years of service	Age 65 or when the sum of age and service equals 90
Average Final Compensation (AFC)	Highest 3 consecutive years, including unused annual leave, sick leave, and bonus/incentives	Highest 3 consecutive years, excluding all payments for anything other than service actually performed	Highest 3 consecutive years, excluding all payments for anything other than service actually performed
Benefit formula – normal service retirement	1.67% x creditable service x AFC	1.25% x service prior to 6/30/90 x AFC + 1.67% x service after 7/1/90 x AFC	1.25% x service prior to 6/30/90 x AFC + 1.67% x service after 7/1/90 x AFC, 2.0% after attaining 20 years
Maximum Benefit Payable	100% of AFC	53.34% of AFC	60% of AFC
Post-Retirement COLA	Full CPI, up to a maximum of 5% after 12 months of retirement; minimum of 1%	50% CPI, up to a maximum of 5% after 12 months of retirement or with 30 years; minimum of 1%	50% CPI, up to a maximum of 5%, minimum of 1% after 12 months of normal retirement or age 65
Earl Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Early Retirement Reduction	Actuarial reduction	6% per year from age 62	Actuarial reduction

Other post-employment benefits are available to all plan members include the following:

VSTRS	Group A	Group C – Group # 1	Group C – Group # 2
Medical Benefits	Health subsidy based on member's service credit	Health subsidy based on member's service credit	Health subsidy based on member's service credit
Dental	Members pays full premium	Members pays full premium	Members pays full premium

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Contributions

VSTRS is a cost-sharing public employee retirement system with one exception: all risks and costs are not shared by the School District but are the liability of the State of Vermont. VSTRS is funded through State and employee contributions and trust fund investment earnings; and the School District has no legal obligation for paying benefits. Required contributions to the System are made by the State of Vermont based upon a valuation report prepared by the System’s actuary, which varies by plan group. The Vermont State Teachers Retirement System estimates the contributions on behalf of the School District’s employees included in the teacher’s retirement plan which approximates \$3,856,014 or 12.84% of total payroll for employees covered under the plan.

Employee contribution rates by Plan group follow:

VSTRS	Group A	Group C – Group # 1	Group C – Group # 2
Employee Contributions	2.5% of gross salary	5.0% of gross salary with 5 or more years of service as of 7/1/14; 6.0% of gross salary if less than 5 years of service as of 7/1/14	5.0% of gross salary with 5 or more years of service as of 7/1/14; 6.0% of gross salary if less than 5 years of service as of 7/1/14

Employee contributions totaled \$1,572,568 during the year and were paid by the School District to the State of Vermont. The School District has no other liability under the plan. The School District’s total payroll for all employees covered under this plan was \$30,031,263 for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The State is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of member employers. Therefore these employers are considered to be in a special funding situation as defined in GASB No. 68 and the State is treated as a nonemployer to VSTRS. Since the District does not contribute directly to VSTRS, no net pension liability was recorded at June 30, 2016. The State’s portion of the collective net pension liability that was associated with the District was as follows:

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

District's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the District		56,961,562
Total	\$	56,961,562

The State of Vermont's proportionate share of the net pension liability associated with the District is equal to the collective net pension liability, actuarially measured as of June 30, 2015, multiplied by the District's proportionate share percentage. The District's proportionate share percentage was based on its reported salaries to the total reported salaries for all participating employers. At June 30, 2015, the District's proportion was 4.80079%, which was a decrease of 0.13725% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized total pension expense of \$4,848,991 and revenue of \$4,848,991 for support provided by the State of Vermont.

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using the actuarial assumptions outlined below. These assumptions were selected on the basis of the experience study that was performed for the five year period ending June 30, 2010:

Interest Rate: A select-and-ultimate interest rate set, specified below. The interest rate is restarted every year:

Year 1: 6.25%	Year 10: 8.50%
Year 2: 6.75%	Year 11: 8.50%
Year 3: 7.00%	Year 12: 8.50%
Year 4: 7.50%	Year 13: 8.50%
Year 5: 7.75%	Year 14: 8.50%
Year 6: 8.25%	Year 15: 8.50%
Year 7: 8.25%	Year 16: 8.75%
Year 8: 8.25%	Year 17 and later: 9.00%
Year 9: 8.50%	

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Significant Actuarial Assumptions and Methods (Continued)

Salary Increases: Representative values of the assumed annual rates of future salary increases are as follows:

<u>Age</u>	<u>Annual Rate of Salary Increase</u>
25	8.40%
30	7.05%
35	6.15%
40	5.45%
45	4.95%
50	4.60%
55	4.35%
60	4.25%
64	4.25%

Deaths After Retirement: The 1995 Buck Mortality Tables set back three years for males and one year for females, for retirees, terminated vested members and beneficiaries; the RP-2000 Disabled Life Table with projection to 2016 using Scale AA for disabled retirees. The tables used contain a margin to reflect anticipated mortality improvement after the valuation date.

Inflation: The separately stated assumptions for investment return, salary increases and cost of living adjustments are consistent with an expected annual inflation rate of 3.00% to 3.25% per year.

Spouse's Age: Husbands are assumed to be three years older than their wives.

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 3% per annum for Group A members and 1.5% per annum for Group C members (beginning at age 62 for Group C members who elect reduced early retirement).

Actuarial cost Method: Entry Age Normal - Level Percentage of Pay.

Asset Valuation Method: Invested assets are reported at fair value.

Member Data: 344 members terminated on June 30, 2014 and retired on July 1, 2014 were included with a valuation status as members receiving benefits. 409 members who were active on June 30, 2013 and terminated on July 1, 2014, were included with a valuation status as inactive. For those terminated members with at least

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Significant Actuarial Assumptions and Methods (Continued)

five years of service, the system will automatically vest them six years after their termination if they do not withdraw.

Long-term Expected Rate of Return

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 variable and the asset classes. These best estimate ranges were combined to produce forecasts 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 3.8.4 of Actuarial Standard of Practice No. 27 as an alternative to a single assumed rate of return, is employed.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Equity	8.61%
Fixed income	1.91%
Alternative	6.93%
Multi-strategy	4.88%

Nominal long-term expected rates of return for these asset classes are equal to the sum of the above expected long-term real rates and the expected long-term inflation rate of 3.0%.

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.95%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

Sensitivity of the District'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 associated with the District calculated using the discount rate of 7.95 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.95%) or one percent higher (8.95%):

	1% Decrease	Discount Rate	1% Increase
<u>VSTRS:</u>			
Discount rate	6.95%	7.95%	8.95%
State's proportionate share of the net pension liability associated with the District	\$ 72,330,917	\$ 56,961,562	\$ 44,068,045

Pension Plan Fiduciary Net Position

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of the VSTRS or its participating employers. VSTRS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Comprehensive Annual Financial Report (CAFR). The CAFR can be viewed on the State's Department of Finance & Management website at: http://finance.vermont.gov/reports_and_publications/cafr

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

BURLINGTON EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Burlington Employees' Retirement System (the System) is a cost sharing, single employer defined benefit pension plan which provides retirement benefits to the City of Burlington, Vermont (the City). Because of the significance of its operational and financial relationship with the City, the System is included as a pension trust fund in the City's basic financial statements. For further financial and actuarial information about the System, refer to the City's financial statements, which may be obtained online at www.burlingtonvt.gov or by contacting the City at (802) 865-7000.

Substantially all employees of the City (except elective officials, other than the mayor, and the majority of the public school teachers who are eligible for the Vermont State Teacher's Retirement System) are members of the System. Eligible employees must participate in the System. The plan is broken down into Class A participants and Class B participants. Class A participants are composed of firemen and policemen not including clerical employees. Class B participants include all other covered City employees.

The System is governed by an eight-member board. The eight members include three appointed by the City Council, two Class A members of the system selected by the Class A membership, two Class B members of the system elected by the Class B membership, and the City Treasurer as an ex officio member. Of the Class A and Class B board members, no two shall be employed at the same department.

The City Council has the authority to amend the benefit terms of the System by enacting ordinances and sending them to the Mayor for approval.

Benefits Provided

Benefits available to Group B, in which certain District employees participate, are based on average final compensation (AFC) and years of creditable service, and are summarized below:

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Average Final Compensation (AFC):

For Class A Fire employees hired after October 7, 2011 or Class B AFSCME Local 1343 employees hired after June 7, 2011, or Class B IBEW Local 300 employees hired after October 30, 2012, it is the average earnable compensation during the highest 5 non-overlapping 12-month periods. For all others, it is the average earnable compensation during the highest 3 non-overlapping 12-month periods.

Eligibility:

Class B: Age 55 and 7 years of creditable service.

Amount of Benefit:

Class B:

For employees hired prior to July 1, 2006: Age 65 and older, the greater of (i) 1.6% of AFC (at age 65) times creditable service not in excess of 25 years plus .5% of AFC (at age 65) times creditable service in excess of 25 years or (ii) the actuarial equivalent of the benefit determined at age 65. This benefit will be increased by the Cost of Living Adjustment detailed below.

For employees hired on or after July 1, 2006: Age 65 and older, the greater of (i) 1.4% of AFC (at age 65) times creditable service not in excess of 25 years plus .5% of AFC (at age 65) times creditable service in excess of 25 years or (ii) the actuarial equivalent of the benefit determined at age 65. This benefit will be increased by the Cost of Living Adjustment detailed below.

In lieu of this benefit, at the time of retirement, a member may choose (i) an accrual rate of 1.9% for all years of service prior to June 30, 2006 for the first 25 years, an accrual rate of 1.8% for all years of service commencing July 1, 2006 for the first 25 years, plus an accrual of .5% for creditable service in excess of 25 years, and a Cost of Living Adjustment equal to one-half of the Cost of Living Adjustment detailed below, or (ii) an accrual rate of 2.2% for all years of service prior to June 30, 2006 for the first 25 years, an accrual rate of 2.0% for all years of service commencing July 1, 2006 for the first 25 years, plus an accrual of .5% for creditable service in excess of 25 years, and no Cost of Living Adjustment.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Benefits Provided (Continued)

Except for employees detailed below, prior to age 65, the above benefit based on AFC and creditable service at retirement reduced by 2% for each year that retirement precedes age 65. For Class B IBEW employees hired before May 1, 2008, who elect a contribution rate of 4% is elected the early reduction factor is 2% for each year the retirement precedes age 65. For Class B IBEW employees hired before May 1, 2008, who elect a contribution rate of 3% the benefit is reduced by a factor which varies with age. The factor equals 1 at 65 and .4 at 50.

For Class B IBEW employees hired after May 1, 2008, the benefit is reduced by a factor which varies by age. The factor equals 1 at 65 but is equal to .356 at age 55.

For Class B AFSCME Local 1343 employees hired before January 1, 2006 that meet the Rule of 82 by December 7, 2011 but retire later than December 7, 2011, the reduction is 4% per year at ages 55 to 59 for each year under age 65, and the standard 2% per year reduction for ages 60 to 65. For other Class B AFSCME Local 1343 employees retiring after December 7, 2011, there will be full actuarial reduction from ages 55 to 59 and the standard 2% per year reduction for ages 60 to 65.

Contributions

Participants contribute a set percentage of their gross regular compensation annually. Class B participants contribute 3.0% of earnable compensation other than IBEW employees hired before May 1, 2008 who elected to contribute 4.0% of earnable compensation. Employee contributions are withheld pre income tax by the District and are remitted to the City of Burlington. Such withholdings for the years ended June 30, 2016 totaled \$257,019.

The Board establishes employer contributions based on an actuarially determined contribution recommended by an independent actuary. The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by the System members during the year, with an additional amount to finance a portion of any unfunded accrued liability. The calculation of the actuarially determined contribution is governed by the applicable provisions of the Retirement Code. The District contributed \$1,268,900 for the year ended June 30, 2016. The District's total payroll for the year ended June 30, 2016 for all employees covered under this plan was \$8,791,814.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

At June 30, 2016, the District reported a liability of \$9,182,200 for its proportionate share of the net pension liability for the System. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability is equal to the total net pension liability multiplied by each employer's proportionate share of the total contributions made to the System for the year ended June 30, 2015.

At June 30, 2015, the District's proportion was 13.47066% for the System, which was an increase of 1.47337% from its proportion measured as of June 30, 2014 for the System.

For the year ended June 30, 2016, the District recognized total pension expense of \$179,021. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 434,371	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	819,311	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	32,405
Contributions subsequent to the measurement date	1,268,900	-
Total	\$ 2,522,582	\$ 32,405

\$1,268,900 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
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NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Year ended June 30:		
2017	\$	168,470
2018		168,470
2019		517,524
2020		366,813
2021		-
Thereafter		-

Significant Actuarial Assumptions and Methods

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the most recent actuarial experience study, dated June 30, 2015, which was for the period through June 30, 2014.

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using the actuarial assumptions outlined below:

Actuarial cost Method: Entry Age Normal - Level Percentage of Pay.

Investment Rate of Return: 8.00%.

Inflation Rate: 3.00%.

Post-Employment Cost-of-Living Adjustment: Increases averaging 3.00% per year were assumed.

Assumed Annual Rates of Salary Increases:

<u>Age</u>	<u>Class A & B</u>
25	8.80%
30	7.00%
35	5.60%
40	4.90%
45	4.60%
50	4.30%
55	4.00%
59	3.90%
60	3.90%
65	3.80%
69	3.80%

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Significant Actuarial Assumptions and Methods (Continued)

Mortality Rates: were based on the RP-2000 Combined Mortality tables for Males and Females projected to 2017 with scale BB RP-2000 Disability Mortality Table projected with scale BB to 2017 for the period after disability retirement, and prior to the state of the service retirement benefit.

Spouse's Age: Husbands are assumed to be three years older than their wives.

Asset Valuation Method: Invested assets are reported at fair value.

Actuarial valuation of the ongoing System involves estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
Equity	30.80%	6.70%
Fixed income	31.50%	2.94%
Alternatives	23.30%	6.26%
Multi-strategy	14.40%	5.98%
Total	<u>100.00%</u>	

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current System members. 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the System's net pension liability calculated using the discount rate of 8.00 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (7.00%) or 1 percentage-point higher (9.00%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
Discount rate	7.00%	8.00%	9.00%
District's proportionate share of the net pension liability	\$ 10,592,690	\$ 9,182,200	\$ 4,422,433

Pension Plan Fiduciary Net Position

The schedules of employer allocations and schedules of pension amounts by employer (the Schedules) are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The Schedules present amounts that are elements of the financial statements of Burlington Employees' Retirement System or its participating departments. Accordingly, they do not purport to be a complete presentation of the net position or changes in net position of Burlington Employees' Retirement System or its participating departments. The System does not issue stand-alone financial reports, but instead are included as part of the City of Burlington, Vermont's Comprehensive Annual Financial Report (CAFR). The CAFR can be viewed on the City's website at: www.burlingtonvt.gov.

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
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NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS

In addition to providing pension benefits, the District provides post-employment healthcare insurance benefits for retired employees through the Burlington School District's plan. As of June 30, 2015, the actuarial valuation date, 64 retirees and 567 active employees met the eligibility requirements. The plan does not issue a separate financial report.

Benefits provided – The District provides medical, prescription drug, mental health/substance abuse and life insurance to retirees and their covered dependents. All active employees who retire from the District and meet eligibility criteria will receive these benefits.

Funding policy – Retirees contribute, at various percentages, to the cost of the health plan, as determined by the District. The District contributes the remainder of the health plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligations

The District's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period not to exceed thirty years.

The District's annual OPEB cost for the fiscal year ended June 30, 2016 including the amount actually contributed to the plan and the change in the District's net OPEB obligation using the level of funding amortization method is as follows:

Annual required contribution (ARC)	\$ 642,290
Interest on net OPEB obligation	80,746
Adjustment to ARC	<u>(69,980)</u>
Annual OPEB cost	653,056
Contributions made	<u>(153,704)</u>
Increase in net OPEB obligation	499,352
 Net OPEB obligation - July 1, 2015	 <u>2,018,658</u>
 Net OPEB obligation - June 30, 2016	 <u><u>\$ 2,518,010</u></u>

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2016	\$ 642,290	23.9%	\$ 2,518,010
2015	309,610	27.5%	2,018,658
2014	317,849	24.6%	1,784,657
2013	395,903	15.4%	1,544,906
2012	235,568	26.7%	1,209,866
2011	235,568	26.7%	1,037,112
2010	235,569	26.7%	864,358

The funded status of the plan as of the most recent actuarial valuation, June 30, 2015, was as follows:

Actuarial accrued liability (AAL)	\$ 5,503,193
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 5,503,193</u>
 Funded ratio (actuarial value of plan assets/AAL)	 <u>0.0%</u>
 Covered payroll (active plan member)	 <u>\$ 32,092,393</u>
 UAAL as a percentage of covered payroll	 <u>17.1%</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Methods of Assumptions – The projected unit credit (PUC) cost method was used for the valuation. The amortization method is the level dollar open, amortized over 30 years. Under the PUC method, benefits are projected for life, and their present value is determined. The present value is divided into equal parts, which are earned from date of hire to each decrement age. An open 30 year amortization period was used. The

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

amortization method is a level dollar amortization method. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

NOTE 14 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The School District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the School District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 15 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the School District's financial position.

The School District participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the School District's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 16 - SUBSEQUENT EVENT

For purposes of the preparation of these financial statements in accordance with GAAP, the Burlington School District has considered transactions or events occurring through January 19, 2017, which was the date the financial statements were available to be issued.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions
- Schedule of Changes in Net Pension Liability and Related Ratios – Burlington Employees’ Retirement System
- Schedule of Contributions - Burlington Employees’ Retirement System
- Schedule of Investment Returns - Burlington Employees’ Retirement System
- Schedule of Funding Progress – Retiree Healthcare and Life Insurance Benefits
- Notes to Required Supplementary Information

BURLINGTON SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,773,406	\$ 2,773,406	\$ 2,773,406	\$ -
Resources (Inflows):				
Intergovernmental:				
General state support	57,332,431	57,332,431	57,332,457	26
Other	9,853,598	9,853,598	10,373,886	520,288
Charges for services	15,600	15,600	257,670	242,070
Interest income	588,509	588,509	598,207	9,698
Miscellaneous	805,000	805,000	1,047,701	242,701
Transfers from other funds	-	-	650,000	650,000
Amounts Available for Appropriation	<u>71,368,544</u>	<u>71,368,544</u>	<u>73,033,327</u>	<u>1,664,783</u>
Charges to Appropriations (Outflows):				
Current:				
Regular instruction	29,317,188	29,317,188	28,395,169	922,019
Special education instruction	10,886,642	10,886,642	10,973,335	(86,693)
Vocational tuition	11,000	11,000	10,578	422
Other instructional programs	763,522	763,522	860,547	(97,025)
Summer school program	480	480	701	(221)
Student support services	5,152,440	5,152,440	5,229,136	(76,696)
Staff support services	2,967,490	2,967,490	3,089,762	(122,272)
General administration	798,093	798,093	733,526	64,567
School administration	3,134,673	3,134,673	3,112,462	22,211
Centralized services	1,791,992	1,791,992	1,741,442	50,550
Operations and maintenance	6,808,035	6,808,035	6,749,279	58,756
Transportation services	1,167,985	1,167,985	1,054,783	113,202
Employee benefits	1,361,929	1,361,929	480,586	881,343
Debt service:				
Principal	1,734,286	1,734,286	954,286	780,000
Interest	1,495,555	1,495,555	1,468,602	26,953
Prior year	3,028	3,028	6,651	(3,623)
Capital outlay	-	-	411,072	(411,072)
Transfers to other funds	1,200,800	1,200,800	1,014,255	186,545
Total General Fund Expenditures	<u>68,595,138</u>	<u>68,595,138</u>	<u>66,286,172</u>	<u>2,308,966</u>
Non-Fund 0100 expenditures	-	-	2,672,413	(2,672,413)
Total Charges to Appropriations	<u>68,595,138</u>	<u>68,595,138</u>	<u>68,958,585</u>	<u>(363,447)</u>
Budgetary Fund Balance, June 30	<u>\$ 2,773,406</u>	<u>\$ 2,773,406</u>	<u>\$ 4,074,742</u>	<u>\$ 1,301,336</u>

See accompanying independent auditors' report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>VSTRS:</u>			
Proportion of the net pension liability	4.80%	4.94%	4.87%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	<u>56,961,562</u>	<u>47,328,006</u>	<u>\$ 49,254,692</u>
Total	<u>\$ 56,961,562</u>	<u>\$ 47,328,006</u>	<u>\$ 49,254,692</u>
Covered-employee payroll	\$ 30,031,263	\$ 29,794,393	\$ 29,978,065
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	58.22%	64.02%	60.59%

* The amounts presented for each fiscal year were determined as of June 30, and are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>VSTRS:</u>			
Contractually required contribution	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 30,031,263	\$ 29,794,393	\$ 29,978,065
Contributions as a percentage of covered- employee payroll	0.00%	0.00%	0.00%

* The amounts presented for each fiscal year were determined as of June 30,
and are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS -
 BURLINGTON EMPLOYEES' RETIREMENT SYSTEM
 LAST 10 FISCAL YEARS*

	2016	2015
Total pension liability		
Service cost	\$ 796,849	\$ 637,539
Interest	2,348,193	1,991,416
Changes in benefit terms	(426,731)	-
Difference between actual and expected experience	2,070,219	(961,786)
Changes of assumptions	144,790	-
Change in proportional share of contributions	991,329	(1,396,215)
Benefit payments, including refunds of employee contributions	(1,112,837)	(3,730,742)
Net change in total pension liability	4,811,812	(3,459,788)
Total pension liability - beginning	26,154,582	29,614,370
Total pension liability - ending (a)	\$ 30,966,394	\$ 26,154,582
Plan fiduciary net position		
Contributions - employer	\$ 1,190,910	\$ 1,070,264
Contributions - employee	291,997	257,803
Net investment income	1,758,985	1,392,782
Benefit payments, including refunds of member contributions	(1,112,837)	(3,730,742)
Administrative expense	(41,327)	(30,449)
Other	-	711
Net change in plan fiduciary net position	2,087,728	\$ (1,039,631)
Plan fiduciary net position - beginning	19,696,466	20,736,097
Plan fiduciary net position - ending (b)	\$ 21,784,194	\$ 19,696,466
Net pension liability - ending (a) - (b)	\$ 9,182,200	\$ 6,458,116
Plan fiduciary net position as a percentage of the total pension liability	70.35%	75.31%
Covered-employee payroll	\$ 8,791,814	\$ 9,019,495
Net pension liability as a percentage of its covered-employee payroll	104.44%	71.60%

* The amounts presented for each fiscal year were determined as of June 30, and are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS -
BURLINGTON EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS*

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,268,900	\$ 1,190,910
Contributions in relation to the actuarially determined contribution	<u>(1,268,900)</u>	<u>(1,190,910)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 8,791,814	\$ 9,019,495
Contributions as a percentage of covered- employee payroll	14.43%	13.20%

Notes to schedule:

Valuation date: June 30, 2014 rolled forward to June 30, 2015.
Actuarial cost method: Entry Age Normal - Level Percentage of Pay.

Actuarial assumptions

Investment rate of return:	8.00%.	
Discount rate:	8.00%.	
Inflation rate:	3.00%.	
Assumed annual rate of salary increases:	<u>Age</u>	<u>Class A & B</u>
	25	8.80%
	30	7.00%
	35	5.60%
	40	4.90%
	45	4.60%
	50	4.30%
	55	4.00%
	59	3.90%
	60	3.90%
	65	3.80%
	69	3.80%

Post-employment cost-of-living adjustment: Increases averaging 3.00% per year were assumed.
Pre-retirement mortality: RP-2000 Disability Mortality Table projected with scale BB to 2017.
Pre-retirement disability mortality: RP-2000 Disability Mortality Table projected with scale BB to 2017.
Post-retirement mortality: RP-2000 Combined Mortality Tables for Males and Females projected to 2017 with scale BB .

* The amounts presented for each fiscal year were determined as of June 30, and are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

SCHEDULE OF INVESTMENT RETURNS -
 BURLINGTON EMPLOYEES' RETIREMENT SYSTEM
 LAST 10 FISCAL YEARS*

	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	-0.15%	13.62%

Notes to schedule:

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

* The amounts presented for each fiscal year were determined as of June 30, and are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS -
RETIREE HEALTHCARE AND LIFE INSURANCE BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)
7/1/2015	\$ -	\$ 5,503,193	\$ 5,503,193	0.0%	\$ 32,092,393
7/1/2014	-	2,678,711	2,678,711	0.0%	35,454,720
7/1/2012	-	2,365,074	2,365,074	0.0%	30,358,375
7/1/2010	-	2,257,751	2,257,751	0.0%	28,831,983
7/1/2008	-	3,891,509	3,891,509	0.0%	24,767,727

See accompanying independent auditors' report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2016

Changes of Assumptions

The discount rate used to measure the net pension liability for VSTRS was lowered from 8.15% to 7.95%, due to the adoption by the Board of Trustees of a 7.95% expected future rate of return on assets for funding purposes.

Deaths after Retirement

The post retirement mortality rate changed from 105% of the probabilities in the RP-2000 Combined Mortality Tables for Males and Females with full generational projection Scale AA to Scale BB for the single employer plan.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Government Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 600	\$ -	\$ 600
Investments	199,408	-	199,408
Accounts receivable	8,152	-	8,152
Due from other governments	2,309,824	-	2,309,824
Prepaid expense	7,500	5,000	12,500
Due from other funds	588,081	1,777,606	2,365,687
TOTAL ASSETS	<u><u>\$ 3,113,565</u></u>	<u><u>\$ 1,782,606</u></u>	<u><u>\$ 4,896,171</u></u>
LIABILITIES			
Accounts payable	\$ 283,779	\$ 22,117	\$ 305,896
Accrued payroll	7,848	-	7,848
Due to other funds	1,752,643	-	1,752,643
TOTAL LIABILITIES	<u><u>2,044,270</u></u>	<u><u>22,117</u></u>	<u><u>2,066,387</u></u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	1,052,673	161,794	1,214,467
Committed	45,472	1,598,695	1,644,167
Assigned	-	-	-
Unassigned	(28,850)	-	(28,850)
TOTAL FUND BALANCES	<u><u>1,069,295</u></u>	<u><u>1,760,489</u></u>	<u><u>2,829,784</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 3,113,565</u></u>	<u><u>\$ 1,782,606</u></u>	<u><u>\$ 4,896,171</u></u>

See accompanying independent auditors' report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 7,225,645	\$ -	\$ 7,225,645
Interest	225	-	225
Other income	1,438,408	-	1,438,408
TOTAL REVENUES	8,664,278	-	8,664,278
EXPENDITURES			
Regular instruction	4,005,848	-	4,005,848
Special education	1,249,662	-	1,249,662
Vocational	2,548,309	-	2,548,309
Other	74,202	-	74,202
Capital outlay	-	2,161,343	2,161,343
TOTAL EXPENDITURES	7,878,021	2,161,343	10,039,364
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	786,257	(2,161,343)	(1,375,086)
OTHER FINANCING SOURCES (USES)			
Proceeds from bond issuance	-	2,318,443	2,318,443
Transfers in	1,072,060	-	1,072,060
Transfers (out)	(1,550,415)	-	(1,550,415)
TOTAL OTHER FINANCING SOURCES (USES)	(478,355)	2,318,443	1,840,088
NET CHANGE IN FUND BALANCES	307,902	157,100	465,002
FUND BALANCES - JULY 1	761,393	1,603,389	2,364,782
FUND BALANCES - JUNE 30	\$ 1,069,295	\$ 1,760,489	\$ 2,829,784

See accompanying independent auditors' report and notes to financial statements.

Special Revenue Funds Description

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2016

	Fund 110 AFS Funds	Fund 128 Margot E Reed Scholarship	Fund 135 Raymond E Tracy Estate	Fund 137 Scholarship Trust Fund	Fund 140 Scholarship Hillman	Fund 150 Nellie Mae GX Communications	Fund 151 Nellie Mae Implementation
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	19,459	4,741	20,082	155,126	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Prepaid expense	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	3,128	3,998	-
TOTAL ASSETS	\$ 19,459	\$ 4,741	\$ 20,082	\$ 155,126	\$ 3,128	\$ 3,998	\$ -
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	1,526
TOTAL LIABILITIES	-	-	-	-	-	-	1,526
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	19,459	4,741	20,082	155,126	-	3,998	-
Committed	-	-	-	-	3,128	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(1,526)
TOTAL FUND BALANCES (DEFICITS)	19,459	4,741	20,082	155,126	3,128	3,998	(1,526)
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 19,459	\$ 4,741	\$ 20,082	\$ 155,126	\$ 3,128	\$ 3,998	\$ -

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	Fund 301 Tobacco Kat Hunt	Fund 302 Tobacco Kat EMS	Fund 303 Act 230	Fund 305 Dept. of Health ADAP	Fund 307 Early Education Initiative	Fund 309 OVX Our Voices Exposed	Fund 310 School Based Health Centers
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Due from other governments	-	-	-	22,238	-	-	34,476
Prepaid expense	-	-	-	-	-	-	-
Due from other funds	92	10	9,014	-	9,445	19	-
TOTAL ASSETS	\$ 92	\$ 10	\$ 9,014	\$ 22,238	\$ 9,445	\$ 19	\$ 34,476
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 4,494	\$ 275	\$ 9,445	\$ -	\$ 18
Accrued payroll	-	-	-	-	-	-	-
Due to other funds	-	-	-	20,817	-	-	18,681
TOTAL LIABILITIES	-	-	4,494	21,092	9,445	-	18,699
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	92	10	4,520	1,146	-	19	-
Committed	-	-	-	-	-	-	15,777
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	92	10	4,520	1,146	-	19	15,777
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 92	\$ 10	\$ 9,014	\$ 22,238	\$ 9,445	\$ 19	\$ 34,476

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	Fund 313 Vermont Refugee Children	Fund 401 Title I	Fund 404 IDEA B Preschool	Fund 408 21st Century	Fund 413 Title IIA	Fund 419 Title I SIG	Fund 418 Immigrant Subgrant
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Due from other governments	48,224	1,076,040	9,980	125,354	128,515	-	-
Prepaid expense	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 48,224</u>	<u>\$ 1,076,040</u>	<u>\$ 9,980</u>	<u>\$ 125,354</u>	<u>\$ 128,515</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES							
Accounts payable	\$ -	\$ 10,895	\$ -	\$ 14,559	\$ 17,399	\$ -	\$ -
Accrued payroll	-	-	-	7,848	-	-	-
Due to other funds	42,168	1,065,145	9,980	102,947	111,116	-	-
TOTAL LIABILITIES	<u>42,168</u>	<u>1,076,040</u>	<u>9,980</u>	<u>125,354</u>	<u>128,515</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	6,056	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>6,056</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 48,224</u>	<u>\$ 1,076,040</u>	<u>\$ 9,980</u>	<u>\$ 125,354</u>	<u>\$ 128,515</u>	<u>\$ -</u>	<u>\$ -</u>

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	Fund 425 Title I SWP	Fund 420 IDEA-B	Fund 421 Title ELL	Fund 426 Title I Con Admin	Fund 427 Pre - K Development	Fund 453 Farm to School	Fund 500 Medicaid EPSDT
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	298
Due from other governments	-	351,072	-	-	-	25,133	18,829
Prepaid expense	-	-	-	-	-	-	-
Due from other funds	50,618	-	12,902	-	88,817	-	89,103
TOTAL ASSETS	\$ 50,618	\$ 351,072	\$ 12,902	\$ -	\$ 88,817	\$ 25,133	\$ 108,230
LIABILITIES							
Accounts payable	\$ 50,405	\$ 7,171	\$ -	\$ -	\$ 1,839	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-	-
Due to other funds	-	249,983	-	-	-	25,133	-
TOTAL LIABILITIES	50,405	257,154	-	-	1,839	25,133	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	213	93,918	12,902	-	86,978	-	108,230
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	213	93,918	12,902	-	86,978	-	108,230
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 50,618	\$ 351,072	\$ 12,902	\$ -	\$ 88,817	\$ 25,133	\$ 108,230

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	Fund 501 NASA Grant	Fund 502 Medicaid Reimb (IEP)	Fund 503 Local Standards Board	Fund 504 School Based Tobacco	Fund 601 VCPC	Fund 602 Bay & Paul Foundation	Fund 603 Burlington Foundation
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Due from other governments	-	143,881	107	-	-	800	-
Prepaid expense	-	-	-	-	-	7,500	-
Due from other funds	-	-	132	-	1,008	22,620	9
TOTAL ASSETS	\$ -	\$ 143,881	\$ 239	\$ -	\$ 1,008	\$ 30,920	\$ 9
LIABILITIES							
Accounts payable	\$ -	\$ 137	\$ -	\$ -	\$ -	\$ 14,660	\$ -
Accrued payroll	-	-	-	-	-	-	-
Due to other funds	-	22,495	-	-	-	-	-
TOTAL LIABILITIES	-	22,632	-	-	-	14,660	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	121,249	239	-	-	-	-
Committed	-	-	-	-	1,008	16,260	9
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	-	121,249	239	-	1,008	16,260	9
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ -	\$ 143,881	\$ 239	\$ -	\$ 1,008	\$ 30,920	\$ 9

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	Fund 605 Nellie Mae Foundation	Fund 608 Richard & Deb Tarrant	Fund 609 Rowland Foundation	Fund 611 Amy Tarrant Foundation	Fund 612 Digital Promise Grant	Vocational Fund	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600	\$ 600
Investments	-	-	-	-	-	-	199,408
Accounts receivable	-	-	-	-	-	7,854	8,152
Due from other governments	105,944	-	-	-	-	219,231	2,309,824
Prepaid expense	-	-	-	-	-	-	7,500
Due from other funds	-	-	9,483	507	-	287,176	588,081
TOTAL ASSETS	\$ 105,944	\$ -	\$ 9,483	\$ 507	\$ -	\$ 514,861	\$ 3,113,565
LIABILITIES							
Accounts payable	\$ 43,768	\$ -	\$ 700	\$ -	\$ -	\$ 108,014	\$ 283,779
Accrued payroll	-	-	-	-	-	-	7,848
Due to other funds	55,328	16,840	-	-	10,484	-	1,752,643
TOTAL LIABILITIES	99,096	16,840	700	-	-	108,014	2,044,270
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	6,848	-	-	-	-	406,847	1,052,673
Committed	-	-	8,783	507	-	-	45,472
Assigned	-	-	-	-	-	-	-
Unassigned	-	(16,840)	-	-	(10,484)	-	(28,850)
TOTAL FUND BALANCES (DEFICITS)	6,848	(16,840)	8,783	507	(10,484)	406,847	1,069,295
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 105,944	\$ -	\$ 9,483	\$ 507	\$ (10,484)	\$ 514,861	\$ 3,113,565

See accompanying independent auditors' report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Fund 110 AFS Funds	Fund 128 Margot E Reed Scholarship	Fund 135 Raymond E Tracy Estate	Fund 137 Scholarship Trust Fund	Fund 140 Scholarship Hillman	Fund 150 Nellie Mae GX Communications	Fund 151 Nellie Mae Implementation
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	59	16	70	80	-	-	-
Other income	-	-	-	-	-	25,376	14,876
TOTAL REVENUES	<u>59</u>	<u>16</u>	<u>70</u>	<u>80</u>	<u>-</u>	<u>25,376</u>	<u>14,876</u>
EXPENDITURES							
Regular instruction	-	-	-	-	-	-	-
Special education	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-
Other	300	-	-	1,455	-	21,378	16,402
TOTAL EXPENDITURES	<u>300</u>	<u>-</u>	<u>-</u>	<u>1,455</u>	<u>-</u>	<u>21,378</u>	<u>16,402</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(241)</u>	<u>16</u>	<u>70</u>	<u>(1,375)</u>	<u>-</u>	<u>3,998</u>	<u>(1,526)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(241)	16	70	(1,375)	-	3,998	(1,526)
FUND BALANCES (DEFICITS) - JULY 1	<u>19,700</u>	<u>4,725</u>	<u>20,012</u>	<u>156,501</u>	<u>3,128</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 19,459</u>	<u>\$ 4,741</u>	<u>\$ 20,082</u>	<u>\$ 155,126</u>	<u>\$ 3,128</u>	<u>\$ 3,998</u>	<u>\$ (1,526)</u>

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Fund 301 Tobacco Kat Hunt	Fund 302 Tobacco Kat EMS	Fund 303 Act 230	Fund 305 Dept. of Health ADAP	Fund 307 Early Education Initiative	Fund 309 OVX Our Voices Exposed	Fund 310 School Based Health Centers
REVENUES							
Intergovernmental	\$ 1,000	\$ 1,200	\$ 6,500	\$ 38,238	\$ 20,000	\$ 3,000	\$ 67,976
Interest	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
TOTAL REVENUES	<u>1,000</u>	<u>1,200</u>	<u>6,500</u>	<u>38,238</u>	<u>20,000</u>	<u>3,000</u>	<u>67,976</u>
EXPENDITURES							
Regular instruction	908	1,190	6,500	38,238	-	2,980	67,976
Special education	-	-	-	-	10,555	-	-
Vocational	-	-	-	-	-	-	-
Other	-	-	-	-	9,445	-	-
TOTAL EXPENDITURES	<u>908</u>	<u>1,190</u>	<u>6,500</u>	<u>38,238</u>	<u>20,000</u>	<u>2,980</u>	<u>67,976</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>92</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	92	10	-	-	-	20	-
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>-</u>	<u>4,520</u>	<u>1,146</u>	<u>-</u>	<u>(1)</u>	<u>15,777</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 92</u>	<u>\$ 10</u>	<u>\$ 4,520</u>	<u>\$ 1,146</u>	<u>\$ -</u>	<u>\$ 19</u>	<u>\$ 15,777</u>

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Fund 313 Vermont Refugee Children	Fund 401 Title I	Fund 404 IDEA B Preschool	Fund 408 21st Century	Fund 413 Title IIA	Fund 419 Title I SIG	Fund 418 Immigrant Subgrant
REVENUES							
Intergovernmental	\$ 88,059	\$ 1,517,543	\$ 23,520	\$ 471,854	\$ 505,199	\$ -	\$ 8,540
Interest	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
TOTAL REVENUES	88,059	1,517,543	23,520	471,854	505,199	-	8,540
EXPENDITURES							
Regular instruction	89,779	617,128	-	471,854	498,774	-	8,540
Special education	-	-	23,520	-	-	-	-
Vocational	-	-	-	-	-	-	-
Other	-	-	89	-	-	-	-
TOTAL EXPENDITURES	89,779	617,128	23,609	471,854	498,774	-	8,540
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,720)	900,415	(89)	-	6,425	-	-
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	(900,415)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(900,415)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(1,720)	-	(89)	-	6,425	-	-
FUND BALANCES (DEFICITS) - JULY 1	7,776	-	89	-	(6,425)	-	-
FUND BALANCES (DEFICITS) - JUNE 30	\$ 6,056	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Fund 425 Title I SWP	Fund 420 IDEA-B	Fund 421 Title ELL	Fund 426 Title I Con Admin	Fund 427 Pre - K Development	Fund 453 Farm to School	Fund 500 Medicaid EPSDT
REVENUES							
Intergovernmental	\$ -	\$ 986,833	\$ 130,226	\$ -	\$ 214,321	\$ 25,133	\$ 53,765
Interest	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>986,833</u>	<u>130,226</u>	<u>-</u>	<u>214,321</u>	<u>25,133</u>	<u>53,765</u>
EXPENDITURES							
Regular instruction	895,765	-	127,793	4,437	127,343	-	-
Special education	-	892,915	-	-	-	-	-
Vocational	-	-	-	-	-	-	-
Other	-	-	-	-	-	25,133	-
TOTAL EXPENDITURES	<u>895,765</u>	<u>892,915</u>	<u>127,793</u>	<u>4,437</u>	<u>127,343</u>	<u>25,133</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(895,765)</u>	<u>93,918</u>	<u>2,433</u>	<u>(4,437)</u>	<u>86,978</u>	<u>-</u>	<u>53,765</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	895,978	-	-	4,437	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>895,978</u>	<u>-</u>	<u>-</u>	<u>4,437</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	213	93,918	2,433	-	86,978	-	53,765
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>-</u>	<u>10,469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,465</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 213</u>	<u>\$ 93,918</u>	<u>\$ 12,902</u>	<u>\$ -</u>	<u>\$ 86,978</u>	<u>\$ -</u>	<u>\$ 108,230</u>

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Fund 501 NASA Grant	Fund 502 Medicaid Reimb (IEP)	Fund 503 LSB	Fund 504 School Based Tobacco	Fund 601 VCPC	Fund 602 Bay & Paul Foundation	Fund 603 Burlington Foundation
REVENUES							
Intergovernmental	\$ 37,500	\$ 439,238	\$ -	\$ 23,569	\$ -	\$ -	\$ -
Interest	-	-	-	-	-	-	-
Other income	-	-	1,157	-	-	12,000	-
TOTAL REVENUES	<u>37,500</u>	<u>439,238</u>	<u>1,157</u>	<u>23,569</u>	<u>-</u>	<u>12,000</u>	<u>-</u>
EXPENDITURES							
Regular instruction	37,500	-	1,157	23,569	-	94,061	-
Special education	-	322,672	-	-	-	-	-
Vocational	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>37,500</u>	<u>322,672</u>	<u>1,157</u>	<u>23,569</u>	<u>-</u>	<u>94,061</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>116,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(82,061)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	116,566	-	-	-	(82,061)	-
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>4,683</u>	<u>239</u>	<u>-</u>	<u>1,008</u>	<u>98,321</u>	<u>9</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ 121,249</u>	<u>\$ 239</u>	<u>\$ -</u>	<u>\$ 1,008</u>	<u>\$ 16,260</u>	<u>\$ 9</u>

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Fund 605 Nellie Mae Foundation	Fund 608 Richard & Deb Tarrant	Fund 609 Rowland Foundation	Fund 611 Amy Tarrant Foundation	Fund 612 Digital Promise Grant	Vocational Fund	Total
REVENUES							
Intergovernmental	\$ 752,388	\$ -	\$ -	\$ -	\$ 71,641	\$ 1,738,402	\$ 7,225,645
Interest	-	-	-	-	-	-	225
Other income	-	-	-	50,000	-	1,334,999	1,438,408
TOTAL REVENUES	<u>752,388</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>71,641</u>	<u>3,073,401</u>	<u>8,664,278</u>
EXPENDITURES							
Regular instruction	752,388	-	6,350	49,493	82,125	-	4,005,848
Special education	-	-	-	-	-	-	1,249,662
Vocational	-	-	-	-	-	2,548,309	2,548,309
Other	-	-	-	-	-	-	74,202
TOTAL EXPENDITURES	<u>752,388</u>	<u>-</u>	<u>6,350</u>	<u>49,493</u>	<u>82,125</u>	<u>2,548,309</u>	<u>7,878,021</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(6,350)</u>	<u>507</u>	<u>(10,484)</u>	<u>525,092</u>	<u>786,257</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	171,645	1,072,060
Transfers (out)	-	-	-	-	-	(650,000)	(1,550,415)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(478,355)</u>	<u>(478,355)</u>
NET CHANGE IN FUND BALANCES	-	-	(6,350)	507	(10,484)	46,737	307,902
FUND BALANCES (DEFICITS) - JULY 1	<u>6,848</u>	<u>(16,840)</u>	<u>15,133</u>	<u>-</u>	<u>-</u>	<u>360,110</u>	<u>761,393</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 6,848</u>	<u>\$ (16,840)</u>	<u>\$ 8,783</u>	<u>\$ 507</u>	<u>\$ (10,484)</u>	<u>\$ 406,847</u>	<u>\$ 1,069,295</u>

See accompanying independent auditors' report and notes to financial statements.

Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2016

	Capital Projects Funds	Taft Building Lease	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable	-	-	-
Prepaid expense	-	5,000	5,000
Due from other funds	182,606	1,595,000	1,777,606
TOTAL ASSETS	<u>\$ 182,606</u>	<u>\$ 1,600,000</u>	<u>\$ 1,782,606</u>
LIABILITIES			
Accounts payable	\$ 20,812	\$ 1,305	\$ 22,117
Due to other funds	-	-	-
TOTAL LIABILITIES	<u>20,812</u>	<u>1,305</u>	<u>22,117</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	161,794	-	161,794
Committed	-	1,598,695	1,598,695
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>161,794</u>	<u>1,598,695</u>	<u>1,760,489</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 182,606</u>	<u>\$ 1,600,000</u>	<u>\$ 1,782,606</u>

See accompanying independent auditors' report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Capital Projects Funds	Taft Building Lease	Total
REVENUES			
Interest income	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Capital outlay	2,160,038	1,305	2,161,343
TOTAL EXPENDITURES	<u>2,160,038</u>	<u>1,305</u>	<u>2,161,343</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,160,038)</u>	<u>(1,305)</u>	<u>(2,161,343)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from bond issuance	2,318,443	-	2,318,443
Transfers in	-	-	-
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,318,443</u>	<u>-</u>	<u>2,318,443</u>
NET CHANGE IN FUND BALANCES	158,405	(1,305)	157,100
FUND BALANCES - JULY 1	<u>3,389</u>	<u>1,600,000</u>	<u>1,603,389</u>
FUND BALANCES - JUNE 30	<u>\$ 161,794</u>	<u>\$ 1,598,695</u>	<u>\$ 1,760,489</u>

See accompanying independent auditors' report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Thru Grantor Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Agriculture				
Passed through State of Vermont - of Education and Cultural Services:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	4452	\$ 703,767	\$ -
School Lunch Program	10.555	4450	953,437	-
Summer Food Service	10.559	N/A	198,304	-
Subtotal Child Nutrition Cluster			<u>1,855,508</u>	<u>-</u>
Food Distribution Cluster				
Commodities	10.550	N/A	108,535	-
Cash in Lieu	10.558	N/A	30,323	-
CACFP	10.558	N/A	390,561	-
Subtotal Food Distribution Cluster			<u>529,419</u>	<u>-</u>
Afterschool Snack	10.555	N/A	57,769	-
Farm to School	10.575	CN-F25-15-VT-02	25,132	-
Fresh Fruit & Veggies	10.582	N/A	87,337	-
Total Department of Agriculture			<u>2,555,165</u>	<u>-</u>
U.S. Department of Education				
Passed through State of Vermont-Department of Education and Cultural Services:				
Title IA - Grants to LEAs	84.010A	4250T0371501	1,517,543	-
Title I - School Improvement	84.010	4255T0371501	4,973	-
Special Education Cluster (IDEA)				
IDEA-B	84.027	4226T0371501-02	892,915	-
IDEA-B - Part B Section 619	84.173	4228T0371501-02	23,520	-
Subtotal Special Education Cluster (IDEA)			<u>916,435</u>	<u>-</u>
Title III English Language Acquisition	84.365	4375T0371402	8,540	-
Title III English Language Acquisition	84.365A	4375T0371401	127,793	-
Education for Homeless Children and Youth	84.196	4265T0371501	127,343	-
21st CCLC	84.287	4611T0371501	471,854	-
Title IIA - Improving Teacher Quality State Grants	84.367A	4651T0371501	498,774	-
Career and Technical Education -Basic Grants to States	84.048	4318T0371501	139,467	-
Block Grants for Treatment and Prevention of Substance Abuse	93.959	03420-A15048S	4,100	-
Total Department of Education			<u>3,816,822</u>	<u>-</u>
U.S. Department of Health & Human Services				
Passed through State of Vermont - Agency of Human Services				
Refugee School Impact	93.576	03400-RSIG-BSD-FY14-15	89,779	-
Tobacco Control, Diabetes Prevention & Control	93.283	3420-LG6498	2,980	-
Block Grants for Treatment and Prevention of Substance Abuse	93.959	03420-A15048S	38,238	-
Total Department of Health & Human Services			<u>130,997</u>	<u>-</u>
U.S. Department of Health & Human Services				
Passed through State of Vermont - Agency of Human Services				
National Aeronautics and Space Administration	43.008	NNX14AR59A	37,500	-
Total Department of Health & Human Services			<u>37,500</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 6,540,484</u>	<u>\$ -</u>

See accompanying independent auditors' report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2016

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Burlington School District under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Burlington School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Burlington School District.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Burlington School District has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.



Proven Expertise and Integrity

INDEPENDENT AUDITORS' 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

Board of Commissioners
Burlington School District
Burlington, 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, each major fund, and the aggregate remaining fund information of Burlington School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Burlington School District's basic financial statements, and have issued our report thereon dated January 19, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Burlington School District'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 the Burlington School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Burlington School District'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.

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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 Burlington 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*.

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 organization's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
January 19, 2017



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Burlington School District
Burlington, Vermont

Report on Compliance for Each Major Federal Program

We have audited Burlington School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Burlington School District's major federal programs for the year ended June 30, 2016. Burlington School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Burlington School District's major federal programs based on our audit of the type of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Burlington School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Burlington School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Burlington School District, complied in all material respects, with the type of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Burlington School District is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Burlington School District internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Burlington School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance requirements of a federal program will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
January 19, 2017

BURLINGTON SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2016

Section I - Summary of Auditor's Results

• *Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___yes _X_no
- Significant deficiency(ies) identified? ___yes _X_no
- Noncompliance material to financial statements noted ___yes _X_no

• *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? ___yes _X_no
- Significant deficiency(ies) identified? ___yes _X_no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported
 in accordance with §200.516 of Uniform Guidance? ___yes _X_no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553	School Breakfast Program
10.555	National School Lunch Program
10.558	CACFP
84.010	Title I - Grants to Local Educational Agencies
84.027	Special Education - Grants to States
84.287	Twenty-First Century Community Learning Centers
84.367	Title IIA – Improving Teacher Quality State Grant

Dollar threshold used to distinguish between type A and B: \$750,000

Auditee qualified as low-risk auditee? _X_yes ___no

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None