

Federal Compliance Audit

Burlington School District

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June 30, 2018



Proven Expertise and Integrity

BURLINGTON SCHOOL DISTRICT

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JUNE 30, 2018

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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, 2018, 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

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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, 2018, 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, 2018, 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 OPEB related information on pages 4 through 12 and 74 through 84 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 September 4, 2019 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
September 4, 2019

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

(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, 2018. 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 OPEB related 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, other instruction programs, student support services, staff support services, general administration, 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, proprietary 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. 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 Net Position - Fiduciary Funds.

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 - VSTRS, a Schedule of Contributions - VSTRS, 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, a Schedule of Proportionate Share of the net OPEB Liability - VSTRS, a Schedule of Contributions - VSTRS OPEB, a Schedule of Changes in Net OPEB liability - Burlington Employees' Retirement System OPEB Plan, a Schedule of Changes in Net OPEB liability and Related Ratios - Burlington Employees' Retirement System OPEB Plan and Notes to Required Supplementary Information.

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 \$4,898,605 from \$9,166,168 to \$14,064,773. The District's total net position for business-type activities increased by \$421,098 from \$1,480,401 to \$1,901,499.

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 \$3,355,225 at the end of this year. Unrestricted net position for business-type activities increased to a balance of \$1,872,306.

Table 1
Burlington School District
Net Position
June 30,

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2018</u>	<u>2017 (Restated)</u>	<u>2018</u>	<u>2017</u>
Assets:				
Current Assets	\$ 22,537,168	\$ 16,952,058	\$ 1,908,507	\$ 1,516,424
Capital Assets	42,972,848	42,348,615	29,193	39,371
Total Assets	<u>65,510,016</u>	<u>59,300,673</u>	<u>1,937,700</u>	<u>1,555,795</u>
Deferred Outflows of Resources	<u>4,531,373</u>	<u>5,711,627</u>	<u>-</u>	<u>-</u>
Liabilities:				
Current Liabilities	5,005,188	4,397,380	36,201	75,394
Long-term Debt Outstanding	47,273,385	50,654,963	-	-
Total Liabilities	<u>52,278,573</u>	<u>55,052,343</u>	<u>36,201</u>	<u>75,394</u>
Deferred Inflows of Resources	<u>3,698,043</u>	<u>793,789</u>	<u>-</u>	<u>-</u>
Net Position:				
Net Investment in Capital Assets	11,352,300	12,002,513	29,193	39,371
Restricted: Special revenue funds	2,245,272	1,881,982	-	-
Capital projects funds	3,822,426	1,585,637		
Unrestricted (deficit)	<u>(3,355,225)</u>	<u>(6,303,964)</u>	<u>1,872,306</u>	<u>1,441,030</u>
Total Net Position	<u>\$ 14,064,773</u>	<u>\$ 9,166,168</u>	<u>\$ 1,901,499</u>	<u>\$ 1,480,401</u>

Revenues and Expenses

Revenues for the Burlington School District's governmental activities increased by 7.07%, while total expenses increased by 1.77%. The increase in revenues was primarily due to general state support and miscellaneous. The largest increases in expenses were in regular instruction and payments made on-behalf of the District by the State of Vermont.

Revenues for the School District's business-type activities decreased by 0.91%, while total expenses decreased by 8.27%.

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 162,309	\$ 50,709	\$ 2,810,038	\$ 643,340
Operating grants and contributions	26,066,293	26,121,268	314,866	2,516,629
<i>General Revenues:</i>				
General state support	60,572,432	57,685,817	-	-
Investment income	415,788	615,906	-	-
Miscellaneous	7,474,397	3,963,798	102,100	96,778
Total Revenues	<u>94,691,219</u>	<u>88,437,498</u>	<u>3,227,004</u>	<u>3,256,747</u>
Expenses				
Regular instruction	33,541,162	32,935,754	-	-
Special education instruction	13,228,337	13,161,379	-	-
Vocational tuition	-	2,606,752	-	-
Other instructional programs	955,184	909,801	-	-
Student support services	5,685,221	5,415,339	-	-
Staff support services	3,425,124	3,021,139	-	-
General administration	762,092	697,736	-	-
School administration	3,505,715	3,156,383	-	-
Centralized services	1,706,614	1,847,270	-	-
Operations and maintenance	6,924,169	7,008,659	-	-
Transportation services	1,590,496	1,318,029	-	-
Employee benefits	419,894	623,380	-	-
On-behalf payments	13,656,852	9,233,628	-	-
Program expenses	1,173,614	2,754,168	-	-
Unallocated depreciation	1,578,532	1,934,363	-	-
Interest on long-term debt	1,566,438	1,520,730	-	-
Food service	-	-	2,878,962	3,138,506
Prior year	114	13,381	-	-
Total Expenses	<u>89,719,558</u>	<u>88,157,891</u>	<u>2,878,962</u>	<u>3,138,506</u>
Transfers	<u>(73,056)</u>	<u>(139,698)</u>	<u>73,056</u>	<u>139,698</u>
Change in Net Position	4,898,605	139,909	421,098	257,939
Net Position - July 1, Restated	<u>9,166,168</u>	<u>9,026,259</u>	<u>1,480,401</u>	<u>1,222,462</u>
Net Position - June 30	<u>\$ 14,064,773</u>	<u>\$ 9,166,168</u>	<u>\$ 1,901,499</u>	<u>\$ 1,480,401</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,

	2018	2017
Major Funds:		
General Fund:		
Nonspendable	\$ 37,946	\$ 17,197
Committed	4,792,382	3,507,123
Unassigned	1,443,000	1,093,027
Total General Fund	\$ 6,273,328	\$ 4,617,347
Debt Service Fund:		
Committed	\$ 5,683,915	\$ 4,775,299
Total Debt Service Fund	\$ 5,683,915	\$ 4,775,299
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 2,245,272	\$ 1,881,982
Committed	-	3,128
Unassigned	(34,215)	(99,195)
Capital Projects Funds:		
Restricted	3,822,426	1,585,637
Committed	1,071,637	1,071,802
Total Nonmajor Funds	\$ 7,105,120	\$ 4,443,354

The general fund total fund balance increased by \$1,655,981 from the prior fiscal year primarily due to revenues exceeding expenditures. The debt service fund total fund balance increased by \$908,616 from the prior fiscal year primarily due to transfers from other funds. The nonmajor funds total fund balance increased by \$2,661,766 from the prior fiscal year primarily due to proceeds from bond issuance.

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 \$421,098 for the year ended June 30, 2018.

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.

Actual revenues to Fund 0100 General Fund were below budgeted amounts and actual expenditures from Fund 0100 General Fund were below budgeted amounts. Consequently, the School District produced a surplus in Fiscal Year 2018. This surplus is reflected in the School District's fund balance. For the year ended June 30, 2018, the unassigned fund balance is \$1,443,000. The unassigned fund balance is available for use in future budgets.

Capital Asset and Long-Term Debt Activity

Capital Assets

As of June 30, 2018, the School District capital assets increased by \$614,055. This increase was due to capital additions of \$2,203,438 less current year net disposals of \$3,634 and current year depreciation expense of \$1,585,749.

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

	2018	2017
Land	\$ 2,251,677	\$ 2,251,677
Construction in progress	744,311	-
Buildings and improvements	38,744,075	39,381,738
Furniture, fixtures and equipment	666,294	480,195
Vehicles	595,684	274,376
Total	\$ 43,002,041	\$ 42,387,986

Debt

At June 30, 2018, the School District had \$31.62 million in bonds and capital leases payable versus \$30.35 million in the prior fiscal year. Other obligations include accrued compensated absences, net pension obligation, net pension liability and net OPEB liability. 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 2018-2019 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, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 19,825,230	\$ -	\$ 19,825,230
Investments	196,629	-	196,629
Accounts receivable (net of allowance for uncollectibles):			
Other	2,542,162	285,033	2,827,195
Due from other governments	1,496,739	-	1,496,739
Prepaid items	37,946	-	37,946
Inventory	-	61,936	61,936
Internal balances	(1,561,538)	1,561,538	-
Total current assets	<u>22,537,168</u>	<u>1,908,507</u>	<u>24,445,675</u>
Noncurrent assets:			
Land and other assets not being depreciated	2,995,988	-	2,995,988
Buildings, building improvements and other assets, net of accumulated depreciation	39,976,860	29,193	40,006,053
Total noncurrent assets	<u>42,972,848</u>	<u>29,193</u>	<u>43,002,041</u>
TOTAL ASSETS	<u>65,510,016</u>	<u>1,937,700</u>	<u>67,447,716</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	4,371,888	-	4,371,888
Deferred outflows related to OPEB	159,485	-	159,485
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>4,531,373</u>	<u>-</u>	<u>4,531,373</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 70,041,389</u>	<u>\$ 1,937,700</u>	<u>\$ 71,979,089</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,158,962	\$ 36,201	\$ 2,195,163
Accrued expenses	1,315,843	-	1,315,843
Current portion of long-term debt	1,530,383	-	1,530,383
Total current liabilities	<u>5,005,188</u>	<u>36,201</u>	<u>5,041,389</u>
Noncurrent liabilities:			
Bonds payable	30,519,736	-	30,519,736
Accrued compensated absences	2,434,234	-	2,434,234
Net pension obligation	417,409	-	417,409
Net pension liability	8,659,475	-	8,659,475
Net OPEB liability	5,242,531	-	5,242,531
Total noncurrent liabilities	<u>47,273,385</u>	<u>-</u>	<u>47,273,385</u>
TOTAL LIABILITIES	<u>52,278,573</u>	<u>36,201</u>	<u>52,314,774</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	3,153,076	-	3,153,076
Deferred inflows related to OPEB	544,967	-	544,967
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,698,043</u>	<u>-</u>	<u>3,698,043</u>
NET POSITION			
Net investment in capital assets	11,352,300	29,193	11,381,493
Restricted: Special revenue funds	2,245,272	-	2,245,272
Capital projects funds	3,822,426	-	3,822,426
Unrestricted (deficit)	(3,355,225)	1,872,306	(1,482,919)
TOTAL NET POSITION	<u>14,064,773</u>	<u>1,901,499</u>	<u>15,966,272</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 70,041,389</u>	<u>\$ 1,937,700</u>	<u>\$ 71,979,089</u>

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

BURLINGTON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

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	\$ 33,541,162	\$ 162,309	\$ 2,237,261	\$ -	\$ (31,141,592)	\$ -	\$ (31,141,592)
Special education instruction	13,228,337	-	9,028,888	-	(4,199,449)	-	(4,199,449)
Other instructional programs	955,184	-	-	-	(955,184)	-	(955,184)
Student support services	5,685,221	-	-	-	(5,685,221)	-	(5,685,221)
Staff support services	3,425,124	-	-	-	(3,425,124)	-	(3,425,124)
General administration	762,092	-	-	-	(762,092)	-	(762,092)
School administration	3,505,715	-	-	-	(3,505,715)	-	(3,505,715)
Centralized services	1,706,614	-	-	-	(1,706,614)	-	(1,706,614)
Operations and maintenance	6,924,169	-	-	-	(6,924,169)	-	(6,924,169)
Transportation services	1,590,496	-	-	-	(1,590,496)	-	(1,590,496)
Employee benefits	419,894	-	-	-	(419,894)	-	(419,894)
On-behalf payments	13,656,852	-	13,656,852	-	-	-	-
Program expenses	1,173,614	-	-	-	(1,173,614)	-	(1,173,614)
Unallocated depreciation (Note 4)*	1,578,532	-	-	-	(1,578,532)	-	(1,578,532)
Interest on long-term debt	1,566,438	-	-	-	(1,566,438)	-	(1,566,438)
Prior year	114	-	-	-	(114)	-	(114)
Total governmental activities	<u>89,719,558</u>	<u>162,309</u>	<u>26,066,293</u>	<u>-</u>	<u>(63,490,956)</u>	<u>-</u>	<u>(63,490,956)</u>
Business-type activities:							
Food service	<u>2,878,962</u>	<u>2,810,038</u>	<u>314,866</u>	<u>-</u>	<u>-</u>	<u>245,942</u>	<u>245,942</u>
Total business-type activities	<u>2,878,962</u>	<u>2,810,038</u>	<u>314,866</u>	<u>-</u>	<u>-</u>	<u>245,942</u>	<u>245,942</u>
Total government	<u>\$ 92,598,520</u>	<u>\$ 2,972,347</u>	<u>\$ 26,381,159</u>	<u>\$ -</u>	<u>(63,490,956)</u>	<u>245,942</u>	<u>(63,245,014)</u>

*This amount excludes the depreciation that is included in the direct expenses of various programs.

STATEMENT B (CONTINUED)
BURLINGTON SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	(63,490,956)	245,942	(63,245,014)
General revenues:			
General state support	60,572,432	-	60,572,432
Investment income	415,788	-	415,788
Miscellaneous	7,474,397	102,100	7,576,497
Total general revenues	68,462,617	102,100	68,564,717
Transfers	(73,056)	73,056	-
Change in net position	4,898,605	421,098	5,319,703
NET POSITION - JULY 1, RESTATED	9,166,168	1,480,401	10,646,569
NET POSITION - JUNE 30	\$ 14,064,773	\$ 1,901,499	\$ 15,966,272

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

BURLINGTON SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 14,921,315	\$ 4,903,915	\$ -	\$ 19,825,230
Investments	-	-	196,629	196,629
Accounts receivable (net of allowance for uncollectibles)	215,764	-	2,326,398	2,542,162
Due from other governments	1,496,739	-	-	1,496,739
Prepaid items	37,946	-	-	37,946
Due from other funds	1,969,996	780,000	7,134,418	9,884,414
TOTAL ASSETS	\$ 18,641,760	\$ 5,683,915	\$ 9,657,445	\$ 33,983,120
LIABILITIES				
Accounts payable	\$ 1,576,633	\$ -	\$ 582,329	\$ 2,158,962
Accrued expenses	1,315,843	-	-	1,315,843
Due to other funds	9,475,956	-	1,969,996	11,445,952
TOTAL LIABILITIES	12,368,432	-	2,552,325	14,920,757
FUND BALANCES				
Nonspendable - prepaid items	37,946	-	-	37,946
Restricted	-	-	6,067,698	6,067,698
Committed	4,792,382	5,683,915	1,071,637	11,547,934
Assigned	-	-	-	-
Unassigned	1,443,000	-	(34,215)	1,408,785
TOTAL FUND BALANCES	6,273,328	5,683,915	7,105,120	19,062,363
TOTAL LIABILITIES AND FUND BALANCES	\$ 18,641,760	\$ 5,683,915	\$ 9,657,445	\$ 33,983,120

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, 2018

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 19,062,363
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	42,972,848
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	4,371,888
Deferred outflows related to OPEB	159,485
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(31,620,548)
Accrued compensated absences	(2,863,805)
Net pension obligation	(417,409)
Net pension liability	(8,659,475)
Net OPEB obligation	(5,242,531)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(3,153,076)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	<u>(544,967)</u>
Net position of governmental activities	<u><u>\$ 14,064,773</u></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, 2018

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
General state support	\$ 60,572,432	\$ -	\$ -	\$ 60,572,432
Intergovernmental revenues	14,230,255	-	2,304,423	16,534,678
Charges for services	162,309	-	-	162,309
Investment income	381,110	33,991	687	415,788
Miscellaneous revenues	2,005,830	-	5,468,567	7,474,397
TOTAL REVENUES	77,351,936	33,991	7,773,677	85,159,604
EXPENDITURES				
Current:				
Regular instruction	27,979,500	-	6,881,547	34,861,047
Special education instruction	13,228,337	-	-	13,228,337
Other instructional programs	955,184	-	-	955,184
Student support services	5,685,221	-	-	5,685,221
Staff support services	3,425,124	-	-	3,425,124
General administration	762,092	-	-	762,092
School administration	3,505,715	-	-	3,505,715
Centralized services	1,706,614	-	-	1,706,614
Operations and maintenance	6,924,169	-	-	6,924,169
Transportation services	1,590,496	-	-	1,590,496
Employee benefits	419,894	-	-	419,894
On-behalf payments	4,125,237	-	-	4,125,237
Program expenses	1,138,932	-	34,682	1,173,614
Debt service:				
Principal	930,000	-	-	930,000
Interest	1,566,438	-	-	1,566,438
Prior year	114	-	-	114
Capital outlay	1,237,678	-	386,699	1,624,377
TOTAL EXPENDITURES	75,180,745	-	7,302,928	82,483,673
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,171,191	33,991	470,749	2,675,931
OTHER FINANCING SOURCES (USES)				
Proceeds from bond issuance	-	-	2,623,488	2,623,488
Transfers in	650,000	874,625	1,308,365	2,832,990
Transfers (out)	(1,165,210)	-	(1,740,836)	(2,906,046)
TOTAL OTHER FINANCING SOURCES (USES)	(515,210)	874,625	2,191,017	2,550,432
NET CHANGE IN FUND BALANCES	1,655,981	908,616	2,661,766	5,226,363
FUND BALANCES - JULY 1	4,617,347	4,775,299	4,443,354	13,836,000
FUND BALANCES - JUNE 30	\$ 6,273,328	\$ 5,683,915	\$ 7,105,120	\$ 19,062,363

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, 2018

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 5,226,363</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	2,203,438
Capital asset disposals	(673)
Depreciation expense	<u>(1,578,532)</u>
	<u>624,233</u>
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.	<u>(1,180,254)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	<u>(2,300,000)</u>
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	<u>1,025,554</u>
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.	<u>(2,904,254)</u>
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:	
Accrued compensated absences	(408,768)
Net pension liability	3,705,321
Net OPEB liability	<u>1,110,410</u>
Change in net position of governmental activities (Statement B)	<u>\$ 4,898,605</u>

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

BURLINGTON SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2018

	Enterprise Fund <u>Food Service</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ -
Accounts receivable (net of allowance for uncollectibles)	285,033
Inventory	61,936
Due from other funds	1,561,538
Total current assets	<u>1,908,507</u>
Noncurrent assets:	
Equipment, net of accumulated depreciation	29,193
Total noncurrent assets	<u>29,193</u>
TOTAL ASSETS	<u><u>\$ 1,937,700</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 36,201
Total current liabilities	<u>36,201</u>
TOTAL LIABILITIES	<u>36,201</u>
NET POSITION	
Net investment in capital assets	29,193
Unrestricted	1,872,306
TOTAL NET POSITION	<u>1,901,499</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 1,937,700</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, 2018

	Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Charges for services	\$ 2,810,038
Intergovernmental revenue	314,866
Miscellaneous revenue	<u>102,100</u>
TOTAL OPERATING REVENUES	<u>3,227,004</u>
OPERATING EXPENSES	
Food service expenses	2,871,745
Depreciation	<u>7,217</u>
TOTAL OPERATING EXPENSES	<u>2,878,962</u>
OPERATING INCOME (LOSS)	<u>348,042</u>
NONOPERATING REVENUE (EXPENSES)	
Transfers in	<u>73,056</u>
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>73,056</u>
CHANGE IN NET POSITION	421,098
NET POSITION - JULY 1	<u>1,480,401</u>
NET POSITION - JUNE 30	<u>\$ 1,901,499</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, 2018

	Enterprise Fund <u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 2,912,138
Intergovernmental receipts	467,210
Interfund activity	(520,715)
Payments to suppliers	<u>(2,934,650)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(76,017)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer from the general fund	<u>73,056</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>73,056</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Net disposal of capital assets	<u>2,961</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>2,961</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS - JULY 1	<u>-</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 348,042
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	7,217
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivables	(270,481)
(Increase) decrease in inventory	(23,712)
(Increase) decrease in due from other governments	422,825
(Increase) decrease in due from other funds	(520,715)
Increase (decrease) in accounts payable	<u>(39,193)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (76,017)</u>

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

BURLINGTON SCHOOL DISTRICT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018

	<u>Agency Funds</u> <u>Student</u> <u>Activities</u>
ASSETS	
Cash and cash equivalents	\$ 293,544
TOTAL ASSETS	<u>\$ 293,544</u>
LIABILITIES	
Deposits held for others	\$ 293,544
TOTAL LIABILITIES	<u>\$ 293,544</u>

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

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018. 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 No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2018, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*" The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 81, "*Irrevocable Split-Interest Agreements*". The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 85, "Omnibus 2017." The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 86, "Certain Debt Extinguishment Issues." The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. 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, 2018

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.) excluding fiduciary activities. 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. Program revenues must be directly associated with the function or a business-type activity. 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. The following fund types are used by the School District:

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Nonoperating 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 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.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 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.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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	\$73,876,699
Add: On-behalf payments	<u>4,125,237</u>
Total GAAP basis	<u><u>\$78,001,936</u></u>
Expenditures per budgetary basis	\$72,220,718
Add: On-behalf basis	<u>4,125,237</u>
Total GAAP basis	<u><u>\$76,345,955</u></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 applicable State of Vermont education finance laws.
2. The Board budget process includes input from school district administration and staff, 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 next year. At the conclusion of the budget process, a final budget is approved by the Board of Commissioners.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Receivables

Receivables include amounts due for Instruction, food service and transportation. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$4,323,934 for the year ended June 30, 2018. The allowance for uncollectible accounts is estimated to be zero as of June 30, 2018.

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, 2018

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.

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

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.

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, accrued compensated absences, net pension obligation, net pension liability and net OPEB liability.

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 sick leave, does permit employees to accumulate earned but unused sick 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, 2018, the District's liability for compensated absences is \$2,863,805.

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 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.

OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, information about the fiduciary net position of the Vermont State Teachers' Retirement System (VSTRS) and the Burlington Employees' Retirement System (the System). Additions to/deductions from the VSTRS OPEB Plan and the System OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the VSTRS and System Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018, the District has two types of this item, deferred outflows related to pensions and deferred outflows related to OPEB. These items are 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 two types of this item, deferred inflows related to pensions and deferred inflows related to OPEB, which qualify for reporting in this category. These items are 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, 2018

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, 2018

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/Nonoperating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2018, the School District's cash balance of \$20,118,774 was comprised of bank deposits of \$21,074,084. Of these bank deposits, \$501,571 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk. \$20,503,533 of bank deposits was collateralized with an irrevocable standby letter of credit in the District's name. The remaining deposits of \$68,980 were uninsured and uncollateralized, and consequently, were exposed to custodial credit risk.

Account Type	Bank Balance
Checking accounts	\$16,170,169
Money market account	4,903,915
	\$ 21,074,084

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, 2018, the District's investments of \$196,629 in certificates of deposit were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

At June 30, 2018, the District had the following investment and maturities:

Investment Type	Fair Value	Not Applicable	Less than 1 Year	1 - 5 Years
Certificates of deposit	\$ 196,629	\$ -	\$ 196,629	\$ -

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.

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2018 consisted of the following individual fund receivables and payables:

	<u>Receivables</u> <u>(Due from)</u>	<u>Payables</u> <u>(Due to)</u>
General Fund	\$ 1,969,996	\$ 9,475,956
Debt Service Fund	780,000	-
Enterprise Fund	1,561,538	-
Nonmajor Funds	7,134,418	1,969,996
	<u>\$ 11,445,952</u>	<u>\$ 11,445,952</u>

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2018:

	Balance, 7/1/17	Additions	Disposals	Balance, 6/30/18
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 2,251,677	\$ -	\$ -	\$ 2,251,677
Construction in progress	-	744,311	-	744,311
	<u>2,251,677</u>	<u>744,311</u>	<u>-</u>	<u>2,995,988</u>
Depreciated assets:				
Buildings & improvements	55,117,867	729,734	-	55,847,601
Furniture & equipment	5,712,297	266,751	(2,296,383)	3,682,665
Vehicles	1,127,079	462,642	(24,944)	1,564,777
	<u>61,957,243</u>	<u>1,459,127</u>	<u>(2,321,327)</u>	<u>61,095,043</u>
Less accumulated depreciation:				
Buildings & improvements	(15,736,129)	(1,367,397)	-	(17,103,526)
Furniture & equipment	(5,271,473)	(69,801)	2,295,710	(3,045,564)
Vehicles	(852,703)	(141,334)	24,944	(969,093)
	<u>(21,860,305)</u>	<u>(1,578,532)</u>	<u>2,320,654</u>	<u>(21,118,183)</u>
Net depreciated assets	<u>40,096,938</u>	<u>(119,405)</u>	<u>(673)</u>	<u>39,976,860</u>
Net governmental capital assets	<u>\$ 42,348,615</u>	<u>\$ 624,906</u>	<u>\$ (673)</u>	<u>\$ 42,972,848</u>
<u>Business-type activities:</u>				
Depreciated assets:				
Furniture, fixtures & equipment	\$ 58,125	\$ -	\$ (7,606)	\$ 50,519
	<u>58,125</u>	<u>-</u>	<u>(7,606)</u>	<u>50,519</u>
Less accumulated depreciation:				
Furniture, fixtures & equipment	(18,754)	(7,217)	4,645	(21,326)
	<u>(18,754)</u>	<u>(7,217)</u>	<u>4,645</u>	<u>(21,326)</u>
Net business-type capital assets	<u>\$ 39,371</u>	<u>\$ (7,217)</u>	<u>\$ (2,961)</u>	<u>\$ 29,193</u>
<u>Depreciation expense:</u>				
Education				\$ 1,578,532
Food service				7,217
Total depreciation expense				<u>\$ 1,585,749</u>

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 - LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2018:

	(Restated) Balance, 7/1/17	Additions	Deletions	Balance, 6/30/18	Current Portion
<u>Governmental activities:</u>					
Bonds payable	\$ 30,336,360	\$ 2,300,000	\$ (1,015,812)	\$ 31,620,548	\$ 1,100,812
Capital lease payable	9,742	-	(9,742)	-	-
Accrued compensated absences	2,455,037	408,768	-	2,863,805	429,571
Net pension obligation	417,409	-	-	417,409	-
Net pension liability	12,364,796	1,002,008	(4,707,329)	8,659,475	-
Net OPEB liability	6,352,941	923,883	(2,034,293)	5,242,531	-
	<u>51,936,285</u>	<u>\$ 4,634,659</u>	<u>\$ (7,767,176)</u>	<u>48,803,768</u>	<u>\$ 1,530,383</u>

The following is a summary of bonds payable:

<u>Governmental activities:</u>	Principal	Premium	Total
\$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.	\$ 35,000	\$ -	\$ 35,000
\$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.	90,000	9,246	99,246
\$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.	9,700,000	-	9,700,000
\$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.	2,000,000	-	2,000,000
\$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.	1,545,000	-	1,545,000
\$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.	2,715,000	173,314	2,888,314
\$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.	1,307,142	4,374	1,311,516

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 - LONG TERM DEBT (CONTINUED)

\$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.	1,700,000		1,700,000
\$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.	1,880,000		1,880,000
\$4,005,000, 2016 General Obligation Bond due in annual installments and semiannual interest installments through June 2028. Interest is charged at a rate varying from 2% to 5% per annum . Annual principal installments vary from \$85,000 to \$365,000.	3,580,000	505,140	4,085,140
\$2,000,000, 2016 General Obligation Bond due in annual installments and semiannual interest installments through June 2037. Interest is charged at a rate varying from 4% to 5% per annum . Annual principal installments vary from \$60,000 to \$150,000.	1,940,000	270,264	2,210,264
\$1,650,000, 2016 General Obligation Bond due in annual installments and semiannual interest installments through June 2030. Interest is charged at a rate varying from 2% to 5% per annum . Annual principal installments vary from \$60,000 to \$150,000.	1,650,000	216,068	1,866,068
\$2,300,000, 2017 General Obligation Bond due in annual installments and semiannual interest installments through November 2037. Interest is charged at a rate varying from 2% to 5% per annum. Annual payments vary from \$75,000 to \$175,000.	2,300,000	-	2,300,000
Total Bonds Payable	<u>\$ 30,442,142</u>	<u>\$ 1,178,406</u>	<u>\$ 31,620,548</u>

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

Year	Principal	Premium	Interest	Total Debt Service
2019	\$ 1,015,000	\$ 85,812	\$ 1,599,942	\$ 2,700,754
2020	1,050,000	76,566	1,564,222	2,690,788
2021	1,095,000	96,209	1,524,626	2,715,835
2022	1,125,000	96,209	1,480,422	2,701,631
2023	1,190,000	96,209	1,431,098	2,717,307
2024-2028	17,773,571	481,043	5,151,440	23,406,054
2029-2033	5,028,571	189,461	1,127,235	6,345,267
2034-2038	2,165,000	56,897	201,998	2,423,895
	<u>\$ 30,442,142</u>	<u>\$ 1,178,406</u>	<u>\$ 14,080,983</u>	<u>\$ 45,701,531</u>

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 5 - LONG TERM DEBT (CONTINUED)

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.

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 6.6% and is subject to change at any time. The total financial impact to the District is unknown.

NOTE 6 - LETTERS OF CREDIT

At June 30, 2018, the District had two outstanding irrevocable standby letters of credit issued by the Federal Home Loan Bank of Pittsburgh serving as collateral for its deposits held at TD, Bank, N.A. These letters of credit, which expire at the close of business on July 8, 2018, authorize one draw only for each letter, up to the amounts of \$27,850,000 and \$1,200,000. There were no draws on either for the year ended June 30, 2018.

NOTE 7 - NONSPENDABLE FUND BALANCE

At June 30, 2018, the District had the following nonspendable fund balance:

General fund:	
Prepaid items	<u>\$ 37,946</u>

NOTE 8 - RESTRICTED FUND BALANCES

At June 30, 2018, the District had the following restricted fund balances:

Nonmajor special revenue funds (Schedule C)	\$ 2,245,272
Nonmajor capital projects funds (Schedule E)	<u>3,822,426</u>
	<u>\$ 6,067,698</u>

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 - COMMITTED FUND BALANCES

At June 30, 2018, the District had the following committed fund balances:

General fund:	
General fund grants	\$ 26,404
BAS afterschool fees	973,063
Dental access grant	8,647
E-rate	269,779
Internal Summer School	14
Louise Hirss	708
Mercy Peace Award	1,219
New England Dairy & Food	7,072
NMEF Labor Relations	4,658
Project Create	458
Project Explore - Flynn	838
Reading is fundamental	465
Science Camp	86
Seventh Generation, Inc.	1,756
String Program	23,754
Wellness Program	3,200
On Top Program	1,241,363
Horizons	489,883
Care and custody students	493,929
Driver Education	112,224
Stars Bonus Program	14,734
Donations	25,101
Use of FY 19 fund balance	1,093,027
Debt service fund:	
Sinking fund	5,683,915
Nonmajor capital projects funds (Schedule E)	1,071,637
	<u>\$ 11,547,934</u>

NOTE 10 - DEFICIT FUND BALANCES

At June 30, 2018, the District had the following deficit fund balances:

Fund 401 Title I	\$ 26,717
Fund 609 Rowland Foundation	7,498
	<u>\$ 34,215</u>

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

Plan Description

All of the teachers employed by the School 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 Union 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 most recent period available), the retirement system consisted of 299 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 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.

Benefits Provided

The VSTRS provides retirement, and disability benefits, annual cost-of-living adjustments, health care and death benefits to plan members and beneficiaries. There

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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:

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

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

VSTRS	Group A	Group C - Group # 1	Group C - Group # 2
Early 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

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 \$4,125,237 or 13.58% 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	5.5% 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

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Employee contributions totaled \$1,618,496 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 \$30,377,299 for the year ended June 30, 2018.

Pension Liabilities

VSTRS Plan

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 School District does not contribute directly to VSTRS, no net pension liability was recorded at June 30, 2018. The State's portion of the collective net pension liability that was associated with the School District was as follows:

School District's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		67,400,147
Total	\$	67,400,147

The State of Vermont's proportionate share of the net pension liability associated with the School District is equal to the collective net pension liability, actuarially measured as of June 30, 2018, multiplied by the School District's proportionate share percentage. The School District's proportionate share percentage was based on its reported salaries to the total reported salaries for all participating employers. At June 30, 2018, the School District's proportion was 4.54668005% which was a decrease of 0.11085% from its proportion measured as of June 30, 2016.

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

For the year ended June 30, 2018, the School District recognized total pension expense of \$7,535,648 and revenue of \$7,535,648 for support provided by the State of Vermont for the VSTRS plan. At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	VSTRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ -</u>	<u>\$ -</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	VSTRS Plan
Plan year ended June 30:	
2018	\$ -
2019	-
2020	-
2021	-
2022	-
Thereafter	-

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2018 using the actuarial assumptions outlined below. These assumptions were selected on the basis of the experience study that was performed on July 27, 2015:

Investment Rate of Return: 7.50% per annum.

Inflation: The separately stated assumptions for investment return, salary increases and cost of living adjustments for the VSTRS plan is consistent with an expected annual inflation rate of 2.50% per year.

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Age	Annual Rate of Salary Increase
25	7.78%
30	6.47%
35	5.60%
40	4.92%
45	4.43%
50	4.09%
55	3.85%
60	3.75%

Deaths After Retirement: The VSTRS plan used the RP-2014 White Collar Employee with generational improvement Table for pre-retirement, the RP-2014 White Collar Annuitant with generational improvement Table for healthy retirees, and the RP-2014 Disabled Mortality Table for disabled retirees.

Separation from Service Before Retirement (Due to Withdrawal and Disability): Representative values of the assumed annual rates of withdrawal and disability are as follows:

VSTRS Plan:

Age	Withdrawal		Disability	
	Male	Female	Male	Female
25	21.00%	20.00%	0.005%	0.008%
30	12.60%	14.00%	0.008%	0.008%
35	8.40%	11.30%	0.010%	0.008%
40	6.50%	9.03%	0.015%	0.010%
45	5.80%	6.30%	0.026%	0.023%
50	5.40%	5.25%	0.067%	0.070%
55	5.40%	5.04%	0.044%	0.048%
60	5.40%	5.04%	0.147%	0.084%

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retirement Rates:

Age	Reduced Early Retirement		Full Early Retirement
	Group A	Group C	Grandfathered (Group C)
55	6.13%	6.13%	6.13%
56	6.25%	6.25%	6.25%
57	6.25%	6.25%	6.25%
58	6.25%	6.25%	6.25%
59	9.38%	9.38%	9.38%
60	12.50%	18.75%	18.75%
61	18.75%	18.75%	18.75%

Service Retirement

Age	Group A	Group C	
		Non-Grandfathered	Grandfathered
60	12.5%	17.0%	N/A
61	18.8%	17.0%	N/A
62	25.0%	20.0%	20.0%
63	22.0%	22.0%	22.0%
64	22.0%	22.0%	22.0%
65	33.0%	33.0%	33.0%
66	33.0%	33.0%	33.0%
67	33.0%	33.0%	33.0%
68	22.0%	22.0%	22.0%
69	33.0%	33.0%	33.0%
70	100.0%	100.0%	100.0%

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retirement After 30 Years of Service

Age	Group A	Grandfathered (Group C)
49	0.00%	0.00%
50	40.00%	40.00%
51	20.00%	20.00%
52	20.00%	20.00%
53	20.00%	20.00%
54	20.00%	20.00%
55	20.00%	8.75%
56	10.00%	6.25%
57	10.00%	6.25%
58	10.00%	10.00%
59	10.00%	10.00%
60	30.00%	25.00%
61	25.50%	17.00%

Inactive Members: Valuation liability for the VSTRS plan equals 332.5% of accumulated contributions.

Future Administrative Expenses: No provisions were made for the VSTRS plan.

Unknown Data for Participants: For the VSTRS plan, it is the same as those exhibited by participants with similar known characteristics. If not specified, participants are assumed to be male.

Percent Married: 85% of male members and 35% of female members are assumed to be married.

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

Cost-of-Living Adjustments: Adjustments for the VSTRS plan are assumed to occur on January 1 following one year of retirement. For the VSTRS plan this occurs at the rate of 2.55% per annum for Group A members and 1.40% per annum for Group C members (beginning at age 62 for Group C members who elect reduced early retirement).

Actuarial Cost Method: Uses the Entry Age Actuarial Cost Method. Entry age is the age at date of employment, or, if date is unknown, current age minus years of service. Normal Cost and Accrued Actuarial Liability are calculated on an individual basis and are allocated by salary, with Normal Cost determined using the plan of benefits applicable to each participant.

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

For the VSTRS plan, the *asset valuation method* used equals the preliminary asset value plus 20% of the difference between the market and preliminary asset values. The preliminary asset value is equal to the previous year's asset value (for valuation purposes) adjusted for contributions less benefit payments and expenses and expected investment income. If necessary, a further adjustment is made to ensure that the valuation assets are within 20% of the market value.

The *long-term expected rate of return* on the VSTRS plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class. These best estimate ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Equity	16.00%	6.07%
Non-US Equity	16.00%	7.42%
Global Equity	9.00%	6.85%
Fixed Income	24.00%	2.41%
Real Estate	8.00%	4.62%
Private Markets	15.00%	7.80%
Hedge Funds	8.00%	3.95%
Risk Parity	4.00%	4.84%

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for the VSTRS plan. 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 which exceeds the actuarially determined contribution rate. 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.

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.50% for the VSTRS plan, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
<u>VSTRS:</u>			
Discount rate	6.50%	7.50%	8.50%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -

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 VSTRS or their 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 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

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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:

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.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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.

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.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Contributions

Participants contribute a set percentage of their gross regular compensation annually. Class A participants contribute 10.8% of earnable compensation for the first 35 years of creditable service, and none thereafter. Class B participants, who elected to continue to be eligible for early retirement benefits at 2% per year deduction between ages 55 and 65, in accordance with the 2006-2009 collective bargaining agreement will be 4.8% in fiscal year 2017, and 5.2% beginning with fiscal year 2018. All other Class B participants will be 3.8% in fiscal year 2017, and 4.2% beginning with fiscal year 2018. Such withholdings for the year ended June 30, 2018 totaled \$488,115.

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 \$915,986 for the year ended June 30, 2018. The District's total payroll for the year ended June 30, 2018 for all employees covered under this plan was \$9,329,571.

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

At June 30, 2018, the District reported a liability of \$8,659,475 for its proportionate share of the net pension liability for the System. The net pension liability was measured as of June 30, 2017, 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, 2017.

At June 30, 2017, the District's proportion was 9.91802% for the System, which was a decrease of 3.95103% from its proportion measured as of June 30, 2016 for the System.

For the year ended June 30, 2018, the District recognized total pension revenue of \$6,295. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 446,420	\$ 317,816
Changes of assumptions	771,438	-
Net difference between projected and actual earnings on pension plan investments	1,427,677	910,001
Changes in proportion and differences between contributions and proportionate share of contributions	339,141	1,925,259
Contributions subsequent to the measurement date	1,387,212	-
Total	\$ 4,371,888	\$ 3,153,076

\$1,387,212 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan year ended June 30:	
2019	\$ 285,639
2020	116,153
2021	(382,447)
2022	(187,745)

Significant Actuarial Assumptions and Methods

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the most recent actuarial experience study for the five-year period ending June 30, 2012.

The net pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2017 rolled forward from June 30, 2016 using the actuarial assumptions outlined below:

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

Investment Rate of Return: 8.00%.

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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%

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

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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
Large cap core equity	30.0%	7.7%
SMID cap core equity	18.0%	10.1%
International equity	10.0%	6.0%
Emerging markets equity	10.0%	10.8%
Private equity	2.0%	10.2%
Real estate/timber	10.0%	7.3%
Core fixed income	20.0%	4.4%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.625%. 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 7.625 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 (6.625%) or 1 percentage-point higher (8.625%) than the current rate:

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
Discount rate	6.625%	7.625%	8.625%
School District's proportionate share of the net pension liability	\$ 11,772,817	\$ 8,659,475	\$ 6,060,714

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.

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

Plan Description

The Vermont State Teachers' Retirement System provides postemployment benefits to eligible VSTRS employees who retire from the System through a cost-sharing, multiple-employer postemployment benefit (OPEB) plan (the Plan).

The plan covers 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 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, 2017 (the most recent period available), the plan consisted of 266 participating employers.

Vermont Statute Title 16 Chapter 55 assigns the authority to VSTRS to establish and amend the benefits provisions of the Plan and to establish maximum obligations of the Plan members to contribute to the Plan. Management of the Plan is vested in the Vermont State Teachers' Retirement System Board of Trustees, which consists of the Secretary of Education (ex-officio); the State Treasurer (ex-officio); the Commissioner of Financial Regulation (ex-officio); two trustees and one alternate who are members of the

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

system (each elected by the system under rules adopted by the Board) and one trustee and one alternate who are retired members of the system receiving retirement benefits (who are elected by the Association of Retired Teachers of Vermont).

All assets of the Plan are held in a single trust and are available to pay OPEB benefits to all members. 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.

Benefits Provided

VSTRS retirees and their spouses are eligible for medical, prescription drug and dental benefits on a lifetime basis if the retiree is eligible for pension benefits, as described in the Notes to Financial Statements for Defined Benefit Plan(s).

Contributions

Varying levels of contributions are required from retirees and spouses for medical and prescription drug coverage at the following premium subsidy rates:

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

	Retiree Subsidy		Spouse Subsidy*	
Retired before June 30, 2010	At least ten years of service- 80% of premium Less than ten years of service- 0% of premium		0% of premium	
Retired after June 30, 2010	10 years or more of service at June 30, 2010-80% of premium		Years of service at June 30, 2010-80% of premium:	
	Less than 10 years of service at June 30, 2010:			
	Less than 15 years at retirement	Less than 15 years at retirement	Less than 10 years	25 years at retirement
	15-19.99 years at retirement	15-19.99 years at retirement	10-14.99 years	25 years at retirement
	20-24.99 years at retirement	20-24.99 years at retirement	15-24.99 years	10 additional years from June 30, 2010
	25 years or more at retirement	25 years or more at retirement	25-29.99 years	35 years at retirement
30 or more years			5 additional years from June 30, 2010	

* Spouses of retirees who do not meet the requirements for an 80% subsidy can receive unsubsidized coverage

Premium Reduction Option: Participants retiring on or after January 1, 2007 with a VSTRS premium subsidy have a one-time option to reduce the VSTRS subsidy percentage during the retiree's life so that a surviving spouse may continue to receive the same VSTRS subsidy for the spouse's lifetime. If the retiree elects the joint and survivor pension option but not the Premium Reduction Option, spouses are covered for the spouse's lifetime but pay 100% of the plan premium after the retiree's death.

OPEB Liabilities

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. 75 and the State is treated as a nonemployer to VSTRS. Since the District does not contribute directly to VSTRS, no net OPEB liability was recorded at June 30,

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

2018. The State's portion of the collective net OPEB liability that was associated with the District was as follows:

School District's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the School District		36,310,605
Total	\$	36,310,605

The State of Vermont's proportionate share of the net OPEB liability associated with the District is equal to the collective net OPEB liability, actuarially measured as of June 30, 2017, 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, 2017, the District's proportion was 3.89477% which was a decrease of 0.03541% from its proportion measured as of June 30, 2016.

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized total OPEB expense of \$1,995,967 and revenue of \$1,995,967 for support provided by the State of Vermont for the Plan. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	VSTRS OPEB Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
Total	\$ -	\$ -

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

	<u>VSTRS OPEB Plan</u>	
Plan year ended June 30:		
2018	\$	-
2019		-
2020		-
2021		-
2022		-
Thereafter		-

Discount Rate

The discount rate is the single rate of return, that when applied to all projected benefit payments, results in an actuarial present value that is the sum of the actuarial present value of projected benefit payments projected to be funded by plan assets using a long term rate of return, and the actuarial present value of projected benefit payments that are not included in (1) using a yield or index rate for 20 year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	1% Decrease	Discount Rate	1% Increase
VSTRS OPEB Plan: Discount rate	2.580%	3.580%	4.580%
School District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -

Healthcare Trend Rate

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The trend rate assumptions were developed using Segal's internal guidelines, which are established each year using data sources such as the 2018 Segal Health Trend Survey, internal client results, trends from other published surveys prepared by the S&P Dow Jones Indices, consulting firms and brokers, and CPI statistics published by the Bureau of Labor Statistics. The sensitivity of net OPEB liability to changes in healthcare trend rates are as follows:

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

	1% Decrease	Healthcare Trend Rates	1% Increase
School District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2016, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

Amortization

The total OPEB liability of this Plan is amortized on an open 30-year period. The amortization method is a level dollar amortization method.

Asset Valuation Method

The Asset Valuation Method used equals the preliminary asset value plus 20% of the difference between the market and preliminary asset values. The preliminary asset value is equal to the previous year's asset value (for valuation purposes) adjusted for contributions less benefit payments and expenses and expected investment income. If necessary, a further adjustment is made to ensure that the valuation assets are within 20% of the market value.

The long-term expected rate of return on both plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class. These best estimate ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2017 are summarized in the following table:

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large cap equity	20.00%	5.92%
International equity	15.00%	6.71%
Emerging international equity	5.00%	9.70%
Core bonds	60.00%	1.38%
Inflation		2.75%
Total	<u>100.00%</u>	

Assumptions

The actuarial assumptions used to calculate the actuarially determined contribution rates can be found in the Report on the Actuarial Valuation of Post-Retirement Benefits of the Vermont State Teachers' Retirement System Prepared as of June 30, 2016 completed by Buck Consulting. As of June 30, 2017, they are as follows:

Discount Rate	3.58%
Salary Increase Rate	Varies by age
Non-Medicare	7.50% graded to 4.50% over 12 years
Medicare	7.75% graded to 4.50% over 11 years
Retiree Contributions	Equal to health trend
Pre-retirement Mortality	98% of RP-2014 White Collar Employee with generational projection using Scale SSA-2017.
Post-retirement Mortality	98% of RP-2014 White Collar Annuitant with generational projection using Scale SSA-2017.

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2018 with the following exceptions:

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was six years for June 30, 2017. For the fiscal year ended June 30, 2017, there were no changes

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

in assumptions with the exception of the discount rate was increased from 2.85% to 3.58%.

OPEB Plan Fiduciary Net Position

The schedule of employer allocations and schedule of OPEB 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 VSTRS or their 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 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.

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.

In addition to providing pension benefits, the District provides post-employment healthcare insurance benefits for retired employees through the Burlington School District's plan. The plan does not issue a separate financial report.

Benefits Provided

The District provides medical benefits in various options for both active employees and retirees. Each class of employees are eligible for explicit subsidies based on dates of enrollment and years of service to the District. Spouses of retirees are able to remain on the applicable plan as long as the retiree is covered. Surviving spouses are allowed to continue coverage only as permitted by COBRA.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

The District provides life insurance benefits to certain classes of employees. Office personnel retired on/before June 30, 2017 and AFSCME (Bus, Food, Technology Services, and Maintenance) employees are eligible to obtain \$10,000 in life insurance at normal, disability, or termination retirement with the premiums being paid by the School District.

Eligibility

All employees are eligible for disability retirement with 10 years of service. All employees are eligible to retire after termination with the District if at termination the employee is age 50 with 15 years of service. Retiree health benefits will commence at age 55 for these terminated employees. Retiree health benefits are only available to Teachers, Administrative Staff, and Paraeducators.

Teachers/Administrative Staff

Certified teachers and staff are eligible for retiree health care benefits until age 65 once they meet the District's retirement eligibility requirements:

1. Age 55 and 15 years of service
2. 30 years of service

Paraeducators

Paraeducators are eligible for retiree health care benefits until age 65 once they meet the District's retirement eligibility requirements, which is age 55 with 20 years of service.

Food, Maintenance, Bus, Technology Services

Food, Maintenance, Technology Services, and Bus personnel are eligible for subsidized life insurance once they meet the School District's retirement eligibility requirements, which are as follows:

1. Age 55
2. 25 years of service

These groups are only eligible for subsidized life insurance and are ineligible to continue health coverage with the District at retirement.

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

Active members	664
Retirees and spouses	<u>36</u>
Total	<u><u>700</u></u>

The active participants' number above may include active employees who currently have no health care coverage.

Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the District reported a liability of \$5,242,531 for its total OPEB liability for this Plan. The total OPEB liability was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

For the year ended June 30, 2018, the District recognized OPEB expense of \$1,110,410. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	System OPEB Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 544,967
Changes of assumptions	159,485	-
Net difference between projected and actual earnings on OPEB plan investments	<u>-</u>	<u>-</u>
Total	<u><u>\$ 159,485</u></u>	<u><u>\$ 544,967</u></u>

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>System OPEB Plan</u>	
Plan year ended June 30:		
2019	\$	(77,097)
2020		(77,097)
2021		(77,097)
2022		(77,097)
2023		(77,094)
Thereafter		-

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of June 30, 2017. The discount rate determination is based on the yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The rate of 3.87% per annum for June 30, 2018 was based upon a measurement date of June 30, 2017. The sensitivity of total and net OPEB liability to changes in discount rate are as follows:

	1% Decrease	Discount Rate	1% Increase
	2.87%	3.87%	4.87%
Total OPEB liability	\$ 5,683,642	\$ 5,242,531	\$ 4,834,634
Plan fiduciary net position	-	-	-
Net OPEB liability	\$ 5,683,642	\$ 5,242,531	\$ 4,834,634
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of total and net OPEB liability to changes in healthcare cost trend rates are as follows:

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 4,700,378	\$ 5,242,531	\$ 5,869,020
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 4,700,378</u>	<u>\$ 5,242,531</u>	<u>\$ 5,869,020</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods, Inputs and Assumptions

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.

The total OPEB liability for the Plan was determined as of July 1, 2017 based on an actuarial valuation date of June 30, 2016 projected to July 1, 2017 on a “no loss / no gain” basis, using the following methods, inputs and assumptions applied to all periods included in the measurement:

Discount rate: 3.87%

Experience study

Best actuarial practices call for a periodic assumption review and Nyhart recommends the School District to complete an actuarial assumption review (also referred to as an experience study). The actuarial assumptions have not been updated since at least the 2010 valuation.

Health care trend rates

<u>FYE</u>	<u>Rates</u>	<u>FYE</u>	<u>Rates</u>
2019	8.0%	2023	6.0%
2020	7.5%	2024	5.5%
2021	7.0%	2025+	5.0%
2022	6.5%		

Inflation rate: 3.00% per year

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Mortality: RPH-2018 Total Dataset Mortality Table fully generational using scale MP-2018

Salary increase rate

General wage inflation of 3.00% plus merit/productivity increases based on the assumptions used in the City of Burlington actuarial valuation as of June 30, 2017 for Non-Teachers and Vermont State Teachers Retirement System (VSTRS) OPEB actuarial valuation as of June 30, 2018 for Teachers / Admin.

Benefit changes

There have been substantive plan provision changes since the last full valuation, which was for the fiscal year ending June 30, 2016, summarized as follows:

1. In the prior valuation, Office Personnel and AFSCME (Food, Maintenance, Bus) were eligible to continue health coverage at retirement with the School District subsidizing 50% of the premium. For the current valuation, these employees are no longer eligible to continue health coverage with the District at retirement. This caused a significant decrease in the District's liabilities.

2. In the prior valuation, all future Office Personnel retirees were eligible to receive \$10,000 in subsidized life insurance with the District. In the current collective bargaining agreement, only Office Personnel that were retired by June 30, 2017 are eligible for subsidized life insurance. This caused a decrease in the District's liabilities.

3. In the prior valuation, Paraeducators were not eligible to continue health coverage with the District at retirement. For the current valuation, Paraeducators are eligible to elect coverage under the District's health plans at retirement, and the District will subsidize 25% of the health plan premium. This caused a significant increase in liabilities.

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the School District at 150 Colchester Avenue, Burlington, Vermont 05401.

NOTE 13 - 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

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 - RISK MANAGEMENT (CONTINUED)

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 14 - 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 cannot determine at this time, whether or not such settlement amounts, if any, would 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.

The School District participates in a medical insurance plan negotiated through VEHI. This plan is a high-deductible plan with an HRA (Health Reimbursement Arrangement) funded by the School District. The organization contracted to coordinate the processing of claims on behalf of the School District with HRA funds has not processed all claims through June 30, 2018, and as of the date of this report. Additionally, they were unable to provide management with the outstanding amount to be expensed by the School District through June 30, 2018. Therefore, the amount, if any, of any liabilities arising from the unprocessed claims cannot be determined at this time.

NOTE 15 - RESTATEMENT

The net position of the governmental activities has been restated at July 1, 2017 to account for the implementation of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions - an amendment of GASB Statement No. 45, as amended (issued 06/04), and GASB Statement No. 57 (issued 12/09). The beginning net position was restated by \$3,362,078. The resulting restatement decreased net position from \$12,528,246 to \$9,166,168.

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 - VSTRS
- Schedule of Contributions - VSTRS
- 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 Proportionate Share of the Net OPEB Liability - VSTRS
- Schedule of Contributions - VSTRS OPEB
- Schedule of Changes in Net OPEB Liability - Burlington Employees' Retirement System OPEB Plan
- Schedule of Changes in Net OPEB Liability and Related Ratios - Burlington Employees' Retirement System OPEB Plan
- Notes to Required Supplementary Information

BURLINGTON SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,617,347	\$ 4,617,347	\$ 4,617,347	\$ -
Resources (Inflows):				
Intergovernmental:				
Local share support	24,943	24,943	54,173	29,230
General state support	60,893,736	60,893,736	60,572,432	(321,304)
Other	10,189,155	10,189,155	10,050,845	(138,310)
Charges for services	219,425	219,425	162,309	(57,116)
Interest income	588,500	588,500	381,110	(207,390)
Miscellaneous	50,000	50,000	122,622	72,622
Non-Fund 0100 Revenue	-	-	1,883,208	1,883,208
Transfers from other funds	657,362	657,362	650,000	(7,362)
Amounts Available for Appropriation	<u>77,240,468</u>	<u>77,240,468</u>	<u>78,494,046</u>	<u>1,253,578</u>
Charges to Appropriations (Outflows):				
Current:				
Regular instruction	28,668,854	28,668,854	27,979,500	689,354
Special education instruction	13,274,972	13,274,972	13,228,337	46,635
Vocational tuition	11,330	11,330	-	11,330
Other instructional programs	960,979	960,979	955,184	5,795
Student support services	5,992,383	5,992,383	5,685,221	307,162
Staff support services	3,527,937	3,527,937	3,425,124	102,813
General administration	798,522	798,522	762,092	36,430
School administration	3,582,439	3,582,439	3,505,715	76,724
Centralized services	1,772,614	1,772,614	1,706,614	66,000
Operations and maintenance	6,906,205	6,906,205	6,924,169	(17,964)
Transportation services	1,650,212	1,650,212	1,590,496	59,716
Employee benefits	523,210	523,210	419,894	103,316
Debt service:				
Principal	1,710,000	1,710,000	930,000	780,000
Interest	1,646,281	1,646,281	1,566,438	79,843
Prior year	-	-	114	(114)
Capital outlay	1,249,062	1,249,062	1,237,678	11,384
Transfers to other funds	1,480,000	1,480,000	1,165,210	314,790
Total General Fund Expenditures	<u>73,755,000</u>	<u>73,755,000</u>	<u>71,081,786</u>	<u>2,673,214</u>
Non-Fund 0100 expenditures	<u>-</u>	<u>-</u>	<u>1,138,932</u>	<u>(1,138,932)</u>
Total Charges to Appropriations	<u>73,755,000</u>	<u>73,755,000</u>	<u>72,220,718</u>	<u>1,534,282</u>
Budgetary Fund Balance, June 30	<u>\$ 3,485,468</u>	<u>\$ 3,485,468</u>	<u>\$ 6,273,328</u>	<u>\$ 2,787,860</u>
Utilization of unassigned fund balance	<u>\$ 1,131,879</u>	<u>\$ 1,131,879</u>	<u>\$ -</u>	<u>\$ (1,131,879)</u>

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

BURLINGTON SCHOOL DISTRICT

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>VSTRS:</u>					
Proportion of the net pension liability School District's proportionate share of the net pension liability	4.55%	4.66%	4.80%	4.94%	4.87%
	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District Total	<u>67,400,147</u> <u>\$ 67,400,147</u>	<u>60,991,444</u> <u>\$ 60,991,444</u>	<u>56,961,562</u> <u>\$ 56,961,562</u>	<u>47,328,006</u> <u>\$ 47,328,006</u>	<u>\$ 49,254,692</u> <u>\$ 49,254,692</u>
Covered-employee payroll	\$ 30,079,258	\$ 30,171,373	\$ 26,774,383	\$ 27,991,613	\$ 29,978,065
Proportionate share of the net pension liability as a percentage of its covered- employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	53.98%	55.31%	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 - VSTRS
 LAST 10 FISCAL YEARS*

	2018	2017	2016	2015	2014
<u>VSTRS:</u>					
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 30,377,299	\$ 30,079,258	\$ 30,171,373	\$ 26,774,383	\$ 27,991,613
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

* The amounts presented for each fiscal year 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*

	2018	2017	2016	2015
Total pension liability				
Service cost	\$ 589,104	\$ 738,866	\$ 796,849	\$ 637,539
Interest	1,941,074	2,533,671	2,348,193	1,991,416
Changes in benefit terms	-	(57,459)	(426,731)	-
Difference between actual and expected experience	(711,518)	963,221	2,070,219	(961,786)
Net difference between projected and actual earnings on pension plan investments	(1,605,291)	2,092,725	-	-
Changes of assumptions	257,146	-	144,790	-
Change in proportional share of contributions	(1,848,089)	234,479	991,329	(1,396,215)
Benefit payments, including refunds of employee contributions	(6,669,665)	(3,361,904)	(1,112,837)	(3,730,742)
Net change in total pension liability	<u>(8,047,239)</u>	<u>3,143,599</u>	<u>4,811,812</u>	<u>(3,459,788)</u>
Total pension liability - beginning	<u>34,109,993</u>	<u>30,966,394</u>	<u>26,154,582</u>	<u>29,614,370</u>
Total pension liability - ending (a)	<u>\$ 26,062,754</u>	<u>\$ 34,109,993</u>	<u>\$ 30,966,394</u>	<u>\$ 26,154,582</u>
Plan fiduciary net position				
Contributions - employer	\$ 152,707	\$ 1,268,901	\$ 1,190,910	\$ 1,070,264
Contributions - employee	269,058	319,678	291,997	257,803
Net investment income	1,231,579	1,778,835	1,758,985	1,392,782
Benefit payments, including refunds of member contributions	(6,669,665)	(3,361,904)	(1,112,837)	(3,730,742)
Change in proportional share of contributions	710,287	-	-	-
Administrative expense	(35,884)	(44,507)	(41,327)	(30,449)
Other	-	-	-	711
Net change in plan fiduciary net position	<u>(4,341,918)</u>	<u>(38,997)</u>	<u>2,087,728</u>	<u>(1,039,631)</u>
Plan fiduciary net position - beginning	<u>21,745,197</u>	<u>21,784,194</u>	<u>19,696,466</u>	<u>20,736,097</u>
Plan fiduciary net position - ending (b)	<u>\$ 17,403,279</u>	<u>\$ 21,745,197</u>	<u>\$ 21,784,194</u>	<u>\$ 19,696,466</u>
Net pension liability - ending (a) - (b)	<u>\$ 8,659,475</u>	<u>\$ 12,364,796</u>	<u>\$ 9,182,200</u>	<u>\$ 6,458,116</u>
Plan fiduciary net position as a percentage of the total pension liability	66.77%	63.75%	70.35%	75.31%
Covered-employee payroll	\$ 8,631,859	\$ 8,791,814	\$ 9,019,495	\$ 8,597,462
Net pension liability as a percentage of its covered-employee payroll	100.32%	140.64%	101.80%	75.12%

* 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*

	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,387,212	\$ 1,293,261	\$ 1,268,901	\$ 1,190,910
Contributions in relation to the actuarially determined contribution	<u>(1,387,212)</u>	<u>(1,293,261)</u>	<u>(1,268,901)</u>	<u>(1,190,910)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 9,329,571	\$ 8,631,859	\$ 8,791,814	\$ 9,019,495
Contributions as a percentage of covered-employee payroll	14.87%	14.98%	14.43%	13.20%

Notes to schedule:

Valuation date: June 30, 2016 rolled forward to June 30, 2017.
 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:
 Pre-retirement mortality: RP-2000 Disability Mortality Table projected with scale BB.
 Pre-retirement disability mortality: RP-2000 Disability Mortality Table projected with scale BB.
 Post-retirement mortality: RP-2000 Combined Mortality Tables for Males and Females with full generational projection by Scale BB.

* The amounts presented for each fiscal year are for those years for which information is available.

BURLINGTON SCHOOL DISTRICT

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	10.25%	-1.30%	-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 PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - VSTRS
LAST 10 FISCAL YEARS*

	<u>2018</u>	<u>2017</u>
<u>VSTRS OPEB Plan:</u>		
Proportion of the net OPEB liability	3.89%	3.93%
School District's proportionate share of the net OPEB liability	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the School District	<u>36,310,605</u>	<u>-</u>
Total	<u>\$ 36,310,605</u>	<u>\$ -</u>
Covered-employee payroll	\$ 30,079,258	\$ 30,171,373
Proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	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 CONTRIBUTIONS - VSTRS OPEB
LAST 10 FISCAL YEARS*

	<u>2018</u>	<u>2017</u>
<u>VSTRS OPEB Plan:</u>		
Contractually required contribution	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 30,377,299	\$ 30,079,258
Contributions as a percentage of covered- employee payroll	0.00%	0.00%

* The amounts presented for each fiscal year 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 OPEB LIABILITY
 BURLINGTON EMPLOYEES' RETIREMENT SYSTEM OPEB PLAN
 FOR THE YEAR ENDED JUNE 30, 2018

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/17	\$ 6,352,941	\$ -	\$ 6,352,941
Changes for the year:			
Service cost	491,916	-	491,916
Interest	240,585	-	240,585
Changes of benefits	(1,128,881)	-	(1,128,881)
Changes of assumptions	191,382	-	191,382
Differences between expected and actual experience	(653,961)	-	(653,961)
Contributions - employer	-	251,451	(251,451)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(251,451)	(251,451)	-
Administrative expense	-	-	-
Net changes	<u>(1,110,410)</u>	<u>-</u>	<u>(1,110,410)</u>
Balances at 6/30/18	<u>\$ 5,242,531</u>	<u>\$ -</u>	<u>\$ 5,242,531</u>

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

BURLINGTON SCHOOL DISTRICT

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

	2018
<u>Total OPEB liability</u>	
Service cost (BOY)	491,916
Interest	240,585
Changes of benefit terms	(1,128,881)
Changes of assumptions	191,382
Differences between expected and actual experience	(653,961)
Benefit payments, including refunds of member contributions	<u>(251,451)</u>
Net change in total OPEB liability	\$ (1,110,410)
Total OPEB liability - beginning	\$ 6,352,941
Total OPEB liability - ending	\$ 5,242,531
<u>Plan fiduciary net position</u>	
Contributions - employer	251,451
Contributions - member	-
Net investment income	-
Benefit payments, including refunds of member contributions	(251,451)
Administrative expense	-
Net change in fiduciary net position	<u>-</u>
Plan fiduciary net position - beginning	\$ -
Plan fiduciary net position - ending	<u><u>\$ -</u></u>
Net OPEB liability - ending	<u><u>\$ 5,242,531</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered employee payroll	\$ 35,931,858
Net OPEB liability as a percentage of covered payroll	14.6%

* The amounts presented for each fiscal year are for those years for which information is available.

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

BURLINGTON SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2018

Changes of Assumptions

The actuarial assumptions regarding inflation, investment return, salary increase, COLA increase and mortality were changed based on reviews of economic assumptions, rates of mortality and future expectations of experience for VSTRS pension.

The discount rate decreased from 8.000% to 7.625% for the Burlington Employees' Retirement System.

The discount rate increased from 2.85% to 3.58% for the VSTRS OPEB liability.

The actuarial cost method has been updated from Projected Unit Credit with linear proration to decrement to Entry Age Normal Level % of Salary. In conjunction with this change, the payroll growth assumption has been updated based on the assumptions used in the City of Burlington actuarial valuation as of June 30, 2017 for Non-Teachers and Vermont State Teachers Retirement System (VSTRS) OPEB actuarial valuation as of June 30, 2018 for Teachers / Admin. The net impact of these changes is an increase in liabilities for the System OPEB Plan.

Discount rate as of the Measurement Date has been updated to be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The prior full valuation used a discount rate of 4.00%. The current full valuation uses a discount rate of 3.58% as of July 1, 2017 and 3.87% as of June 30, 2018. This change caused an increase in liabilities as of the beginning of the year and a decrease in liabilities during the year. The discount rate will be updated annually to reflect market conditions as of the Measurement Date for the System OPEB Plan.

Mortality table has been updated from SOA RPH-2015 Total Dataset Mortality Table fully generational using Scale MP-2015 to SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 for the System OPEB Plan.

Disability rates for Non-Teachers have been updated to follow the most recent City of Burlington actuarial valuation as of June 30, 2017 for the System OPEB Plan.

Retirement rates for Teachers/Admin have been updated to follow the most recent Vermont State Teachers Retirement System (VSTRS) OPEB actuarial valuation as of June 30, 2018 for the System OPEB 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, 2018

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Investments	\$ 196,629	\$ -	\$ 196,629
Accounts receivable (net of allowance for uncollectibles)	2,326,398	-	2,326,398
Due from other funds	1,896,082	5,238,336	7,134,418
TOTAL ASSETS	<u><u>\$ 4,419,109</u></u>	<u><u>\$ 5,238,336</u></u>	<u><u>\$ 9,657,445</u></u>
LIABILITIES			
Accounts payable	\$ 238,056	\$ 344,273	\$ 582,329
Due to other funds	1,969,996	-	1,969,996
TOTAL LIABILITIES	<u><u>2,208,052</u></u>	<u><u>344,273</u></u>	<u><u>2,552,325</u></u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	2,245,272	3,822,426	6,067,698
Committed	-	1,071,637	1,071,637
Assigned	-	-	-
Unassigned	(34,215)	-	(34,215)
TOTAL FUND BALANCES	<u><u>2,211,057</u></u>	<u><u>4,894,063</u></u>	<u><u>7,105,120</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 4,419,109</u></u>	<u><u>\$ 5,238,336</u></u>	<u><u>\$ 9,657,445</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, 2018

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 2,304,423	\$ -	\$ 2,304,423
Interest	687	-	687
Other income	5,468,567	-	5,468,567
TOTAL REVENUES	<u>7,773,677</u>	<u>-</u>	<u>7,773,677</u>
EXPENDITURES			
Regular instruction	6,881,547	-	6,881,547
Other	34,517	165	34,682
Capital outlay	-	386,699	386,699
TOTAL EXPENDITURES	<u>6,916,064</u>	<u>386,864</u>	<u>7,302,928</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>857,613</u>	<u>(386,864)</u>	<u>470,749</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from bond issuance	-	2,623,488	2,623,488
Transfers in	1,308,365	-	1,308,365
Transfers (out)	(1,740,836)	-	(1,740,836)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(432,471)</u>	<u>2,623,488</u>	<u>2,191,017</u>
NET CHANGE IN FUND BALANCES	425,142	2,236,624	2,661,766
FUND BALANCES - JULY 1	<u>1,785,915</u>	<u>2,657,439</u>	<u>4,443,354</u>
FUND BALANCES - JUNE 30	<u>\$ 2,211,057</u>	<u>\$ 4,894,063</u>	<u>\$ 7,105,120</u>

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

Special Revenue Funds

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, 2018

	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							
Investments	\$ 19,271	\$ 4,775	\$ 20,223	\$ 152,360	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	5,467	-
Due from other funds	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 19,271</u>	<u>\$ 4,775</u>	<u>\$ 20,223</u>	<u>\$ 152,360</u>	<u>\$ -</u>	<u>\$ 5,467</u>	<u>\$ -</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	5,467	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,467</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	19,271	4,775	20,223	152,360	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>19,271</u>	<u>4,775</u>	<u>20,223</u>	<u>152,360</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 19,271</u>	<u>\$ 4,775</u>	<u>\$ 20,223</u>	<u>\$ 152,360</u>	<u>\$ -</u>	<u>\$ 5,467</u>	<u>\$ -</u>

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

	Fund 152 Nellie Mae	Fund 153 Nellie Mae	Fund 301 Tobacco Kat Hunt	Fund 302 Tobacco Kat EMS	Fund 302 Act 230 Best Grant	Fund 305 Dept. of Health ADAP	Fund 309 OVX Our Voices Exposed	Fund 310 School Based Health Centers
ASSETS								
Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-	62,292
Due from other funds	-	8,724	540	-	-	1,762	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 8,724</u>	<u>\$ 540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,762</u>	<u>\$ -</u>	<u>\$ 62,292</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37
Due to other funds	-	-	-	-	-	-	-	62,255
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,292</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	8,724	540	-	-	1,762	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>8,724</u>	<u>540</u>	<u>-</u>	<u>-</u>	<u>1,762</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 8,724</u>	<u>\$ 540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,762</u>	<u>\$ -</u>	<u>\$ 62,292</u>

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Fund 313 Vermont Refugee Children	Fund 316 BEST Grant	Fund 317 BEST Innovation	Fund 401 Title I	Fund 404 IDEA B Preschool	Fund 408 21st Century	Fund 413 Title IIA	Fund 416 Title I SIG
ASSETS								
Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	23,925	-	-	1,119,623	686	66,731	192,902	1,500
Due from other funds	-	1,195	13,024	-	-	-	-	-
TOTAL ASSETS	\$ 23,925	\$ 1,195	\$ 13,024	\$ 1,119,623	\$ 686	\$ 66,731	\$ 192,902	\$ 1,500
LIABILITIES								
Accounts payable	\$ 4,620	\$ 1,195	\$ 13,024	\$ 2,309	\$ -	\$ 5,510	\$ 24,885	\$ -
Due to other funds	17,144	-	-	1,144,031	686	53,373	168,017	1,500
TOTAL LIABILITIES	21,764	1,195	13,024	1,146,340	686	58,883	192,902	1,500
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	2,161	-	-	-	-	7,848	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(26,717)	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	2,161	-	-	(26,717)	-	7,848	-	-
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 23,925	\$ 1,195	\$ 13,024	\$ 1,119,623	\$ 686	\$ 66,731	\$ 192,902	\$ 1,500

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Fund 425			Fund 426	Fund 427	Fund 428	Fund 453	Fund 500
	Title I	Fund 420	Fund 421	Title I	Pre - K	RTT ELC Early	Farm to	Medicaid
	SWP	IDEA-B	Title ELL	Con Admin	Development	MTSS Grant	School	EPSDT
ASSETS								
Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	479,026	18,905	-	26,458	-	-	22,806
Due from other funds	48,589	-	6,289	-	-	-	-	133,259
TOTAL ASSETS	\$48,589	\$479,026	\$25,194	\$ -	\$ 26,458	\$ -	\$ -	\$156,065
LIABILITIES								
Accounts payable	\$48,589	\$ 2,370	\$14,726	\$ -	\$ 6,904	\$ -	\$ -	\$ 1,956
Due to other funds	-	476,481	-	-	19,554	-	-	-
TOTAL LIABILITIES	48,589	478,851	14,726	-	26,458	-	-	1,956
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	175	10,468	-	-	-	-	154,109
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	-	175	10,468	-	-	-	-	154,109
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$48,589	\$479,026	\$25,194	\$ -	\$ 26,458	\$ -	\$ -	\$156,065

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	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	Fund 604 Henderson Foundation
ASSETS								
Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	140,708	196	179	-	-	-	-
Due from other funds	-	743,884	-	-	-	55,440	-	3,251
TOTAL ASSETS	\$ -	\$ 884,592	\$ 196	\$ 179	\$ -	\$ 55,440	\$ -	\$ 3,251
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ 179	\$ -	\$ 1,657	\$ -	\$ 2,414
Due to other funds	-	-	30	-	-	-	-	-
TOTAL LIABILITIES	-	-	30	179	-	1,657	-	2,414
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	884,592	166	-	-	53,783	-	837
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	-	884,592	166	-	-	53,783	-	837
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ -	\$ 884,592	\$ 196	\$ 179	\$ -	\$ 55,440	\$ -	\$ 3,251

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Fund 605 Nellie Mae Foundation	Fund 608 Richard & Deb Tarrant	Fund 609 Rowland Foundation	Fund 611 Amy Tarrant Foundation	Fund 612 Digital Promise Grant	Fund 613 Verizon	Vocational Fund	Total
ASSETS								
Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 196,629
Accounts receivable (net of allowance for uncollectibles)	19,837	-	-	-	-	-	145,157	2,326,398
Due from other funds	-	-	-	-	101,027	115,403	663,695	1,896,082
TOTAL ASSETS	\$ 19,837	\$ -	\$ -	\$ -	\$ 101,027	\$ 115,403	\$ 808,852	\$ 4,419,109
LIABILITIES								
Accounts payable	\$ 5,788	\$ -	\$ 89	\$ -	\$ -	\$ 360	\$ 101,444	\$ 238,056
Due to other funds	14,049	-	7,409	-	-	-	-	1,969,996
TOTAL LIABILITIES	19,837	-	7,498	-	-	360	101,444	2,208,052
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	101,027	115,043	707,408	2,245,272
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	(7,498)	-	-	-	-	(34,215)
TOTAL FUND BALANCES (DEFICITS)	-	-	(7,498)	-	101,027	115,043	707,408	2,211,057
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 19,837	\$ -	\$ -	\$ -	\$ 101,027	\$ 115,403	\$ 808,852	\$ 4,419,109

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, 2018

	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	54	17	71	545	-	-	-
Other income	-	-	-	-	-	5,467	-
TOTAL REVENUES	<u>54</u>	<u>17</u>	<u>71</u>	<u>545</u>	<u>-</u>	<u>5,467</u>	<u>-</u>
EXPENDITURES							
Regular instruction	-	-	-	-	-	-	-
Other	-	-	-	1,930	-	9,000	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,930</u>	<u>-</u>	<u>9,000</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>54</u>	<u>17</u>	<u>71</u>	<u>(1,385)</u>	<u>-</u>	<u>(3,533)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	(3,128)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,128)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	54	17	71	(1,385)	(3,128)	(3,533)	-
FUND BALANCES (DEFICITS) - JULY 1	<u>19,217</u>	<u>4,758</u>	<u>20,152</u>	<u>153,745</u>	<u>3,128</u>	<u>3,533</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 19,271</u>	<u>\$ 4,775</u>	<u>\$ 20,223</u>	<u>\$ 152,360</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Fund 152 Nellie Mae	Fund 153 Nellie Mae	Fund 301 Tobacco Kat Hunt	Fund 302 Tobacco Kat EMS	Fund 303 Act 230 Best Grant	Fund 305 Dept. of Health ADAP	Fund 309 OVX Our Voices Exposed	Fund 310 School Based Health Centers
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-	-	-	-
Other income	6,000	-	-	-	764	40,000	-	69,000
TOTAL REVENUES	6,000	-	-	-	764	40,000	-	69,000
EXPENDITURES								
Regular instruction	-	-	-	-	-	43,348	-	68,000
Other	1,990	2,158	-	-	764	-	-	-
TOTAL EXPENDITURES	1,990	2,158	-	-	764	43,348	-	68,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,010	(2,158)	-	-	-	(3,348)	-	1,000
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	(10)	(4,520)	-	(19)	(15,777)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	(10)	(4,520)	-	(19)	(15,777)
NET CHANGE IN FUND BALANCES (DEFICITS)	4,010	(2,158)	-	(10)	(4,520)	(3,348)	(19)	(14,777)
FUND BALANCES (DEFICITS) - JULY 1	(4,010)	10,882	540	10	4,520	5,110	19	14,777
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ 8,724	\$ 540	\$ -	\$ -	\$ 1,762	\$ -	\$ -

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Fund 313 Vermont Refugee Childrer	Fund 316 BEST Grant	Fund 317 BEST Innovation	Fund 401 Title I	Fund 404 IDEA B Preschool	Fund 408 21st Century	Fund 413 Title IIA	Fund 416 Title I SIG
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ 1,140,031	\$ -	\$ -	\$ -	\$ 1,500
Interest	-	-	-	-	-	-	-	-
Other income	50,252	12,838	5,426	-	4,737	476,531	338,912	-
TOTAL REVENUES	<u>50,252</u>	<u>12,838</u>	<u>5,426</u>	<u>1,140,031</u>	<u>4,737</u>	<u>476,531</u>	<u>338,912</u>	<u>1,500</u>
EXPENDITURES								
Regular instruction	50,252	12,838	5,476	353,939	4,737	476,531	456,089	1,500
Other	-	-	1,200	-	-	-	-	-
TOTAL EXPENDITURES	<u>50,252</u>	<u>12,838</u>	<u>6,676</u>	<u>353,939</u>	<u>4,737</u>	<u>476,531</u>	<u>456,089</u>	<u>1,500</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(1,250)</u>	<u>786,092</u>	<u>-</u>	<u>-</u>	<u>(117,177)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	(986,739)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(986,739)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	(1,250)	(200,647)	-	-	(117,177)	-
FUND BALANCES (DEFICITS) - JULY 1	<u>2,161</u>	<u>-</u>	<u>1,250</u>	<u>173,930</u>	<u>-</u>	<u>7,848</u>	<u>117,177</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 2,161</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,717)</u>	<u>\$ -</u>	<u>\$ 7,848</u>	<u>\$ -</u>	<u>\$ -</u>

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	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 428 RTT ELC Early MTSS Grant	Fund 453 Farm to School	Fund 500 Medicaid EPSDT
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-	-	-	-
Other income	-	917,971	84,905	-	75,018	-	15,690	72,491
TOTAL REVENUES	-	917,971	84,905	-	75,018	-	15,690	72,491
EXPENDITURES								
Regular instruction	940,627	917,971	116,207	46,112	141,203	-	15,690	50,848
Other	-	-	-	-	-	219	-	-
TOTAL EXPENDITURES	940,627	917,971	116,207	46,112	141,203	219	15,690	50,848
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(940,627)	-	(31,302)	(46,112)	(66,185)	(219)	-	21,643
OTHER FINANCING SOURCES (USES)								
Transfers in	940,627	-	-	46,112	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	940,627	-	-	46,112	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	(31,302)	-	(66,185)	(219)	-	21,643
FUND BALANCES (DEFICITS) - JULY 1	-	175	41,770	-	66,185	219	-	132,466
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ 175	\$ 10,468	\$ -	\$ -	\$ -	\$ -	\$ 154,109

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	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	Fund 604 Henderson Foundation
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 19,600	\$ -	\$ -	\$ -
Interest	-	-	-	-	-	-	-	-
Other income	-	488,375	959	30,000	-	104,000	-	-
TOTAL REVENUES	-	488,375	959	30,000	19,600	104,000	-	-
EXPENDITURES								
Regular instruction	-	33,802	1,066	30,000	19,600	80,978	-	24,163
Other	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	33,802	1,066	30,000	19,600	80,978	-	24,163
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	454,573	(107)	-	-	23,022	-	(24,163)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	(75,000)	-	-	-	(1,008)	-	(9)	-
TOTAL OTHER FINANCING SOURCES (USES)	(75,000)	-	-	-	(1,008)	-	(9)	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(75,000)	454,573	(107)	-	(1,008)	23,022	(9)	(24,163)
FUND BALANCES (DEFICITS) - JULY 1	75,000	430,019	273	-	1,008	30,761	9	25,000
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ 884,592	\$ 166	\$ -	\$ -	\$ 53,783	\$ -	\$ 837

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Fund 605 Nellie Mae Foundation	Fund 608 Richard & Deb Tarrant	Fund 609 Rowland Foundation	Fund 611 Amy Tarrant Foundation	Fund 612 Digital Promise Grant	Fund 613 Verizon	Vocational Fund	Total
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,143,292	\$ 2,304,423
Interest	-	-	-	-	-	-	-	687
Other income	380,359	-	55,000	-	50,000	100,000	2,083,872	5,468,567
TOTAL REVENUES	<u>380,359</u>	<u>-</u>	<u>55,000</u>	<u>-</u>	<u>50,000</u>	<u>100,000</u>	<u>3,227,164</u>	<u>7,773,677</u>
EXPENDITURES								
Regular instruction	285,174	-	71,281	-	-	-	2,634,115	6,881,547
Other	-	-	-	-	-	17,256	-	34,517
TOTAL EXPENDITURES	<u>285,174</u>	<u>-</u>	<u>71,281</u>	<u>-</u>	<u>-</u>	<u>17,256</u>	<u>2,634,115</u>	<u>6,916,064</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>95,185</u>	<u>-</u>	<u>(16,281)</u>	<u>-</u>	<u>50,000</u>	<u>82,744</u>	<u>593,049</u>	<u>857,613</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	321,626	1,308,365
Transfers (out)	-	-	-	(507)	-	-	(654,119)	(1,740,836)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(507)</u>	<u>-</u>	<u>-</u>	<u>(332,493)</u>	<u>(432,471)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	95,185	-	(16,281)	(507)	50,000	82,744	260,556	425,142
FUND BALANCES (DEFICITS) - JULY 1	(95,185)	-	8,783	507	51,027	32,299	446,852	1,785,915
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,498)</u>	<u>\$ -</u>	<u>\$ 101,027</u>	<u>\$ 115,043</u>	<u>\$ 707,408</u>	<u>\$ 2,211,057</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, 2018

	Capital Projects Funds	Taft Building Lease	Total
ASSETS			
Due from other funds	\$4,166,699	\$1,071,637	\$5,238,336
TOTAL ASSETS	<u>\$4,166,699</u>	<u>\$1,071,637</u>	<u>\$5,238,336</u>
LIABILITIES			
Accounts payable	\$ 344,273	\$ -	\$ 344,273
TOTAL LIABILITIES	<u>344,273</u>	<u>-</u>	<u>344,273</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	3,822,426	-	3,822,426
Committed	-	1,071,637	1,071,637
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>3,822,426</u>	<u>1,071,637</u>	<u>4,894,063</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$4,166,699</u>	<u>\$1,071,637</u>	<u>\$5,238,336</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, 2018

	Capital Projects Funds	Taft Building Lease	Total
REVENUES			
Interest income	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Capital outlay	386,699	-	386,699
Other	-	165	165
TOTAL EXPENDITURES	<u>386,699</u>	<u>165</u>	<u>386,864</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(386,699)</u>	<u>(165)</u>	<u>(386,864)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from bond issuance	2,623,488	-	2,623,488
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,623,488</u>	<u>-</u>	<u>2,623,488</u>
NET CHANGE IN FUND BALANCES	2,236,789	(165)	2,236,624
FUND BALANCES - JULY 1	<u>1,585,637</u>	<u>1,071,802</u>	<u>2,657,439</u>
FUND BALANCES - JUNE 30	<u>\$ 3,822,426</u>	<u>\$ 1,071,637</u>	<u>\$ 4,894,063</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, 2018

Federal Grantor Pass Through Grantor Program or Cluster Title	Federal CFDA Number	Pass Through Grantor Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Agriculture				
Passed through State of Vermont - Agency of Education and Cultural Services:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	4452	\$ 726,574	\$ -
National School Lunch Program	10.555	4450	976,698	-
National School Lunch Program	10.555	N/A	60,739	-
Summer Food Service Program for Children	10.559	N/A	146,492	-
Subtotal Child Nutrition Cluster			<u>1,910,503</u>	<u>-</u>
Food Distribution Cluster				
Commodity Supplemental Food Program	10.565	N/A	122,312	-
Subtotal Food Distribution Cluster			<u>122,312</u>	<u>-</u>
Child and Adult Care Food Program	10.558	N/A	22,502	-
Child and Adult Care Food Program	10.558	N/A	314,866	-
Farm to School Grant Program	10.575	CN-F25-15-VT-02	15,690	-
Fresh Fruit and Vegetable Program	10.582	N/A	116,788	-
Total U.S. Department of Agriculture			<u>2,502,661</u>	<u>-</u>
U.S. Department of Education				
Passed through State of Vermont - Agency of Education and Cultural Services:				
Title I Grants to Local Educational Agencies	84.010A	4250T0371801	1,340,678	-
Title I Grants to Local Educational Agencies	84.010	4255T0371801	1,500	-
Special Education Cluster (IDEA)				
Special Education-Grants to States	84.027	4226T0371801	917,971	-
Special Education-Preschool Grants	84.173	4228T0371801	4,737	-
Subtotal Special Education Cluster (IDEA)			<u>922,708</u>	<u>-</u>
English Language Acquisition State Grants	84.365	4375T0371801	116,207	-
Twenty-First Century Community Learning Centers	84.287C	4611T0371801	476,531	-
Improving Teacher Quality State Grants	84.367A	4651T0371801	456,089	-
Preschool Development Grants	84.419	4505T0371801	141,203	-
Career and Technical Education - Basic Grants to States	84.048	4318T0371801	188,067	-
Career and Technical Education - Basic Grants to States	84.048	4320T0371801	62,466	-
Total U.S. Department of Education			<u>3,705,449</u>	<u>-</u>

BURLINGTON SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor Pass Through Grantor Program or Cluster Title	Federal CFDA Number	Pass Through Grantor Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Health & Human Services Passed through State of Vermont - Agency of Human Services				
Education	43.008	NNX14AR59A	<u>75,000</u>	-
Refugee and Entrant Assistance-Discretionary Grants	93.576	03400-BSD-RSI-18-SS-FY17	<u>50,252</u>	-
Medicaid Cluster				
Medical Assistance Program	93.778	03420-7142S	<u>68,000</u>	-
Subtotal Medicaid Cluster			<u>68,000</u>	-
Assistance Programs for Chronic Disease Prevention and Control	93.945	03420-LG7164	<u>3,023</u>	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	03420-A180655	<u>43,348</u>	-
Total U.S. Department of Health & Human Services			<u>239,623</u>	-
U.S. Department of Environmental Protection Agency Passed through State of Vermont - Agency of Environmental Conservation				
State Clean Diesel Grant Program	66.040	AQ2017-DERA16-06	<u>6,575</u>	-
Total U.S. Department of Environmental Protection Agency			<u>6,575</u>	-
TOTAL FEDERAL ASSISTANCE			<u>\$ 6,454,308</u>	<u>\$ -</u>

BURLINGTON SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

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, 2018. 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 U.S. Department of Education (USED) has delegated to the State of Vermont Agency of Education the authority to issue indirect cost rates to all Local Education Agencies (LEAs) based on a plan approved by the USED. Therefore, the Burlington School District does not use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Noncash Awards

The Burlington School District reports U.S. Department of Agriculture (USDA) Foods consumed on the Schedule at the fair value [or entitlement value]. The State of Vermont allocated USDA Foods to the respective program(s) that benefitted from the use of those USDA Foods.



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, 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, 2018, and the related notes to the financial statements, which collectively comprise Burlington School District's basic financial statements, and have issued our report thereon dated November 9, 2018.

Internal Control Over Financial Reporting

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

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
September 4, 2019



Proven Expertise and Integrity

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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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, 2018.

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
September 4, 2019

BURLINGTON SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

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 no
- Significant deficiency(ies) identified? yes no
- Noncompliance material to financial statements noted? yes no

• *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes 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 no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.555	National School Lunch Program

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

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

None

Section III - Federal Awards Findings and Questioned Costs

None