

Federal Compliance Audit

Burlington School District

June 30, 2020



Proven Expertise & Integrity

BURLINGTON SCHOOL DISTRICT

CONTENTS

JUNE 30, 2020

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 12
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	13 - 14
STATEMENT B - STATEMENT OF ACTIVITIES	15 - 16
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	17
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	18
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	19
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	20
STATEMENT G - STATEMENT OF NET POSITION - PROPRIETARY FUNDS	21
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES FUND IN NET POSITION - PROPRIETARY FUNDS	22
STATEMENT I - STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	23
STATEMENT J - STATEMENT OF NET POSITION - FIDUCIARY FUNDS	24
STATEMENT J - STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS	25

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	78
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	79
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - VSTRS	80
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - VSTRS	81
SCHEDULE 4 - SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - BURLINGTON EMPLOYEES' RETIREMENT SYSTEM	82
SCHEDULE 5 - SCHEDULE OF CONTRIBUTIONS - BURLINGTON EMPLOYEES' RETIREMENT SYSTEM	83
SCHEDULE 6 - SCHEDULE OF INVESTMENT RETURNS - BURLINGTON EMPLOYEES' RETIREMENT SYSTEM	84
SCHEDULE 7 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - VSTRS	85
SCHEDULE 8 - SCHEDULE OF CONTRIBUTIONS - VSTRS OPEB	86
SCHEDULE 9 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY BURLINGTON EMPLOYEES' RETIREMENT SYSTEM OPEB PLAN	87
SCHEDULE 10 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS - BURLINGTON EMPLOYEES' RETIREMENT SYSTEM OPEB PLAN	88
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	89 - 90

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	91
SCHEDULE A - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	92

SCHEDULE B - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	93
SPECIAL REVENUE FUNDS DESCRIPTION	94
SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	95 - 99
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	100 - 105
PERMANENT FUNDS DESCRIPTION	106
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	107
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	108
PRIVATE-PURPOSE FUNDS DESCRIPTION	109
SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR PRIVATE- PURPOSE TRUST FUNDS	110
SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR PRIVATE-PUPOSE TRUST FUNDS	111
<u>FEDERAL COMPLIANCE</u>	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	112
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	113
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 <i>GOVERNMENT AUDITING STANDARDS</i>	114 - 115
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	116 - 118



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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, 2020 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

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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, 2020 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, 2020, 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 79 through 90 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 and individual nonmajor fund 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 and individual nonmajor fund 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 February 1, 2021 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
February 1, 2021

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

(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, 2020. 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 regard 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, employee benefits, program expenses and community services.
- *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, A&P post secondary, and continuing ed night funds.

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 five columns in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The School District's four major funds are the general fund, the debt service fund, vocational fund and the capital projects 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 1001 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 1001, for the current year.

Proprietary Funds: The School District maintains three proprietary funds, the food service, A&P post secondary and continuing ed night funds. These funds are 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 regard 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 \$4,522,909 from \$17,136,561 to \$21,659,470. The District's total net position for business-type activities decreased by \$293,760 from \$1,765,521 to \$1,471,761.

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 \$7,737,279 at the end of this year. Unrestricted net position for business-type activities decreased to a balance of \$1,384,480.

Table 1
Burlington School District
Net Position
June 30,

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2020</u>	<u>2019 (Restated)</u>	<u>2020</u>	<u>2019 (Restated)</u>
Assets:				
Current Assets	\$ 18,431,014	\$ 23,548,964	\$ 1,535,237	\$ 1,789,705
Restricted Cash	10,745,012	6,825,606	-	-
Noncurrent Assets - Capital Assets	60,044,782	46,658,733	87,281	110,508
Total Assets	<u>89,220,808</u>	<u>77,033,303</u>	<u>1,622,518</u>	<u>1,900,213</u>
Deferred Outflows of Resources	<u>2,856,271</u>	<u>3,091,823</u>	<u>-</u>	<u>-</u>
Liabilities:				
Current Liabilities	8,855,331	5,905,090	150,757	134,692
Noncurrent Liabilities	58,843,346	53,561,843	-	-
Total Liabilities	<u>67,698,677</u>	<u>59,466,933</u>	<u>150,757</u>	<u>134,692</u>
Deferred Inflows of Resources	<u>2,718,932</u>	<u>3,521,632</u>	<u>-</u>	<u>-</u>
Net Position:				
Net Investment in Capital Assets	7,097,446	7,399,451	87,281	110,508
Restricted:				
Debt service fund	9,126,362	6,825,606	-	-
Capital projects fund	10,394,526	8,775,876		
Special revenue funds	2,752,792	3,287,987		
Permanent funds	25,623	25,085		
Unrestricted (deficit)	<u>(7,737,279)</u>	<u>(9,177,444)</u>	<u>1,384,480</u>	<u>1,655,013</u>
Total Net Position	<u><u>\$ 21,659,470</u></u>	<u><u>\$ 17,136,561</u></u>	<u><u>\$ 1,471,761</u></u>	<u><u>\$ 1,765,521</u></u>

Revenues and Expenses

Revenues for the Burlington School District's governmental activities increased by 7.25%, while total expenses increased by 5.53%. The increase in revenues were primarily due to general state support and operating grants and contributions. The largest increases in expenses were in program expenses and payments made on-behalf of the District by the State of Vermont.

Revenues for the School District's business-type activities decreased by 10.37%, while total expenses decreased by 3.96%.

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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 1,266,754	\$ 298,735	\$ 588,019	\$ 436,747
Operating grants and contributions	35,931,332	32,426,179	1,843,297	2,395,625
<i>General Revenues:</i>				
General state support	66,146,587	61,139,597	-	-
Investment income	678,525	843,590	-	-
Miscellaneous	1,261,620	3,461,268	252,589	161,941
Total Revenues	<u>105,284,818</u>	<u>98,169,369</u>	<u>2,683,905</u>	<u>2,994,313</u>
Expenses				
Regular instruction	30,102,891	36,956,714	-	-
Special education instruction	14,992,566	13,543,949	-	-
Other instructional programs	692,265	1,025,128	-	-
Student support services	5,811,425	5,865,353	-	-
Staff support services	3,469,879	3,903,082	-	-
General administration	705,000	777,937	-	-
School administration	3,697,909	3,474,636	-	-
Centralized services	1,843,380	1,793,490	-	-
Operations and maintenance	6,182,669	6,766,240	-	-
Transportation services	970,128	1,183,348	-	-
Employee benefits	656,618	398,804	-	-
On-behalf payments	17,983,812	14,812,871	-	-
Program expenses	8,727,739	1,310,391	-	-
Community services	5,945	-	-	-
Unallocated depreciation	1,600,044	1,569,933	-	-
Interest on long-term debt	1,987,603	1,769,942	-	-
Food service	-	-	3,011,574	3,135,752
Capital improvement	1,179,498	184,051	-	-
Total Expenses	<u>100,609,371</u>	<u>95,335,869</u>	<u>3,011,574</u>	<u>3,135,752</u>
<i>Special items:</i>				
Bond issuance costs	(118,629)	-	-	-
Transfers	(33,909)	(115,343)	33,909	115,343
	<u>(152,538)</u>	<u>(115,343)</u>	<u>33,909</u>	<u>115,343</u>
Change in Net Position	4,522,909	2,718,157	(293,760)	(26,096)
Net Position - July 1, Restated	<u>17,136,561</u>	<u>14,418,404</u>	<u>1,765,521</u>	<u>1,791,617</u>
Net Position - June 30	<u>\$ 21,659,470</u>	<u>\$ 17,136,561</u>	<u>\$ 1,471,761</u>	<u>\$ 1,765,521</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,

	2020	2019 (Restated)	Increase/ (Decrease)
Major Funds:			
General Fund:			
Nonspendable	\$ 85,800	\$ 82,500	\$ 3,300
Committed	6,005,499	6,715,894	(710,395)
Unassigned	4,175,000	1,257,502	2,917,498
Total General Fund	\$ 10,266,299	\$ 8,055,896	\$ 2,210,403
Debt Service Fund:			
Restricted	\$ 9,126,362	\$ 6,825,606	\$ 2,300,756
Total Debt Service Fund	\$ 9,126,362	\$ 6,825,606	\$ 2,300,756
Capital Projects Fund:			
Restricted	\$ 10,394,526	\$ 8,775,876	\$ 1,618,650
Total Capital Projects Fund	\$ 10,394,526	\$ 8,775,876	\$ 1,618,650
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 2,752,792	\$ 2,655,155	\$ 97,637
Unassigned	(283,355)	(171,184)	(112,171)
Permanent Funds:			
Restricted	25,623	25,085	538
Total Nonmajor Funds	\$ 2,495,060	\$ 2,509,056	\$ (14,534)

The changes in total fund balances for the general fund and the nonmajor special revenue and nonmajor permanent funds occurred due to the regular activity of operations. The debt service fund increase was the result of a transfer from the general fund. The increase in the capital projects fund was due to bond proceeds.

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 proprietary funds had an operating loss of \$495,736 for the year ended June 30, 2020.

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 1001 General Fund.

Actual revenues to Fund 1001 General Fund were above budgeted amounts and actual expenditures from Fund 1001 General Fund were below budgeted amounts. Consequently, the School District produced a surplus in Fiscal Year 2020. This surplus is reflected in the School District’s fund balance. For the year ended June 30, 2020, the unassigned fund balance is \$4,175,000. The unassigned fund balance is available for use in future budgets.

Capital Asset and Long-Term Debt Activity

Capital Assets

As of June 30, 2020, the School District capital assets increased by \$2,617,810. This increase was due to capital additions of \$4,241,081 less current year depreciation expense of \$1,623,271.

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

	2020	2019
Land	\$ 2,251,677	\$ 2,251,677
Construction in progress	552,473	5,831,368
Buildings and improvements	45,457,135	37,448,092
Furniture, fixtures and equipment	636,422	659,633
Vehicles	489,344	578,471
Total	\$ 49,387,051	\$ 46,769,241

Debt

At June 30, 2020, the School District had \$43,820,974 in bonds payable versus \$39,259,282 in the prior fiscal year. Refer to Note 6 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions or Conditions

The outbreak of COVID-19 has been declared a pandemic and led to a national state of emergency in the United States. Refer to Note 1 of Notes to Financial Statements for more detailed information.

At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Burlington School District. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Burlington School District.

Economic Factors and Next Year's Budgets and Rates

The School District is not aware of any factors that could severely impact its future economic condition.

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, 2020

	Governmental Activities	Business-type Activities	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 24,456,484	\$ 29,231	\$ 24,485,715
Investments	25,173	-	25,173
Accounts receivable (net of allowance for uncollectibles):			
Other	972,973	2,585	975,558
Due from other governments	5,002,410	135,081	5,137,491
Prepaid items	85,800	1,526	87,326
Internal balances	(1,366,814)	1,366,814	-
Total current assets	<u>29,176,026</u>	<u>1,535,237</u>	<u>30,711,263</u>
Noncurrent assets:			
Restricted cash	10,745,012	-	10,745,012
Land and other assets not being depreciated	2,804,150	-	2,804,150
Buildings, building improvements and other assets, net of accumulated depreciation	<u>46,495,620</u>	<u>87,281</u>	<u>46,582,901</u>
Total noncurrent assets	<u>60,044,782</u>	<u>87,281</u>	<u>60,132,063</u>
TOTAL ASSETS	<u>89,220,808</u>	<u>1,622,518</u>	<u>90,843,326</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	2,575,945	-	2,575,945
Deferred outflows related to OPEB	280,326	-	280,326
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,856,271</u>	<u>-</u>	<u>2,856,271</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 92,077,079</u>	<u>\$ 1,622,518</u>	<u>\$ 93,699,597</u>

STATEMENT A (CONTINUED)

BURLINGTON SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 4,047,319	\$ 80,353	\$ 4,127,672
Accrued wages and benefits	1,571,749	-	1,571,749
Accrued expenses	1,290,618	70,404	1,361,022
Due to other governments	106,074	-	106,074
Current portion of long-term obligations	1,839,571	-	1,839,571
Total current liabilities	8,855,331	150,757	9,006,088
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	42,410,974	-	42,410,974
Accrued compensated absences	2,434,234	-	2,434,234
Net pension liability	8,283,736	-	8,283,736
Net OPEB liability	5,714,402	-	5,714,402
Total noncurrent liabilities	58,843,346	-	58,843,346
TOTAL LIABILITIES	67,698,677	150,757	67,849,434
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	16,208	-	16,208
Deferred inflows related to pensions	1,854,505	-	1,854,505
Deferred inflows related to OPEB	848,219	-	848,219
TOTAL DEFERRED INFLOWS OF RESOURCES	2,718,932	-	2,718,932
NET POSITION			
Net investment in capital assets	7,097,446	87,281	7,184,727
Restricted: Debt service fund	9,126,362	-	9,126,362
Capital projects fund	10,394,526	-	10,394,526
Special revenue funds	2,752,792	-	2,752,792
Permanent funds	25,623	-	25,623
Unrestricted (deficit)	(7,737,279)	1,384,480	(6,352,799)
TOTAL NET POSITION	21,659,470	1,471,761	23,131,231
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 92,077,079	\$ 1,622,518	\$ 93,699,597

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

BURLINGTON SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
Regular instruction	\$ 30,102,891	\$ 1,266,754	\$ 17,947,520	\$ -	\$ (10,888,617)	\$ -	\$ (10,888,617)
Special education instruction	14,992,566	-	-	-	(14,992,566)	-	(14,992,566)
Other instructional programs	692,265	-	-	-	(692,265)	-	(692,265)
Student support services	5,811,425	-	-	-	(5,811,425)	-	(5,811,425)
Staff support services	3,469,879	-	-	-	(3,469,879)	-	(3,469,879)
General administration	705,000	-	-	-	(705,000)	-	(705,000)
School administration	3,697,909	-	-	-	(3,697,909)	-	(3,697,909)
Centralized services	1,843,380	-	-	-	(1,843,380)	-	(1,843,380)
Operations and maintenance	6,182,669	-	-	-	(6,182,669)	-	(6,182,669)
Transportation services	970,128	-	-	-	(970,128)	-	(970,128)
Employee benefits	656,618	-	-	-	(656,618)	-	(656,618)
On-behalf payments	17,983,812	-	17,983,812	-	-	-	-
Program expenses	8,727,739	-	-	-	(8,727,739)	-	(8,727,739)
Community services	5,945	-	-	-	(5,945)	-	(5,945)
Unallocated depreciation (Note 5)*	1,600,044	-	-	-	(1,600,044)	-	(1,600,044)
Interest on long-term debt	1,987,603	-	-	-	(1,987,603)	-	(1,987,603)
Capital outlay	1,179,498	-	-	-	(1,179,498)	-	(1,179,498)
Total governmental activities	<u>100,609,371</u>	<u>1,266,754</u>	<u>35,931,332</u>	<u>-</u>	<u>(63,411,285)</u>	<u>-</u>	<u>(63,411,285)</u>
Business-type activities:							
Food service	<u>3,011,574</u>	<u>588,019</u>	<u>1,843,297</u>	<u>-</u>	<u>-</u>	<u>(580,258)</u>	<u>(580,258)</u>
Total business-type activities	<u>3,011,574</u>	<u>588,019</u>	<u>1,843,297</u>	<u>-</u>	<u>-</u>	<u>(580,258)</u>	<u>(580,258)</u>
Total government	<u>\$ 103,620,945</u>	<u>\$ 1,854,773</u>	<u>\$ 37,774,629</u>	<u>\$ -</u>	<u>(63,411,285)</u>	<u>(580,258)</u>	<u>(63,991,543)</u>

STATEMENT B (CONTINUED)
BURLINGTON SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Changes in net position:			
Net (expense) revenue	<u>(63,411,285)</u>	<u>(580,258)</u>	<u>(63,991,543)</u>
General revenues:			
General state support	66,146,587	-	66,146,587
Investment income	678,525	-	678,525
Miscellaneous	<u>1,261,620</u>	<u>252,589</u>	<u>1,514,209</u>
Total general revenues	<u>68,086,732</u>	<u>252,589</u>	<u>68,339,321</u>
Special items:			
Debt issuance costs	(118,629)	-	(118,629)
Transfers	<u>(33,909)</u>	<u>33,909</u>	<u>-</u>
	<u>(152,538)</u>	<u>33,909</u>	<u>(118,629)</u>
Change in net position	4,522,909	(293,760)	4,229,149
NET POSITION - JULY 1, RESTATED	<u>17,136,561</u>	<u>1,765,521</u>	<u>18,902,082</u>
NET POSITION - JUNE 30	<u>\$ 21,659,470</u>	<u>\$ 1,471,761</u>	<u>\$ 23,131,231</u>

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

BURLINGTON SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Debt Service Fund	Vocational Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 24,456,184	\$ -	\$ -	\$ -	\$ 300	\$ 24,456,484
Restricted cash	1,618,650	9,126,362	-	-	-	10,745,012
Investments	-	-	-	-	25,173	25,173
Accounts receivable (net of allowance for allowance for uncollectibles)	-	-	-	-	972,973	972,973
Due from other governments	1,758,129	-	613,600	-	2,630,681	5,002,410
Prepaid items	85,800	-	-	-	-	85,800
Due from other funds	3,403,655	-	31,025	10,680,326	2,641,738	16,756,744
TOTAL ASSETS	\$ 31,322,418	\$ 9,126,362	\$ 644,625	\$ 10,680,326	\$ 6,270,865	\$ 58,044,596
LIABILITIES						
Accounts payable	\$ 3,332,479	\$ -	\$ 37,802	\$ 285,800	\$ 391,238	\$ 4,047,319
Accrued wages and benefits	1,568,824	-	-	-	2,925	1,571,749
Accrued expenses	1,290,618	-	-	-	-	1,290,618
Due to other governments	106,074	-	-	-	-	106,074
Due to other funds	14,741,916	-	-	-	3,381,642	18,123,558
TOTAL LIABILITIES	21,039,911	-	37,802	285,800	3,775,805	25,139,318
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	16,208	-	-	-	-	16,208
TOTAL DEFERRED INFLOWS OF RESOURCES	16,208	-	-	-	-	16,208
FUND BALANCES						
Nonspendable	85,800	-	-	-	-	85,800
Restricted	-	9,126,362	-	10,394,526	2,778,415	22,299,303
Committed	6,005,499	-	606,823	-	-	6,612,322
Assigned	-	-	-	-	-	-
Unassigned	4,175,000	-	-	-	(283,355)	3,891,645
TOTAL FUND BALANCES	10,266,299	9,126,362	606,823	10,394,526	2,495,060	32,889,070
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 31,322,418	\$ 9,126,362	\$ 644,625	\$ 10,680,326	\$ 6,270,865	\$ 58,044,596

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, 2020

	Total Governmental Funds
Total Fund Balances	\$ 32,889,070
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	49,299,770
Deferred outflows of resources are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Deferred outflows related to pensions	2,575,945
Deferred outflows related to OPEB	280,326
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(43,820,974)
Accrued compensated absences	(2,863,805)
Net pension liability	(8,283,736)
Net OPEB obligation	(5,714,402)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	
Deferred inflows related to pensions	(1,854,505)
Deferred inflows related to OPEB	(848,219)
Net position of governmental activities	\$ 21,659,470

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, 2020

	General Fund	Debt Service Fund	Vocational Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
General state support	\$ 64,524,275	\$ -	\$ 1,622,312	\$ -	\$ -	\$ 66,146,587
Intergovernmental revenues	16,633,084	-	-	-	7,591,968	24,225,052
Charges for services	46,810	-	1,219,944	-	-	1,266,754
Investment income	633,299	45,138	-	-	88	678,525
Miscellaneous revenues	1,139,699	-	7,259	-	114,662	1,261,620
TOTAL REVENUES	82,977,167	45,138	2,849,515	-	7,706,718	93,578,538
EXPENDITURES						
Current:						
Regular instruction	29,823,819	-	-	-	-	29,823,819
Special education instruction	14,992,566	-	-	-	-	14,992,566
Other instructional programs	692,265	-	-	-	-	692,265
Student support services	5,709,493	-	101,932	-	-	5,811,425
Staff support services	3,469,879	-	-	-	-	3,469,879
General administration	705,000	-	-	-	-	705,000
School administration	3,561,944	-	135,965	-	-	3,697,909
Centralized services	1,843,380	-	-	-	-	1,843,380
Operations and maintenance	6,182,669	-	-	-	-	6,182,669
Transportation services	963,388	-	6,740	-	-	970,128
Employee benefits	656,618	-	-	-	-	656,618
On-behalf payments	6,277,532	-	-	-	-	6,277,532
Program expenses	1,317,728	-	1,960,463	-	7,720,714	10,998,905
Community services	5,945	-	-	-	-	5,945
Debt service:						
Principal	325,000	-	-	-	-	325,000
Interest	1,987,603	-	-	-	-	1,987,603
Capital outlay	-	-	-	5,420,579	-	5,420,579
TOTAL EXPENDITURES	78,514,829	-	2,205,100	5,420,579	7,720,714	93,861,222
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,462,338	45,138	644,415	(5,420,579)	(13,996)	(282,684)
OTHER FINANCING SOURCES (USES)						
Proceeds from bond issuance	-	-	-	11,495,000	-	11,495,000
Bond pay-off	-	-	-	(4,337,142)	-	(4,337,142)
Bond issuance costs	-	-	-	(118,629)	-	(118,629)
Transfers in	650,000	2,255,618	-	-	-	2,905,618
Transfers (out)	(2,289,527)	-	(650,000)	-	-	(2,939,527)
TOTAL OTHER FINANCING SOURCES (USES)	(1,639,527)	2,255,618	(650,000)	7,039,229	-	7,005,320
NET CHANGE IN FUND BALANCES	2,822,811	2,300,756	(5,585)	1,618,650	(13,996)	6,722,636
FUND BALANCES - JULY 1, RESTATED	7,443,488	6,825,606	612,408	8,775,876	2,509,056	26,166,434
FUND BALANCES - JUNE 30	\$ 10,266,299	\$ 9,126,362	\$ 606,823	\$ 10,394,526	\$ 2,495,060	\$ 32,889,070

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, 2020

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 6,722,636</u>
<p>Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:</p>	
Capital asset acquisitions	13,554,417
Capital asset disposals	(9,313,336)
Depreciation expense	<u>(1,600,044)</u>
	<u>2,641,037</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>(235,552)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position	<u>(11,495,000)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>6,933,308</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>818,908</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	(150,777)
Net pension liability	(937,261)
Net OPEB liability	<u>225,610</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 4,522,909</u></u>

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

BURLINGTON SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2020

	Enterprise Funds			
	Food Service	A&P Post Secondary	Continuing Ed Night	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ 29,231	\$ -	\$ 29,231
Accounts receivable (net of allowance for uncollectibles)	-	-	2,585	2,585
Due from other governments	126,281	8,800	-	135,081
Prepaid items	679	847	-	1,526
Due from other funds	1,270,236	118,591	-	1,388,827
Total current assets	<u>1,397,196</u>	<u>157,469</u>	<u>2,585</u>	<u>1,557,250</u>
Noncurrent assets:				
Equipment, net of accumulated depreciation	87,281	-	-	87,281
Total noncurrent assets	<u>87,281</u>	<u>-</u>	<u>-</u>	<u>87,281</u>
TOTAL ASSETS	<u>\$ 1,484,477</u>	<u>\$ 157,469</u>	<u>\$ 2,585</u>	<u>\$ 1,644,531</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 58,523	\$ 9,401	\$ 12,429	\$ 80,353
Accrued wages and benefits	-	-	467	467
Accrued expenses	69,937	-	-	69,937
Due to other funds	-	-	22,013	22,013
Total current liabilities	<u>128,460</u>	<u>9,401</u>	<u>34,909</u>	<u>172,770</u>
TOTAL LIABILITIES	<u>128,460</u>	<u>9,401</u>	<u>34,909</u>	<u>172,770</u>
NET POSITION				
Net investment in capital assets	87,281	-	-	87,281
Unrestricted (deficit)	1,268,736	148,068	(32,324)	1,384,480
TOTAL NET POSITION	<u>1,356,017</u>	<u>148,068</u>	<u>(32,324)</u>	<u>1,471,761</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,484,477</u>	<u>\$ 157,469</u>	<u>\$ 2,585</u>	<u>\$ 1,644,531</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, 2020

	Enterprise Funds			Total
	Food Service	A&P Post Secondary	Continuing Ed Night	
OPERATING REVENUES				
Charges for services	\$ 588,019	\$ -	\$ -	\$ 588,019
Intergovernmental revenue	1,801,033	-	42,264	1,843,297
Miscellaneous revenue	87,574	164,715	300	252,589
TOTAL OPERATING REVENUES	<u>2,476,626</u>	<u>164,715</u>	<u>42,564</u>	<u>2,683,905</u>
OPERATING EXPENSES				
Program expenses	2,781,652	131,807	74,888	2,988,347
Depreciation	23,227	-	-	23,227
TOTAL OPERATING EXPENSES	<u>2,804,879</u>	<u>131,807</u>	<u>74,888</u>	<u>3,011,574</u>
OPERATING INCOME (LOSS)	<u>(328,253)</u>	<u>32,908</u>	<u>(32,324)</u>	<u>(327,669)</u>
NONOPERATING REVENUE (EXPENSES)				
Transfers from other funds	33,909	-	-	33,909
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>33,909</u>	<u>-</u>	<u>-</u>	<u>33,909</u>
CHANGE IN NET POSITION	(294,344)	32,908	(32,324)	(293,760)
NET POSITION - JULY 1, RESTATED	<u>1,650,361</u>	<u>115,160</u>	<u>-</u>	<u>1,765,521</u>
NET POSITION - JUNE 30	<u>\$ 1,356,017</u>	<u>\$ 148,068</u>	<u>\$ (32,324)</u>	<u>\$ 1,471,761</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, 2020

	Enterprise Funds			Total
	Food Service	A&P Post Secondary	Continuing Ed Night	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 675,593	\$ 155,915	\$ 300	\$ 831,808
Intergovernmental receipts	2,068,686	-	39,679	2,108,365
Interfund activity	(20,393)	(3,431)	22,013	(1,811)
Payments to suppliers	(2,757,795)	(123,253)	(61,992)	(2,943,040)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(33,909)	29,231	-	(4,678)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer from the general fund	33,909	-	-	33,909
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	33,909	-	-	33,909
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	-	-	-	-
Net disposal of capital assets	-	-	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	-	-	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	29,231	-	29,231
CASH AND CASH EQUIVALENTS - JULY 1	-	-	-	-
CASH AND CASH EQUIVALENTS - JUNE 30	\$ -	\$ 29,231	\$ -	\$ 29,231
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (328,253)	\$ 32,908	\$ (32,324)	\$ (327,669)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	-	-	-
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivables	393,934	-	(2,585)	391,349
(Increase) decrease in inventory	30,768	-	-	30,768
(Increase) decrease in due from other governments	(126,281)	(8,800)	-	(135,081)
(Increase) decrease in prepaid items	(679)	(847)	-	(1,526)
(Increase) decrease in due from other funds	(20,393)	(3,431)	-	(23,824)
Increase (decrease) in accounts payable	(76,169)	9,401	12,429	(54,339)
Increase (decrease) in accrued wages and benefits	-	-	467	467
Increase (decrease) in accrued expenses	69,937	-	-	69,937
Increase (decrease) in due to other funds	-	-	22,013	22,013
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (57,136)	\$ 29,231	\$ -	\$ (27,905)

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

BURLINGTON SCHOOL DISTRICT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2020

	<u>Agency Funds</u>	<u>Private-Purpose Trust Funds</u>
ASSETS		
Investments	\$ -	\$ 169,620
Due from other governments	106,074	-
TOTAL ASSETS	<u>\$ 106,074</u>	<u>\$ 169,620</u>
LIABILITIES		
Deposits held for others	\$ 106,074	\$ -
TOTAL LIABILITIES	<u>\$ 106,074</u>	<u>\$ -</u>
NET POSITION		
Restricted		\$ 169,620
TOTAL NET POSITION		<u>\$ 169,620</u>

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

BURLINGTON SCHOOL DISTRICT

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Private-Purpose Trust Funds</u>
ADDITIONS	
Interest income	<u>\$ 591</u>
TOTAL REVENUES	<u> 591</u>
DEDUCTIONS	
Distributions	<u> 1,430</u>
TOTAL DEDUCTIONS	<u> 1,430</u>
Change in net position	(839)
NET POSITION - JULY 1	<u> 170,459</u>
NET POSITION - JUNE 30	<u><u> \$ 169,620</u></u>

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

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020. 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.

COVID-19 Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Maine, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March, the Governor of Vermont issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Vermont to those necessary to obtain or provide essential services or activities. See Executive Order 01-20 and its

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

addendums. As of the date of this report, the state of emergency was extended to February 15, 2021 and may be further extended if circumstances warrant. While steps toward reopening the State have begun, the speed and scope of the reopening process will depend upon progress toward limiting the continued spread of the disease.

Impact on and Results of Operations

On March 13, 2020, the Governor of Vermont directed the dismissal of Prek-12 schools (Gubernatorial Directive to All School Boards and Superintendents - Continuity of Education Planning). Based on the March 17, 2020 directive from the Agency of Education, Districts were required to keep all employees on payroll, whether they were working or not, through the remainder of the school year. That requirement expired on June 30, 2020.

In accordance with Addendum 6 to Executive Order 01-20, issued by the Governor of Vermont on March 24, 2020 (also referred to as the "Stay Home, Stay Safe Order") and Directive 5 to Executive Order 01-20, issued by the Governor of Vermont on March 26, 2020, the District ceased in-house operations and moved to remote learning systems. The District chose to use virtual forms of remote learning. The application of this Executive Order necessitated that this method remained in force for the remainder of the scheduled school year.

Impact on Finances

The District does not currently anticipate any additional FY 2020 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security ("CARES") Act funding and applicable State programs.

Expected Federal/State Support

The District may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the District expects that if those actions are necessary, that the District would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

Conclusion

The ongoing effects of COVID-19, including the financial impact to the District, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

of the District. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the District.

Implementation of New Accounting Standards

During the year ended June 30, 2020, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance." The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. (The following pronouncements exclude Statements No. 83 and No. 88 which were implemented prior to this Statement).

The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 84, Fiduciary Activities; Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period; Statement No. 90, Majority Equity Interests; Statement No. 91, Conduit Debt Obligations; Statement No. 92, Omnibus 2020; Statement No. 93, Replacement of Interbank Offered Rates; Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting); Implementation Guide No. 2018-1, Implementation Guidance Update-2018; Implementation Guide No. 2019-1, Implementation Guidance Update-2019 and Implementation Guide No. 2019-2, Fiduciary Activities. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, Leases and Implementation Guide No. 2019-3, Leases.

Statement No. 97 "Certain Component Unit Criteria (paragraphs 4 & 5)." The primary objectives of paragraphs 4 & 5 in this Statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. Management has determined the impact of this Statement is not material to the financial statements.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, A&P post secondary and continuing ed night funds are categorized as a business-type activity. All other activities of the Town are categorized as governmental.

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.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus - Basic Financial Statements and 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:

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.
- c. The Vocational Fund is used to account for financial resources for the Burlington Tech Center. Primary revenue sources are received from intergovernmental revenues and charges for services.
- d. The Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment. Primary revenue sources are from proceeds from bond.

Nonmajor Funds

- . Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 and private-purpose). 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.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues per budgetary basis	\$ 77,349,635
Add: On-behalf payments	<u>6,277,532</u>
Total GAAP basis	<u><u>\$ 83,627,167</u></u>
Expenditures per budgetary basis	\$ 74,526,824
Add: On-behalf basis	<u>6,277,532</u>
Total GAAP basis	<u><u>\$ 80,804,356</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.

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:

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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 unions
- Repurchase agreements
- Money market mutual funds

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

Restricted Cash

Certain resources of the District are set aside for the repayment of bonds or unspent bond proceeds and are classified as restricted cash on the statement of net position because their use is limited by applicable bond covenants. These funds are set aside to subsidize potential deficiencies from the District's operation that could adversely affect debt service payments.

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. The allowance for uncollectible accounts is estimated to be zero as of June 30, 2020. Accounts receivable netted with allowances for uncollectible accounts were \$6,113,049 for the year ended June 30, 2020.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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”.

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 capital 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 obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist 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.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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) Plan and additions to/deductions from the VSTRS OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by VSTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

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, 2020, 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. Deferred revenues, which are reported in both the statement of net position and governmental funds balance sheet, qualifies for reporting in this category. Deferred inflows related to pensions and deferred inflows related to OPEB which arise only under an accrual basis of accounting, also qualify for reporting in this

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 given through Vermont Statutes Annotated Title 16 §567 and 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.

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.

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

At June 30, 2020, the School District’s cash balance of \$35,230,727 was comprised of bank deposits of \$33,574,291. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the District’s cash balance. Of these bank deposits, \$500,000 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk. \$33,074,291 of bank deposits was collateralized with an irrevocable standby letter of credit in the District’s name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 26,703,547
Money market account	<u>6,870,744</u>
	<u><u>\$ 33,574,291</u></u>

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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.

Certificates of deposit held with local financial institutions for \$194,793 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At June 30, 2020, the District's investments of \$194,793 in certificates of deposit were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

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.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2020 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 3,403,655	\$ 14,741,916
Vocational Fund	31,025	-
Capital Projects Fund	10,680,326	-
Enterprise Funds	1,388,827	22,013
Nonmajor Funds	2,641,738	3,381,642
	<u>\$ 18,145,571</u>	<u>\$ 18,145,571</u>

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

The result of amounts owed between funds are considered to be in the course of normal operations by the District. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2020 consisted of the following:

	Transfers From	Transfers To	
General Fund	\$ 650,000	\$ 2,289,527	
Debt Service Fund	2,255,618	-	
Vocational Fund	-	650,000	
Enterprise Funds	33,909	-	
	\$ 2,939,527	\$ 2,939,527	

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2020:

	Balance, 7/1/19	Additions	Disposals	Balance, 6/30/20
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 2,251,677	\$ -	\$ -	\$ 2,251,677
Construction in progress	5,831,368	4,034,441	(9,313,336)	552,473
	<u>8,083,045</u>	<u>4,034,441</u>	<u>(9,313,336)</u>	<u>2,804,150</u>
Depreciated assets:				
Buildings and improvements	55,855,644	9,313,336	-	65,168,980
Furniture and equipment	3,731,642	151,284	-	3,882,926
Vehicles	1,646,156	55,356	(40,917)	1,660,595
	<u>61,233,442</u>	<u>9,519,976</u>	<u>(40,917)</u>	<u>70,712,501</u>
Less accumulated depreciation:				
Buildings and improvements	(18,407,552)	(1,304,293)	-	(19,711,845)
Furniture and equipment	(3,182,517)	(151,268)	-	(3,333,785)
Vehicles	(1,067,685)	(144,483)	40,917	(1,171,251)
	<u>(22,657,754)</u>	<u>(1,600,044)</u>	<u>40,917</u>	<u>(24,216,881)</u>
Net depreciated assets	<u>38,575,688</u>	<u>7,919,932</u>	<u>-</u>	<u>46,495,620</u>
Net governmental capital assets	<u>\$ 46,658,733</u>	<u>\$ 11,954,373</u>	<u>\$ (9,313,336)</u>	<u>\$ 49,299,770</u>
<u>Business-type activities:</u>				
Depreciated assets:				
Furniture, fixtures and equipment	\$ 141,202	\$ -	\$ -	\$ 141,202
	<u>141,202</u>	<u>-</u>	<u>-</u>	<u>141,202</u>
Less accumulated depreciation:				
Furniture, fixtures and equipment	(30,694)	(23,227)	-	(53,921)
	<u>(30,694)</u>	<u>(23,227)</u>	<u>-</u>	<u>(53,921)</u>
Net business-type capital assets	<u>\$ 110,508</u>	<u>\$ (23,227)</u>	<u>\$ -</u>	<u>\$ 87,281</u>
<u>Depreciation expense:</u>				
Education				\$ 1,600,044
Food service				23,227
Total depreciation expense				<u>\$ 1,623,271</u>

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2020:

	Balance, 7/1/19	Additions	Deletions	Balance, 6/30/20	Current Portion
<u>Governmental activities:</u>					
Bonds payable	\$ 39,259,282	\$ 11,495,000	\$ (6,933,308)	\$ 43,820,974	\$ 1,410,000

The following is a summary of bonds payable:

<u>Governmental activities:</u>	<u>Principal</u>	<u>Premium</u>	<u>Total</u>
\$9,700,000, 2010 Qualified School Construction Bond (QSCB) due in semiannual interest installments through November 2026. Interest is charged at a fixed 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.	1,370,000	-	1,370,000
\$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.	-	150,205	150,205
\$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.	-	3,827	3,827
\$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.	1,500,000	-	1,500,000
\$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.	2,820,000	404,112	3,224,112

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - LONG TERM DEBT (CONTINUED)

<u>Governmental activities (continued):</u>	<u>Principal</u>	<u>Premium</u>	<u>Total</u>
\$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.	1,810,000	241,815	2,051,815
\$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.	1,525,000	176,783	1,701,783
\$2,300,000, 2017 General Obligation Bond due in annual installments and semi annual 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.	2,145,000	-	2,145,000
\$8,000,000, 2018 General Obligation Bond due in annual installments and semi annual interest installments through November 2038. Interest is charged at a fixed rate of 5% per annum. Annual payments vary from \$240,000 to \$615,000.	7,760,000	719,232	8,479,232
\$6,000,000, 2019 General Obligation Bond due in annual installments and semi annual interest installments through June 2040. Interest is charged at a fixed rate of 4% per annum. Annual principal payments vary from \$170,000 to \$440,000.	6,000,000	-	6,000,000
\$5,495,000, 2019 General Obligation Bond due in annual installments and semi annual interest installments through November 2035. Interest is charged at a fixed rate ranging from 1.844% to 3.031% per annum. Annual payments vary from \$100,000 to \$505,000.	<u>5,495,000</u>	<u>-</u>	<u>5,495,000</u>
Total Bonds Payable	<u>\$ 42,125,000</u>	<u>\$ 1,695,974</u>	<u>\$ 43,820,974</u>

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - LONG TERM DEBT (CONTINUED)

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

Year	Principal	Premium	Interest	Total Debt Service
2021	\$ 1,410,000	\$ 136,166	\$ 2,021,119	\$ 3,567,285
2022	1,475,000	136,166	1,966,409	3,577,575
2023	1,540,000	136,166	1,904,798	3,580,964
2024	1,765,000	136,166	1,835,576	3,736,742
2025	1,855,000	136,166	1,760,173	3,751,339
2026-2030	20,895,000	560,159	4,965,496	26,420,655
2031-2035	7,919,999	306,664	2,017,011	10,243,674
2036-2040	5,265,001	148,321	499,821	5,913,143
	<u>\$ 42,125,000</u>	<u>\$ 1,695,974</u>	<u>\$ 16,970,403</u>	<u>\$ 60,791,377</u>

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

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.

On December 10, 2019, the District issued a General Obligation Refunding Bond in the amount of \$5,495,000 to refinance the 2012A, 2013B and 2015A series bonds. As a result, that portion of the 2012A, 2013B and 2015A bonds are considered defeased and the District has removed the liability from its accounts.

All bonds payable and notes from direct borrowings payable are direct obligations of the Burlington School District, for which its full faith and credit are pledged. The Burlington School District is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Burlington School District. The outstanding principal of the defeased bonds is \$4,837,143 at June 30, 2020.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in the other long-term obligations for the year ended June 30, 2020:

	Balance, 7/1/19 (Restated)	Additions	Deletions	Balance, 6/30/20	Current Portion
Accrued compensated absences	\$ 2,713,028	\$ 150,777	\$ -	\$ 2,863,805	\$ 429,571
Net pension liability	7,346,475	2,336,974	(1,399,713)	8,283,736	-
Net OPEB liability	5,940,012	264,693	(490,303)	5,714,402	-
	<u>15,999,515</u>	<u>\$ 2,752,444</u>	<u>\$ (1,890,016)</u>	<u>16,861,943</u>	<u>\$ 429,571</u>

Please see Notes 8, 14 and 15 for more detailed information on each of these long-term obligations.

NOTE 8 - ACCRUED 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 a long-term obligation 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, 2020, the District's liability for compensated absences is \$2,863,805.

NOTE 9 - LETTERS OF CREDIT

At June 30, 2020, the District had an outstanding irrevocable standby letter of credit issued by the Federal Home Loan Bank of Pittsburgh serving as collateral for its deposits held at TD, Bank, N.A. The letter of credit, which expires at the close of business on August 4, 2020, authorizes one draw only, up to the amount of \$42,000,000. There were no draws for the year ended June 30, 2020.

NOTE 10 - NONSPENDABLE FUND BALANCE

At June 30, 2020, the District had the following nonspendable fund balance:

General fund:	
Prepaid items	<u>\$ 85,800</u>

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11 - RESTRICTED NET POSITION AND FUND BALANCES

At June 30, 2020, the District had the following restricted net position and fund balances:

Debt service fund	\$ 9,126,362
Capital projects fund	10,394,526
Nonmajor special revenue funds:	
IDEA B flow thru	9,702
Title I school improv	296
Title III english lang	10,468
RTT - PK development	102,751
21st century schools	5,304
Title IIA	974
CNP fresh fruit/veg	225,032
CRF - LEA grant	4
Medicaid IEP reimbursement	1,890,275
Medicaid EDPSDT	208,724
Small grant fund	38,243
Stars bonus	9,170
VT refugee children	2,018
Bay and Paul foundation	48,422
Nellie Mae grant	3,638
Digital promise grant	101,027
The verizon foundation	48,994
Dental access program	9,350
Youthbuild (HOEHL)	33,600
EMS teach tolerance	4,800
Nonmajor permanent funds:	
Margot E. Reed fund	4,808
Raymond E. Tracy estate fund	20,365
School land rent Glebe fund	450
	\$ 22,299,303

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 12 - COMMITTED FUND BALANCES

At June 30, 2020, the District had the following committed fund balances:

General fund:	
BAS afterschool fees	\$ 580,254
E-rate	351,228
Project Explore - Flynn	838
String program	27,943
Wellness program	3,211
Programming and facilities	1,873,510
Care and custody students	494,777
Driver Education	112,224
Taft building lease	1,071,637
Background check	35,000
DOJ resource plan	197,375
Use of FY 21 fund balance	1,257,502
Debt service fund:	
Sinking fund	-
Vocational fund	606,823
	<u>\$ 6,612,322</u>

NOTE 13 - DEFICIT NET POSITION AND FUND BALANCES

At June 30, 2020, the District had the following deficit net position and fund balances:

Enterprise fund:	
Continuing ed night	\$ 32,324
Nonmajor special revenue funds:	
IDEA - B PK flow thru	10,778
Title I grant	26,718
Perkins second adult rsrv	18,585
Title IV SSAE	1,116
Licensing fees	1,532
Schl based hlth ctr	594
Henderson foundation	22
Rowland foundation	7,498
Safety and security	162,604
Dept of hlth ADAP	4,426
VT DOL adult tech	153
VT DOL wet grant	160
Flexible pathways	20,444
VT DOL adult tech FY20	6,069
BTC prg innovation	4,595
Summer food service	18,061
	<u>\$ 315,679</u>

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 - 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, 2018 (the most recent period available), the retirement system consisted of 22,561 participating members.

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.

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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 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 7/1/90 x AFC + 1.67% x service after 7/1/90 x AFC	1.25% x service prior to 7/1/90 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

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

VSTRS	Group A	Group C – Group # 1	Group C – Group # 2
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
Early Retirement Eligibility	Age 55	Age 55 with 5 years of service	Age 55 with 5 years of service
Early Retirement Reduction	Actuarial reduction	6% for each year prior to 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 pay full premium	Members pay full premium	Members pay 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 \$6,277,532 or 19.15% of total payroll for employees covered under the plan.

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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; contributions stop after 25 years of creditable service	5.0% of gross salary with 5 or more years of service as of 7/1/14; 6.0% of gross salary if less than 5 years of service as of 7/1/14	5.0% of gross salary with 5 or more years of service as of 7/1/14; 6.0% of gross salary if less than 5 years of service as of 7/1/14

Employee contributions totaled \$1,785,758 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 \$32,780,844 for the year ended June 30, 2020. Beginning in 2016, school districts that pay for teachers with federal dollars are required to include costs of pensions in the federal grant, lowering the liability for the State. Federally funded pension costs reimbursed to the State by the Supervisory Union for the fiscal year ending June 30, 2020 were \$282,110. The Supervisory Union's total payroll for all federally funded employees covered under this plan was \$1,525,720 for the year ended June 30, 2020.

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, 2020. The State's portion of the collective net pension liability that was associated with the School District was as follows:

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

School District's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>71,563,284</u>
Total	\$	<u>71,563,284</u>

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, 2019, 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, 2019, the School District's proportion was 4.5855% which was an increase of 0.09215% from its proportion measured as of June 30, 2018.

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

For the year ended June 30, 2020, the School District recognized total pension expense of \$9,428,028 and revenue of \$9,428,028 for support provided by the State of Vermont for the VSTRS plan. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	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>

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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:		
2020	\$	-
2021		-
2022		-
2023		-
2024		-
Thereafter		-

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using the actuarial assumptions outlined below.

Investment Rate of Return: 7.50%, net of pension plan investment expenses, including inflation

Inflation: 2.50%

Salary Increases: Ranging from 3.75% to 9.09%

Deaths After Retirement: The VSTRS plan used 98% of the RP-2006 White Collar Employee with generational projection using Scale SSA-2017 for pre-retirement, 98% of the RP-2006 White Collar Annuitant with generational projection using Scale SSA-2017 for healthy retirees, and the RP-2006 Disabled Mortality Table with generational projection using Scale SSA-2017 for disabled retirees.

Inactive Members: Valuation liability for the VSTRS plan equals 250.0% of accumulated contributions.

Future Administrative Expenses: No provisions were made, expenses of the System are paid by the State.

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.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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). The January 1, 2020 COLA is assumed to be 1.60% for Group A and 1.00% for Group C.

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.

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.

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	29.00%	6.90%
US Equity - Large Cap	4.00%	5.94%
US Equity - Small/Mid Cap	3.00%	6.72%
Non-US Equity - Large Cap	5.00%	6.81%
Non-US Equity - Small Cap	2.00%	7.31%
Emerging Markets Debt	4.00%	4.26%
Core Bonds	14.00%	1.79%
Non-Core Bonds	6.00%	3.22%
Short Quality Credit	5.00%	1.81%
Private Credit	5.00%	6.00%
US TIPS	3.00%	1.45%
Core Real Estate	5.00%	4.26%
Non-Core Real Estate	3.00%	5.76%
Private Equity	10.00%	10.81%
Infrastructure/Farmland	2.00%	4.89%

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.

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:

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	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 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.

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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.

The following is a summary of the System participants as of June 30, 2019:

Inactive members or beneficiaries currently receiving Benefits	766
Active members	913
Inactive members or beneficiaries entitled to but not yet receiving benefits	<u>489</u>
Total	<u>2,168</u>

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) 1.60% of AFC (at age 65) times creditable service not in excess of 25 years plus .50% 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, 2020

NOTE 14 - 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, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Contributions

Participants contribute a set percentage of their gross regular compensation annually. Class A participants contribute 11.0% 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 5.2% beginning with fiscal year 2019. All other Class B participants will be 4.2%

Effective retroactive July 1, 2018, employees shall contribute a percentage so that all employees are contributing 28% (and the City is contributing 72%) of the total contribution required. For fiscal year 2019, this shall mean that the contribution rate for a Class B employee is 4.41% of the employee's base pay.

Effective July 1, 2020, employees shall contribute a percentage so that all employees are contributing 29% (and the City is contributing 71%) of the total contribution required.

Effective July 1, 2021, employees shall contribute a percentage so that all employees are contributing 30% (and the City is contributing 70%) of the total contribution required.

Notwithstanding the above, an individual Class B employee's contribution shall not exceed 5.6% of their eligible wages in fiscal year 2019, 5.8% in fiscal year 2020, 6.2% in fiscal year 2021, or 7% in fiscal year 2022.

Such withholdings for the year ended June 30, 2020 totaled \$450,753.

The Board establishes employer contributions based on an actuarially determined contribution recommended by an independent actuary. The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by the System members during the year, with an additional amount to finance a portion of any unfunded accrued liability. The calculation of the actuarially determined contribution is governed by the applicable provisions of the Retirement Code. The District contributed \$1,161,827 for the year ended June 30, 2020. The District's total payroll for the year ended June 30, 2020 for all employees covered under this plan was \$9,652,091.

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

At June 30, 2020, the District reported a liability of \$8,283,736 for its proportionate share of the net pension liability for the System. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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, 2019.

At June 30, 2019, the District’s proportion was 9.92804% for the System, which was an increase of 0.22152% from its proportion measured as of June 30, 2018 for the System.

For the year ended June 30, 2020, the District recognized total pension expense of \$133,198. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 136,406	\$ 178,215
Changes of assumptions	417,340	372,741
Net difference between projected and actual earnings on pension plan investments	651,325	584,582
Changes in proportion and differences between contributions and proportionate share of contributions	128,656	718,967
Contributions subsequent to the measurement date	1,242,218	-
Total	\$ 2,575,945	\$ 1,854,505

\$1,242,218 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, 2021. 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:	
2021	\$ (482,356)
2022	(288,107)
2023	160,890
2024	88,795
2025	-
Thereafter	-

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Significant Actuarial Assumptions and Methods

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience study for the five-year period ending June 30, 2017.

The net pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 rolled forward from June 30, 2017 using the actuarial assumptions outlined below:

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

Investment Rate of Return: 7.40%

Inflation Rate: 2.60%

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

Assumed Annual Rates of Salary Increases: 3.50% - 10.00% including inflation

Mortality Rates: were based on the RP-2014 Total Dataset Mortality tables for Males and Females projected to the valuation date with Scale MP-2019. RP-2014 Disability Mortality Table projected to the valuation date with Scale MP-2019.

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, 2020

NOTE 14 - 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%	7.5%
SMID cap core equity	18.0%	10.2%
International equity	10.0%	5.5%
Emerging markets equity	10.0%	10.1%
Private equity	2.0%	10.9%
Real estate/Timber	10.0%	8.4%
Core fixed income	20.0%	3.3%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.40%. 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 7.40%, 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 (6.40%) or 1 percentage-point higher (8.40%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
Discount rate	6.40%	7.40%	8.40%
School District's proportionate share of the net pension liability	\$ 11,422,521	\$ 8,283,736	\$ 5,652,740

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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 15 - 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, 2019, the Plan consisted of 184 participating employers and at June 30, 2018 (the most recent period available), the plan consisted of 6,713 retired members or beneficiaries currently receiving benefits and 9,892 active members.

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 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).

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

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:

	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 if meet the following years of service at retirement requirement:		
	Less than 10 years of service at June 30, 2010:			
	Less than 15 years at retirement	0% of premium	Less than 10 years	25 years at retirement
	15-19.99 years at retirement	60% of premium	10-14.99 years	25 years at retirement
	20-24.99 years at retirement	70% of premium	15-24.99 years	10 additional years from June 30, 2010
	25 years or more at retirement	80% of premium	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

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

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.

Retirees pay full cost of dental benefits.

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, 2020. 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		<u>41,513,836</u>
Total	<u>\$</u>	<u>41,513,836</u>

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, 2019, 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, 2019, the District's proportion was 3.98883% which was an increase of 0.04115% from its proportion measured as of June 30, 2018.

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

For the year ended June 30, 2020, the District recognized total OPEB expense of \$2,278,252 and revenue of \$2,278,252 for support provided by the State of Vermont for the Plan. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

	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	<u>\$ -</u>	<u>\$ -</u>

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

	VSTRS OPEB Plan	
Plan year ended June 30:		
2020	\$	-
2021		-
2022		-
2023		-
2024		-
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	2.50%	3.50%	4.50%
School District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

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 2019 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:

	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, 2019, 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 is market value as of the measurement date.

The long-term expected rate of return on OPEB plan investments are developed for each major asset class. These returns are 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.

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

The target allocation, long-term expected rates of return for each major asset class and expected inflation, as of June 30, 2019, are summarized below:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large cap equity	20.00%	7.50%
International equity	15.00%	7.75%
Emerging international equity	5.00%	9.25%
Core bonds	60.00%	4.37%
Inflation		2.75%
Total	100.00%	

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, 2019, they are as follows:

Discount Rate	3.50%
Salary Increase Rate	Varies by age
Non-Medicare	7.15% graded to 4.50% over 12 years
Medicare	7.15% graded to 4.50% over 12 years
Retiree Contributions	Equal to health trend
Pre-retirement Mortality	98% of RP-2006 White Collar Employee with generational projection using Scale SSA-2018.
Post-retirement Mortality	98% of RP-2006 White Collar Annuitant with generational projection using Scale SSA-2018.

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2019 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 remaining

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

was twenty-nine years as of July 1, 2019. For the fiscal year ended June 30, 2019, the discount rate was decreased from 3.87% to 3.50%.

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, 2020

NOTE 15 - 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, 2018 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, 2020

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Employees Covered by Benefit Terms

At June 30, 2020, the following employees were covered by the benefit terms:

Active members	678
Retirees and spouses	<u>37</u>
Total	<u><u>715</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, 2020, the District reported a liability of \$5,714,402 for its total OPEB liability for this Plan. The total OPEB liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

For the year ended June 30, 2020, the District recognized OPEB expense of \$264,693. At June 30, 2020, 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	\$ 75,246	\$ 391,760
Changes of assumptions	205,080	456,459
Total	\$ 280,326	\$ 848,219

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 15 - 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:	
2021	\$ (135,185)
2022	(135,185)
2023	(135,182)
2024	(58,093)
2025	(104,248)
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, 2019. 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 2.66% per annum for June 30, 2020 was based upon a measurement date of June 30, 2019. The sensitivity of total and net OPEB liability to changes in discount rate are as follows:

	1% Decrease	Discount Rate	1% Increase
	1.66%	2.66%	3.66%
Total OPEB liability	\$ 6,057,882	\$ 5,714,402	\$ 5,375,993
Plan fiduciary net position	-	-	-
Net OPEB liability	\$ 6,057,882	\$ 5,714,402	\$ 5,375,993
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, 2020

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 5,089,740	\$ 5,714,402	\$ 6,442,212
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 5,089,740</u>	<u>\$ 5,714,402</u>	<u>\$ 6,442,212</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 June 30, 2020 based on an actuarial valuation date of June 30, 2020. Liabilities as of July 1, 2019 are based on an actuarial valuation date of July 1, 2018 projected to July 1, 2019 on a “no loss / no gain” basis.

Discount rate: 2.66% as of June 30, 2020 and 3.51% for July 1, 2019.

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 been updated as of June 30, 2018.

Health care trend rates

<u>FYE</u>	<u>Rates</u>	<u>FYE</u>	<u>Rates</u>
2021	8.0%	2025	6.0%
2022	7.5%	2026	5.5%
2023	7.0%	2027+	5.0%
2024	6.5%	2028	4.5%

Inflation rate: 2.3% per year

BURLINGTON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Mortality: Teachers and Admin employees and retirees: SOA Pub-2010 Teacher Headcount Weighted Mortality Table fully generational using Scale MP-2020

Non-Teacher employees and retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020

Disabled Retirees: SOA Pub-2010 Non-Safety Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2020

Surviving Spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020

Payroll growth:

Payroll growth rates including general wage inflation of 2.3% plus merit/productivity increases as shown below, which are based on the assumptions used in the City of Burlington actuarial valuation as of June 30, 2019 for Non-Teachers and Vermont State Teachers Retirement System (VSTRS) OPEB actuarial valuation as of June 30, 2020 for Teachers / Admin.

Age	Teachers / Admin	YO S	Non- Teachers
20	8.20%	0	4.30%
30	4.20%	5	2.40%
40	3.00%	10	1.90%
50	1.90%	15	1.50%
60	1.25%	20+	1.20%
70+	1.00%		

Benefit changes

There have been no substantive plan provision changes since the last full valuation, which was for the fiscal year ending June 30, 2018, summarized as follows:

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.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets; errors and omissions and injuries to employees.

The School District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the School District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 17 - 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, 2020 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, 2020. Therefore, the amount, if any, of any liabilities arising from the unprocessed claims cannot be determined at this time.

NOTE 18 - RESTATEMENTS

In 2020, the District determined that certain transactions were recorded incorrectly or omitted. Therefore, restatements were required to fund balances and net position for governmental and business-type activities.

The general fund balance was restated by an increase of \$1,006,398 from \$6,437,090 to \$7,443,448. This restatement reflects the addition of the Taft building lease fund balance of \$1,071,637. The fund balances for the stars bonus, small grants and dental access were removed from the general fund and added to the nonmajor special revenues. The removal of these funds resulted in a decrease of \$65,239. The A&P post

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - RESTATEMENTS (CONTINUED)

secondary fund balance was also removed from the general fund and added to the enterprise funds in the amount of \$115,160.

The nonmajor special revenue funds total fund balance was restated by a decrease of \$632,832. This restatement reflects the removal of the vocational fund balance of \$612,408 to a major fund and the remaining \$115,163 to the general fund. The Margot E. Reed fund balance of \$4,791 and the Raymond E. Tracy Estate fund balance of \$20,294 was moved from nonmajor special revenues to nonmajor permanent funds. The AFS trust fund balance of \$19,333 and the scholarship trust fund balance of \$151,126 was moved to fiduciary funds. The CNP fresh fruits/veg fund balance of \$225,042 was moved to the nonmajor special revenue funds from the food service fund.

The beginning net position for governmental activities was restated by an increase of \$417,409 to correct the net pension obligation balance which was decreased by the same amount.

The net restatement to the governmental activities net position was an increase of \$353,631 from \$16,782,930 to \$17,136,561.

The business-type activities were restated by a decrease of \$109,882 from \$1,875,403 to \$1,765,521. This restatement reflects the CNP fresh fruits/vegs net position of \$225,042 moving to the governmental activities and the addition of the A&P post secondary net position of \$115,160 from the governmental activities.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental 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, 2020

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1, Restated	\$ 7,443,488	\$ 7,443,488	\$ 7,443,488	\$ -
Resources (Inflows):				
Intergovernmental:				
General state support	64,660,191	64,660,191	64,524,275.00	(135,916)
Other	10,154,009	10,154,009	10,355,552.00	201,543
Charges for services	179,425	179,425	46,810.00	(132,615)
Interest income	620,760	620,760	633,299.00	12,539
Miscellaneous	56,500	56,500	82,095.00	25,595
Non-Fund 1001 Revenue	4,237,315	4,237,315	1,057,604.00	(3,179,711)
Transfers from other funds	650,000	650,000	650,000	-
Amounts Available for Appropriation	<u>88,001,688</u>	<u>88,001,688</u>	<u>84,793,123</u>	<u>(3,208,565)</u>
Charges to Appropriations (Outflows):				
Current:				
Regular instruction	31,085,358	31,085,358	29,823,819.00	1,261,539
Special education instruction	14,924,738	14,924,738	14,992,566	(67,828)
Other instructional programs	886,640	886,640	692,265.00	194,375
Student support services	6,240,990	6,240,990	5,709,493.00	531,497
Staff support services	3,719,647	3,719,647	3,469,879	249,768
General administration	737,728	737,728	705,000	32,728
School administration	4,002,760	4,002,760	3,561,944	440,816
Centralized services	2,126,101	2,126,101	1,843,380	282,721
Operations and maintenance	7,183,357	7,183,357	6,182,669	1,000,688
Transportation services	1,401,504	1,401,504	963,388	438,116
Employee benefits	558,016	558,016	656,618	(98,602)
Community services	-	-	5,945	(5,945)
Debt service:				
Principal	325,000	325,000	325,000	-
Interest	2,093,221	2,093,221	1,987,603	105,618
Transfers to other funds	2,650,000	2,650,000	2,289,527	360,473
Total General Fund Expenditures	<u>77,935,060</u>	<u>77,935,060</u>	<u>73,209,096</u>	<u>4,725,964</u>
Non-Fund 1001 expenditures	<u>3,430,686</u>	<u>4,080,686</u>	<u>1,317,728.00</u>	<u>2,762,958</u>
Total Charges to Appropriations	<u>81,365,746</u>	<u>82,015,746</u>	<u>74,526,824</u>	<u>7,488,922</u>
Budgetary Fund Balance, June 30	<u>\$ 6,635,942</u>	<u>\$ 5,985,942</u>	<u>\$ 10,266,299</u>	<u>\$ 4,280,357</u>
Utilization of unassigned fund balance	<u>\$ 1,443,000</u>	<u>\$ 1,443,000</u>	<u>\$ -</u>	<u>\$ (1,443,000)</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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>VSTRS:</u>						
Proportion of the net pension liability School District's proportionate share of the net pension liability	4.59%	4.49%	4.55%	4.66%	4.80%	4.94%
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District Total	<u>71,563,284</u> <u>\$ 71,563,284</u>	<u>67,882,065</u> <u>\$ 67,882,065</u>	<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>
Covered payroll	\$ 31,498,868	\$ 30,377,299	\$ 30,171,373	\$ 30,171,373	\$ 26,774,383	\$ 27,991,613
Proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	54.96%	54.81%	53.98%	55.31%	58.22%	64.02%

* 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*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>VSTRS:</u>						
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 32,780,844	\$ 31,498,868	\$ 30,377,299	\$ 30,079,258	\$ 30,171,373	\$ 26,774,383
Contributions as a percentage of covered payroll	0.00%	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*

	2020	2019	2018	2017	2016
Total pension liability					
Service cost	\$ 632,897	\$ 647,457	\$ 589,104	\$ 738,866	\$ 796,849
Interest	1,957,652	1,937,547	1,941,074	2,533,671	2,348,193
Changes in benefit terms	-	(13,447)	-	(57,459)	(426,731)
Difference between actual and expected experience	73,418	131,657	(711,518)	963,221	2,070,219
Net difference between projected and actual earnings on pension plan investments	397,778	146,461	(1,605,291)	2,092,725	-
Changes of assumptions	124,347	69,450	257,146	-	144,790
Change in proportional share of contributions	(1,393,270)	(1,286,990)	(1,848,089)	234,479	991,329
Benefit payments, including refunds of employee contributions	(1,305,315)	(2,002,116)	(6,669,665)	(3,361,904)	(1,112,837)
Net change in total pension liability	<u>487,507</u>	<u>(369,981)</u>	<u>(8,047,239)</u>	<u>3,143,599</u>	<u>4,811,812</u>
Total pension liability - beginning	<u>25,692,773</u>	<u>26,062,754</u>	<u>34,109,993</u>	<u>30,966,394</u>	<u>26,154,582</u>
Total pension liability - ending (a)	<u><u>\$ 26,180,280</u></u>	<u><u>\$ 25,692,773</u></u>	<u><u>\$ 26,062,754</u></u>	<u><u>\$ 34,109,993</u></u>	<u><u>\$ 30,966,394</u></u>
Plan fiduciary net position					
Contributions - employer	\$ 176,033	\$ 152,707	\$ 152,707	\$ 1,268,901	\$ 1,190,910
Contributions - employee	360,472	351,855	269,058	319,678	291,997
Net investment income	1,393,270	1,286,990	1,231,579	1,778,835	1,758,985
Benefit payments, including refunds of member contributions	(1,160,493)	(1,650,261)	(6,669,665)	(3,361,904)	(1,112,837)
Change in proportional share of contributions	(1,257,571)	710,287	710,287	-	-
Administrative expense	38,535	(39,368)	(35,884)	(44,507)	(41,327)
Other	-	130,809	-	-	-
Net change in plan fiduciary net position	<u>(449,754)</u>	<u>943,019</u>	<u>(4,341,918)</u>	<u>(38,997)</u>	<u>2,087,728</u>
Plan fiduciary net position - beginning	<u>18,346,298</u>	<u>17,403,279</u>	<u>21,745,197</u>	<u>21,784,194</u>	<u>19,696,466</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 17,896,544</u></u>	<u><u>\$ 18,346,298</u></u>	<u><u>\$ 17,403,279</u></u>	<u><u>\$ 21,745,197</u></u>	<u><u>\$ 21,784,194</u></u>
Net pension liability - ending (a) - (b)	<u><u>\$ 8,283,736</u></u>	<u><u>\$ 7,346,475</u></u>	<u><u>\$ 8,659,475</u></u>	<u><u>\$ 12,364,796</u></u>	<u><u>\$ 9,182,200</u></u>
Plan fiduciary net position as a percentage of the total pension liability	68.36%	71.41%	66.77%	63.75%	70.35%
Covered payroll	\$ 9,284,363	\$ 9,329,571	\$ 8,631,859	\$ 8,791,814	\$ 9,019,495
Net pension liability as a percentage of its covered payroll	89.22%	78.74%	100.32%	140.64%	101.80%

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

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

BURLINGTON SCHOOL DISTRICT

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,242,218	\$ 1,161,827	\$ 890,362	\$ 1,293,261	\$ 1,268,901	\$ 1,190,910
Contributions in relation to the actuarially determined contribution	<u>(1,242,218)</u>	<u>(1,161,827)</u>	<u>(890,362)</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>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 9,652,091	\$ 9,284,363	\$ 9,329,571	\$ 8,631,859	\$ 8,791,814	\$ 9,019,495
Contributions as a percentage of covered payroll	12.87%	12.51%	9.54%	14.98%	14.43%	13.20%

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

LAST 10 FISCAL YEARS*

	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense	5.20%	9.80%	10.25%	-1.30%	-0.15%

Notes to schedule:

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

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>2020</u>	<u>2019</u>	<u>2018</u>
<u>VSTRS OPEB Plan:</u>			
Proportion of the net OPEB liability School District's proportionate share of the net OPEB liability	3.99%	3.95%	3.89%
	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the School District Total	<u>41,513,836</u>	<u>37,672,211</u>	<u>36,310,605</u>
	<u>\$ 41,513,836</u>	<u>\$ 37,672,211</u>	<u>\$ 36,310,605</u>
Covered payroll	\$ 31,498,868	\$ 30,377,299	\$ 30,171,373
Proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.03%	-2.85%	-2.94%

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

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

BURLINGTON SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - VSTRS OPEB
LAST 10 FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>VSTRS OPEB Plan:</u>			
Contractually required contribution	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 32,780,844	\$ 31,498,868	\$ 30,079,258
Contributions as a percentage of covered payroll	0.00%	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, 2020

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
Balances at 6/30/18	\$ 5,940,012	\$ -	\$ 5,940,012
Changes for the year:			
Service cost	352,070	-	352,070
Interest	217,893	-	217,893
Changes of benefits	-	-	-
Changes of assumptions	(547,751)	-	(547,751)
Differences between expected and actual experience	(77,737)	-	(77,737)
Contributions - employer	-	170,085	(170,085)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(170,085)	(170,085)	-
Administrative expense	-	-	-
Net changes	<u>(225,610)</u>	<u>-</u>	<u>(225,610)</u>
Balances at 6/30/19	<u>\$ 5,714,402</u>	<u>\$ -</u>	<u>\$ 5,714,402</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*

	2020	2019
<u>Total OPEB liability</u>		
Service cost (BOY)	\$ 352,070	\$ 315,649
Interest	217,893	213,029
Changes of benefit terms	-	-
Changes of assumptions	(547,751)	164,085
Differences between expected and actual experience	(77,737)	112,870
Benefit payments, including refunds of member contributions	(170,085)	(108,152)
Net change in total OPEB liability	\$ (225,610)	\$ 697,481
Total OPEB liability - beginning	\$ 5,940,012	\$ 5,242,531
Total OPEB liability - ending	\$ 5,714,402	\$ 5,940,012
<u>Plan fiduciary net position</u>		
Contributions - employer	170,085	108,152
Contributions - member	-	-
Net investment income	-	-
Benefit payments, including refunds of member contributions	(170,085)	(108,152)
Administrative expense	-	-
Net change in fiduciary net position	-	-
Plan fiduciary net position - beginning	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -
Net OPEB liability - ending	\$ 5,714,402	\$ 5,940,012
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
Covered payroll	\$ 38,782,212	\$ 33,983,834
Net OPEB liability as a percentage of covered payroll	14.7%	17.5%

* 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, 2020

Changes of Assumptions

VSTRS Pension Plan:

There have been no changes in actuarial assumptions since the last measurement date.

VSTRS OPEB Plan:

The discount rate was decreased from 3.87% to 3.50%.

The per capita valuation-year claims and retiree contribution rates were updated.

The assumed health trend rates were modified.

The percentage of future retirees not eligible for a subsidy assumed to elect coverage was increased from 10% to 15%.

60% of terminated vested participants who are eligible for a subsidy and 0% of those not eligible for a subsidy were assumed to elect coverage. Previously 30% of future terminated vested participants who are eligible for a subsidy and 10% of those not eligible for a subsidy were assumed to elect coverage and 30% of current terminated vested participants were assumed to elect coverage.

Burlington Employees' Retirement System Plan:

The discount rate was decreased from 7.50% to 7.40%.

The mortality table has been updated to RP-2014 adjusted to 2006 Total Dataset Mortality Table, projected to the valuation date with Scale MP-2019 for Class A non-disabled and projected to the valuation date with Scale MP-2019, set forward two years for Class B non-disabled. The Class A and B disabilities adjusted to 2006 Disabled Mortality Table, projected to the valuation date with Scale MP-2019.

Burlington Employees' OPEB System Plan:

1. Mortality table has been updated from SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 to the tables listed below. The impact of this change is an increase in liabilities.
 - Teachers and Admin employees and retirees: SOA Pub-2010 Teacher Headcount Weighted Mortality Table fully generational using Scale MP-2020
 - Non-Teacher employees and retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020

BURLINGTON SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

Burlington Employees' OPEB System Plan (Continued):

- Disabled Retirees: SOA Pub-2010 Non-Safety Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2020
 - Surviving Spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020
2. Disability rates have been updated to follow the most recent City of Burlington actuarial valuation as of June 30, 2019 for Non-Teachers and the most recent Vermont State Teachers Retirement System (VSTRS) OPEB actuarial valuation as of June 30, 2020 for Teachers/Admin. This change caused a slight decrease in liabilities.
 3. Termination rates have been updated to follow the most recent City of Burlington actuarial valuation as of June 30, 2019 for Non-Teachers and the most recent Vermont State Teachers Retirement System (VSTRS) OPEB actuarial valuation as of June 30, 2020 for Teachers/Admin. This change caused a slight decrease in liabilities.
 4. Retirement rates have been updated to follow the most recent City of Burlington actuarial valuation as of June 30, 2019 for Non-Teachers and the most recent Vermont State Teachers Retirement System (VSTRS) OPEB actuarial valuation as of June 30, 2020 for Teachers/Admin. This change caused a decrease in liabilities.
 5. Payroll growth rates have been updated to follow the most recent City of Burlington actuarial valuation as of June 30, 2019 for Non-Teachers and the most recent Vermont State Teachers Retirement System (VSTRS) OPEB actuarial valuation as of June 30, 2020 for Teachers/Admin. This change caused a slight decrease in liabilities.
 6. Health care trend rates have been updated to an initial rate of 8.0% decreasing by 0.5% per year to an ultimate rate of 4.5%. This change caused an increase in liabilities.
 7. 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 current valuation uses a discount rate of 3.51% as of July 1, 2019 and 2.66% as of June 30, 2020. This change has caused an increase in liabilities.

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

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental 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 Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 300	\$ 300
Investments	-	25,173	25,173
Accounts receivable (net of allowance for uncollectibles)	972,973	-	972,973
Due from other governments	2,630,681	-	2,630,681
Due from other funds	2,641,588	150	2,641,738
TOTAL ASSETS	<u>\$ 6,245,242</u>	<u>\$ 25,623</u>	<u>\$ 6,270,865</u>
LIABILITIES			
Accounts payable	\$ 391,238	\$ -	\$ 391,238
Accrued wages and benefits	2,925	-	2,925
Due to other funds	3,381,642	-	3,381,642
TOTAL LIABILITIES	<u>3,775,805</u>	<u>-</u>	<u>3,775,805</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	2,752,792	25,623	2,778,415
Committed	-	-	-
Assigned	-	-	-
Unassigned	(283,355)	-	(283,355)
TOTAL FUND BALANCES	<u>2,469,437</u>	<u>25,623</u>	<u>2,495,060</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,245,242</u>	<u>\$ 25,623</u>	<u>\$ 6,270,865</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, 2020

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Intergovernmental	\$ 7,591,968	\$ -	\$ 7,591,968
Interest	-	88	88
Other income	114,212	450	114,662
TOTAL REVENUES	<u>7,706,180</u>	<u>538</u>	<u>7,706,718</u>
EXPENDITURES			
Program expenses	7,720,714	-	7,720,714
Capital outlay	-	-	-
TOTAL EXPENDITURES	<u>7,720,714</u>	<u>-</u>	<u>7,720,714</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(14,534)</u>	<u>538</u>	<u>(13,996)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from bond issuance	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(14,534)	538	(13,996)
FUND BALANCES - JULY 1, RESTATED	<u>2,483,971</u>	<u>25,085</u>	<u>2,509,056</u>
FUND BALANCES - JUNE 30	<u>\$ 2,469,437</u>	<u>\$ 25,623</u>	<u>\$ 2,495,060</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, 2020

	Fund 2136 CRF Equipment	Fund 2006 Special Ed Act 230	Fund 2013 Tech Ed Equipment	Fund 2101 IDEA-B Flow Thru	Fund 2102 IDEA-B PK Flow Thru	Fund 2106 Title I Grant	Fund 2109 Title I School Improv	Fund 2112 Perkins Basic Grant
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-	-
Due from other governments	8,694	2,805	-	388,032	-	163,088	346,195	65,874
Due from other funds	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 8,694	\$ 2,805	\$ -	\$ 388,032	\$ -	\$ 163,088	\$ 346,195	\$ 65,874
LIABILITIES								
Accounts payable	\$ -	\$ 550	\$ -	\$ 14,540	\$ 4,928	\$ 16,280	\$ 162,074	\$ 4,048
Accrued payroll	-	-	-	-	-	-	2,780	-
Due to other funds	8,694	2,255	-	363,790	5,850	173,526	181,045	61,826
TOTAL LIABILITIES	8,694	2,805	-	378,330	10,778	189,806	345,899	65,874
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	9,702	-	-	296	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(10,778)	(26,718)	-	-
TOTAL FUND BALANCES (DEFICITS)	-	-	-	9,702	(10,778)	(26,718)	296	-
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 8,694	\$ 2,805	\$ -	\$ 388,032	\$ -	\$ 163,088	\$ 346,195	\$ 65,874

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	Fund 2113 Perkins Second Adult Rsrv	Fund 2115 Title III English Lang	Fund 2119 RTT - PK Development	Fund 2122 Title IV SSAE	Fund 2124 21st Century Schools	Fund 2125 Title IIA	Fund 2127 CNP Fresh Fruits/Veg	Fund 2133 CRF - LEA Grant
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-	942,973
Due from other governments	56,286	83,464	-	25,763	141,996	307,100	-	-
Due from other funds	-	-	102,751	-	-	-	225,032	-
TOTAL ASSETS	\$ 56,286	\$ 83,464	\$ 102,751	\$ 25,763	\$ 141,996	\$ 307,100	\$ 225,032	\$ 942,973
LIABILITIES								
Accounts payable	\$ 31,466	\$ 5,094	\$ -	\$ -	\$ 4,673	\$ 22,875	\$ -	\$ 29,916
Accrued payroll	-	-	-	-	-	-	-	-
Due to other funds	43,405	67,902	-	26,879	132,019	283,251	-	913,053
TOTAL LIABILITIES	74,871	72,996	-	26,879	136,692	306,126	-	942,969
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	10,468	102,751	-	5,304	974	225,032	4
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	(18,585)	-	-	(1,116)	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	(18,585)	10,468	102,751	(1,116)	5,304	974	225,032	4
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 56,286	\$ 83,464	\$ 102,751	\$ 25,763	\$ 141,996	\$ 307,100	\$ 225,032	\$ 942,973

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	Fund 2351 Medicaid IEP Reimbursement	Fund 2353 Medicaid EDPSDT	Fund 2354 Tobacco Litig Settlement	Fund 2357 Licensing Fees	Fund 2598 Consolidated Admin	Fund 2599 School-wide Programs	Fund 2601 Small Grant Fund	Fund 2602 Schl Based Hlth Ctr
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	30,000	-	-	-	-	-
Due from other governments	60,097	33,765	-	-	103,415	785,652	-	-
Due from other funds	1,834,947	174,959	-	-	-	-	38,990	-
TOTAL ASSETS	\$ 1,895,044	\$ 208,724	\$ 30,000	\$ -	\$ 103,415	\$ 785,652	\$ 38,990	\$ -
LIABILITIES								
Accounts payable	\$ 4,769	\$ -	\$ -	\$ -	\$ -	\$ 80,621	\$ 747	\$ -
Accrued payroll	-	-	-	-	-	-	-	-
Due to other funds	-	-	30,000	1,532	103,415	705,031	-	594
TOTAL LIABILITIES	4,769	-	30,000	1,532	103,415	785,652	747	594
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	1,890,275	208,724	-	-	-	-	38,243	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(1,532)	-	-	-	(594)
TOTAL FUND BALANCES (DEFICITS)	1,890,275	208,724	-	(1,532)	-	-	38,243	(594)
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 1,895,044	\$ 208,724	\$ 30,000	\$ -	\$ 103,415	\$ 785,652	\$ 38,990	\$ -

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	Fund 2603 STARS Bonus	Fund 2604 VT Refugee Children	Fund 2605 Bay and Paul Foundation	Fund 2606 Henderson Foundation	Fund 2607 Nellie Mae Grant	Fund 2608 Rowland Foundation	Fund 2609 Digital Promise Grant	Fund 2610 The Verizon Foundation
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-	-
Due from other governments	-	455	-	-	-	-	-	-
Due from other funds	9,170	1,708	48,422	-	3,638	-	101,027	48,994
TOTAL ASSETS	\$ 9,170	\$ 2,163	\$ 48,422	\$ -	\$ 3,638	\$ -	\$ 101,027	\$ 48,994
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	145	-	-	-	-	-	-
Due to other funds	-	-	-	22	-	7,498	-	-
TOTAL LIABILITIES	-	145	-	22	-	7,498	-	-
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	9,170	2,018	48,422	-	3,638	-	101,027	48,994
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(22)	-	(7,498)	-	-
TOTAL FUND BALANCES (DEFICITS)	9,170	2,018	48,422	(22)	3,638	(7,498)	101,027	48,994
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 9,170	\$ 2,163	\$ 48,422	\$ -	\$ 3,638	\$ -	\$ 101,027	\$ 48,994

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	Fund 2619 VT DOL Adult Tech (Fy20)	Fund 2620 Dental Access Program	Fund 2621 BTC Prg Innovation	Fund 2622 Youthbuild (HOEHL)	Fund 2623 EMS Teach Tolerance	Fund 2134 Summer Food Service	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	972,973
Due from other governments	-	-	-	-	-	-	2,630,681
Due from other funds	-	9,350	-	33,600	9,000	-	2,641,588
TOTAL ASSETS	\$ -	\$ 9,350	\$ -	\$ 33,600	\$ 9,000	\$ -	\$ 6,245,242
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 4,457	\$ -	\$ 4,200	\$ -	\$ 391,238
Accrued payroll	-	-	-	-	-	-	2,925
Due to other funds	6,069	-	138	-	-	18,061	3,381,642
TOTAL LIABILITIES	6,069	-	4,595	-	4,200	18,061	3,775,805
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	9,350	-	33,600	4,800	-	2,752,792
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	(6,069)	-	(4,595)	-	-	(18,061)	(283,355)
TOTAL FUND BALANCES (DEFICITS)	(6,069)	9,350	(4,595)	33,600	4,800	(18,061)	2,469,437
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ -	\$ 9,350	\$ -	\$ 33,600	\$ 9,000	\$ -	\$ 6,245,242

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, 2020

	Fund 2136 CRF Equipment	Fund 2006 Special Ed Act 230	Fund 2013 Tech Ed Equipment	Fund 2101 IDEA-B Flow Thru	Fund 2102 IDEA-B PK Flow Thru	Fund 2106 Title I Grant	Fund 2109 Title I School Improv	Fund 2112 Perkins Basic Grant
REVENUES								
Intergovernmental	\$ -	2,805	\$ -	\$ 932,949	\$ -	\$ 467,621	\$ 897,797	\$ 173,567
Other income	8,694	-	-	-	-	-	-	-
TOTAL REVENUES	<u>8,694</u>	<u>2,805</u>	<u>-</u>	<u>932,949</u>	<u>-</u>	<u>467,621</u>	<u>897,797</u>	<u>173,567</u>
EXPENDITURES								
Program expenses	8,694	14,805	-	932,950	10,778	467,622	897,501	173,567
TOTAL EXPENDITURES	<u>8,694</u>	<u>14,805</u>	<u>-</u>	<u>932,950</u>	<u>10,778</u>	<u>467,622</u>	<u>897,501</u>	<u>173,567</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(12,000)	-	(1)	(10,778)	(1)	296	-
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>12,000</u>	<u>-</u>	<u>9,703</u>	<u>-</u>	<u>(26,717)</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,702</u>	<u>\$ (10,778)</u>	<u>\$ (26,718)</u>	<u>\$ 296</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, 2020

	Fund 2113 Perkins Second Adult Rsrv	Fund 2115 Title III English Lang	Fund 2119 RTT - PK Development	Fund 2122 Title IV SSAE	Fund 2124 21st Century Schools	Fund 2125 Title IIA	Fund 2127 CNP Fresh Fruits/Veg	Fund 2133 CRF - LEA Grant
REVENUES								
Intergovernmental	\$ 37,702	\$ 131,730	\$ -	\$ 45,643	\$ 470,949	\$ 701,464	\$ 71,279	\$ 942,972
Other income	-	-	-	-	-	-	-	-
TOTAL REVENUES	<u>37,702</u>	<u>131,730</u>	<u>-</u>	<u>45,643</u>	<u>470,949</u>	<u>701,464</u>	<u>71,279</u>	<u>942,972</u>
EXPENDITURES								
Program expenses	56,287	131,730	366	45,643	470,644	700,490	71,289	942,968
TOTAL EXPENDITURES	<u>56,287</u>	<u>131,730</u>	<u>366</u>	<u>45,643</u>	<u>470,644</u>	<u>700,490</u>	<u>71,289</u>	<u>942,968</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(18,585)	-	(366)	-	305	974	(10)	4
FUND BALANCES (DEFICITS) - JULY 1	-	10,468	103,117	(1,116)	4,999	-	225,042	-
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (18,585)</u>	<u>\$ 10,468</u>	<u>\$ 102,751</u>	<u>\$ (1,116)</u>	<u>\$ 5,304</u>	<u>\$ 974</u>	<u>\$ 225,032</u>	<u>\$ 4</u>

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Fund 2351 Medicaid IEP Reimbursement	Fund 2353 Medicaid EDPSDT	Fund 2354 Tobacco Litig Settlement	Fund 2357 Licensing Fees	Fund 2598 Consolidated Admin	Fund 2599 School-wide Programs	Fund 2601 Small Grant Fund	Fund 2602 Schl Based Hlth Ctr
REVENUES								
Intergovernmental	\$ 604,250	\$ 107,610	\$ 30,000	\$ -	\$ 161,254	\$ 1,642,385	\$ -	\$ -
Other income	-	-	-	-	-	-	47,918	-
TOTAL REVENUES	<u>604,250</u>	<u>107,610</u>	<u>30,000</u>	<u>-</u>	<u>161,254</u>	<u>1,642,385</u>	<u>47,918</u>	<u>-</u>
EXPENDITURES								
Program expenses	545,321	52,995	30,000	1,503	161,254	1,642,385	54,224	481
TOTAL EXPENDITURES	<u>545,321</u>	<u>52,995</u>	<u>30,000</u>	<u>1,503</u>	<u>161,254</u>	<u>1,642,385</u>	<u>54,224</u>	<u>481</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	58,929	54,615	-	(1,503)	-	-	(6,306)	(481)
FUND BALANCES (DEFICITS) - JULY 1	<u>1,831,346</u>	<u>154,109</u>	<u>-</u>	<u>(29)</u>	<u>-</u>	<u>-</u>	<u>44,549</u>	<u>(113)</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 1,890,275</u>	<u>\$ 208,724</u>	<u>\$ -</u>	<u>\$ (1,532)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,243</u>	<u>\$ (594)</u>

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Fund 2603 STARS Bonus	Fund 2604 VT Refugee Children	Fund 2605 Bay and Paul Foundation	Fund 2606 Henderson Foundation	Fund 2607 Nellie Mae Grant	Fund 2608 Rowland Foundation	Fund 2609 Digital Promise Grant	Fund 2610 The Verizon Foundation
REVENUES								
Intergovernmental	\$ -	\$ 24,609	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	-	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>24,609</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES								
Program expenses	-	24,752	7,112	345	-	-	-	26,913
TOTAL EXPENDITURES	<u>-</u>	<u>24,752</u>	<u>7,112</u>	<u>345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,913</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(143)	(7,112)	(345)	-	-	-	(26,913)
FUND BALANCES (DEFICITS) - JULY 1	<u>9,170</u>	<u>2,161</u>	<u>55,534</u>	<u>323</u>	<u>3,638</u>	<u>(7,498)</u>	<u>101,027</u>	<u>75,907</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 9,170</u>	<u>\$ 2,018</u>	<u>\$ 48,422</u>	<u>\$ (22)</u>	<u>\$ 3,638</u>	<u>\$ (7,498)</u>	<u>\$ 101,027</u>	<u>\$ 48,994</u>

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Fund 2611 Nellie Mae Communications	Fund 2612 Perkins Second. Reserve	Fund 2613 Act 230 Best Innov.	Fund 2614 Safety and Security	Fund 2615 Dept of Hlth ADAP	Fund 2616 VT DOL Adult Tech	Fund 2617 VT DOL Wet Grant	Fund 2618 Flexible Pathways
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ 111,951	\$ -	\$ 15,431	\$ 18,000	\$ -
Other income	-	-	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	111,951	-	15,431	18,000	-
EXPENDITURES								
Program expenses	-	-	-	141,511	2,298	15,584	18,160	20,444
TOTAL EXPENDITURES	-	-	-	141,511	2,298	15,584	18,160	20,444
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	(29,560)	(2,298)	(153)	(160)	(20,444)
FUND BALANCES (DEFICITS) - JULY 1	-	-	-	(133,044)	(2,128)	-	-	-
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ -	\$ -	\$ (162,604)	\$ (4,426)	\$ (153)	\$ (160)	\$ (20,444)

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Fund 2619 VT DOL Adult Tech (FY20)	Fund 2620 Dental Access Program	Fund 2621 BTC Prg Innovation	Fund 2622 Youthbuild (HOEHL)	Fund 2623 EMS Teach Tolerance	Fund 2134 Summer Food Service	Total
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,591,968
Other income	-	15,000	-	33,600	9,000	-	114,212
TOTAL REVENUES	-	15,000	-	33,600	9,000	-	7,706,180
EXPENDITURES							
Program expenses	6,069	17,173	4,595	-	4,200	18,061	7,720,714
TOTAL EXPENDITURES	6,069	17,173	4,595	-	4,200	18,061	7,720,714
NET CHANGE IN FUND BALANCES (DEFICITS)	(6,069)	(2,173)	(4,595)	33,600	4,800	(18,061)	(14,534)
FUND BALANCES (DEFICITS) - JULY 1	-	11,523	-	-	-	-	2,483,971
FUND BALANCES (DEFICITS) - JUNE 30	\$ (6,069)	\$ 9,350	\$ (4,595)	\$ 33,600	\$ 4,800	\$ (18,061)	\$ 2,469,437

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

Permanent Funds

Permanent funds are used to account for assets held by the School District that are legally restricted and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the School District.

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2020

	Margot E. Reed Fund	Raymond E. Tracy Estate Fund	School Land Rent Glebe Fund	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 300	\$ 300
Investments	4,808	20,365	-	25,173
Due from other funds	-	-	150	150
TOTAL ASSETS	<u>\$ 4,808</u>	<u>\$ 20,365</u>	<u>\$ 450</u>	<u>\$ 25,623</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	4,808	20,365	450	25,623
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>4,808</u>	<u>20,365</u>	<u>450</u>	<u>25,623</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,808</u>	<u>\$ 20,365</u>	<u>\$ 450</u>	<u>\$ 25,623</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 PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Margot E. Reed Fund	Raymond E. Tracy Estate Fund	School Land Rent Glebe Fund	Total
REVENUES				
Interest income	\$ 17	\$ 71	\$ -	\$ 88
Other income	-	-	450	450
TOTAL REVENUES	<u>17</u>	<u>71</u>	<u>450</u>	<u>538</u>
EXPENDITURES				
Program expenses	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	17	71	450	538
FUND BALANCES - JULY 1	<u>4,791</u>	<u>20,294</u>	<u>-</u>	<u>25,085</u>
FUND BALANCES - JUNE 30	<u>\$ 4,808</u>	<u>\$ 20,365</u>	<u>\$ 450</u>	<u>\$ 25,623</u>

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

Private-Purpose Trust Funds

Private-purpose trust funds are used to account for assets held by the School District that are legally restricted for purposes that benefit parties outside of the School District.

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF NET POSITION - PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2020

	AFS Trust Fund	Scholarship Trust Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Investments	\$ 19,389	\$ 150,231	\$ 169,620
TOTAL ASSETS	<u>\$ 19,389</u>	<u>\$ 150,231</u>	<u>\$ 169,620</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Restricted	19,389	150,231	169,620
TOTAL NET POSITION	<u>19,389</u>	<u>150,231</u>	<u>169,620</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 19,389</u>	<u>\$ 150,231</u>	<u>\$ 169,620</u>

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

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF CHANGES IN NET POSITION
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	AFS Trust Fund	Scholarship Trust Fund	Total
ADDITIONS			
Interest income	\$ 56	\$ 535	\$ 591
TOTAL REVENUES	<u>56</u>	<u>535</u>	<u>591</u>
DEDUCTIONS			
Distributions	-	1,430	1,430
TOTAL DEDUCTIONS	<u>-</u>	<u>1,430</u>	<u>1,430</u>
NET CHANGE IN NET POSITION	56	(895)	(839)
NET POSITION - JULY 1	<u>19,333</u>	<u>151,126</u>	<u>170,459</u>
NET POSITION - JUNE 30	<u>\$ 19,389</u>	<u>\$ 150,231</u>	<u>\$ 169,620</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, 2020

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	4452T0371900	\$ 465,556	\$ -
National School Lunch Program	10.555	4450T0371900	592,063	-
National School Lunch Program	10.555	4448T0371900	3,236	-
Summer Food Service Program for Children	10.559	4455T0371900	444,585	-
Subtotal Child Nutrition Cluster			<u>1,505,440</u>	<u>-</u>
Food Distribution Cluster				
Commodity Supplemental Food Program	10.565	4456T0371900	151,885	-
Subtotal Food Distribution Cluster			<u>151,885</u>	<u>-</u>
Child and Adult Care Food Program	10.558	4453T0371900	225,715	-
Child and Adult Care Food Program	10.558	4454T0371900	15,145	-
Fresh Fruit and Vegetable Program	10.582	4449T0371900	71,279	-
Total U.S. Department of Agriculture			<u>1,969,464</u>	<u>-</u>
U.S. Department of Treasury				
Passed through State of Vermont - Agency of Education and Cultural Services:				
Coronavirus Relief Fund	21.019	4592	942,972	-
Coronavirus Relief Fund	21.019	4596	8,694	-
Total U.S. Department of Treasury			<u>951,666</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	4250T0371901	2,271,260	-
Title I Grants to Local Educational Agencies	84.010	4255T0371901	897,797	-
Special Education Cluster (IDEA)				
Special Education - Grants to States	84.027	4226T0371901	932,949	-
Subtotal Special Education Cluster (IDEA)			<u>932,949</u>	<u>-</u>
English Language Acquisition State Grants	84.365	4375T0371901	131,730	-
Twenty-First Century Community Learning Centers	84.287C	4611T0371901	470,949	-
Improving Teacher Quality State Grants	84.367A	4651T0371901	701,464	-
Career and Technical Education - Basic Grants to States	84.048	4318T0371901	173,567	-
Total U.S. Department of Education			<u>5,579,716</u>	<u>-</u>
U.S. Department of Health & Human Services				
Passed through State of Vermont - Agency of Human Services				
Refugee and Entrant Assistance-Discretionary Grants	93.576	N/A	24,609	-
Total U.S. Department of Health & Human Services			<u>24,609</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 8,525,455</u>	<u>\$ -</u>

BURLINGTON SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020. 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.



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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, 2020 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 February 1, 2021.

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.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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*. We noted certain other matters that we reported to management of the Burlington School District in a separate letter dated February 1, 2021.

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
February 1, 2021



Proven Expertise & 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, 2020. 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.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
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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, 2020.

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
February 1, 2021

BURLINGTON SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

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>
21.019	Coronavirus Relief Fund
84.027	Special Education Cluster (IDEA)

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