

Federal Compliance Audit

South Burlington School District

June 30, 2020



Proven Expertise & Integrity

SOUTH 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
STATEMENT B - STATEMENT OF ACTIVITIES	14 - 15
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	16
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	17
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	18
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	19
STATEMENT G - STATEMENT OF NET POSITION - PROPRIETARY FUNDS	20
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	21
STATEMENT I - STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	22
STATEMENT J - STATEMENT OF NET POSITION - FIDUCIARY FUNDS	23
STATEMENT K - STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS	24

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	72
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	73
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - VSTRS PLAN	74
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSIONS - VSTRS PLAN	75
SCHEDULE 4 - SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - DISTRICT RETIREMENT INCOME PLAN	76
SCHEDULE 5 - SCHEDULE OF CONTRIBUTIONS - DISTRICT RETIREMENT INCOME PLAN	77
SCHEDULE 6 - SCHEDULE OF INVESTMENT RETURNS - DISTRICT RETIREMENT INCOME PLAN	78
SCHEDULE 7 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY	79
SCHEDULE 8 - SCHEDULE OF CONTRIBUTIONS - OPEB	80
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	81

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	82
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	83
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	84 - 88
SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	89
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	90
SPECIAL REVENUE FUNDS DESCRIPTION	91

SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	92 - 94
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	95 - 99
CAPITAL PROJECT FUNDS DESCRIPTION	100
SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS	101
SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECT FUNDS	102
ENTERPRISE FUNDS DESCRIPTION	103
SCHEDULE I - COMBINING SCHEDULE OF NET POSTION - NONMAJOR ENTERPRISE FUNDS	104
SCHEDULE J - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - NONMAJOR ENTERPRISE FUNDS	105
SCHEDULE K - SCHEDULE OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS	106
GENERAL CAPITAL ASSETS DESCRIPTION	107
SCHEDULE L - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	108
SCHEDULE M - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	109
<u>FEDERAL COMPLIANCE</u>	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	110
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	111
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>	112 - 113

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE	114 - 116
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	117



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INDEPENDENT AUDITORS' REPORT

Board of Directors
South Burlington School District
South 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 South Burlington School District, 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 significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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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 South 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB information on pages 4 through 12 and 74 through 82 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 the South Burlington School District's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and general capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, general capital asset schedules 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 Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, general capital asset schedules 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 May 27, 2021, on our consideration of the South Burlington School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 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 the South Burlington School District's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
May 27, 2021

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

(UNAUDITED)

The following management's discussion and analysis of South Burlington School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the District's financial statements.

Financial Statement Overview

The South Burlington 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 the general fund budgetary comparison schedule, pension and OPEB schedules 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 District's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the 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 South Burlington School District are:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the District's basic services are reported in governmental activities, which regular instruction, support services, transportation, administration, operations and maintenance, vocational education, other support services, special education and program expenditures.
- *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 South Burlington School District include the School Nutrition Fund, School's Out Program, Munson Field and other nonmajor 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. South Burlington School District, like other local governments, uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of South Burlington School District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds: Most of the basic services provided by the 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 District's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the 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 South Burlington School District presents three columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The District's major governmental funds are the General Fund and Capital Projects Fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the District legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Proprietary Funds: The South Burlington School District maintains three major proprietary funds, the School Nutrition Fund, School's Out Program, Munson Field and two nonmajor 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 South 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 Changes in 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 Plan, a Schedule of Contributions - Pension - VSTRS Plan, a Schedule of Changes in Net Pension Liability and Related Ratios - District Retirement Income Plan, a Schedule of Contributions - District Retirement Income Plan, Schedule of Investment Returns - District Retirement Income Plan, a Schedule of Proportionate Share of the Net OPEB Liability, a Schedule of Contributions - OPEB and Notes to Required Supplementary Information.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the District's governmental and business-type activities. The District's total governmental net position increased by \$1,087,189 from \$5,985,433 to \$7,072,622. The District's total business-type net position increased by \$179,881 from \$305,920 to \$485,801.

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 to a deficit balance of \$1,411,263 at the end of this year for the governmental activities. The District's unrestricted net position for the business-type activities increased to a balance of \$355,775 at the end of this year.

Table 1
South Burlington School District
Net Position
June 30,

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Assets:				
Current Assets	\$ 5,446,235	\$ 4,706,446	\$ 422,342	\$ 223,472
Noncurrent Assets - Capital Assets	12,953,187	12,743,675	130,026	141,107
Total Assets	<u>18,399,422</u>	<u>17,450,121</u>	<u>552,368</u>	<u>364,579</u>
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	1,658,822	775,764	-	-
Total Deferred Outflows of Resources	<u>1,658,822</u>	<u>775,764</u>	<u>-</u>	<u>-</u>
Liabilities:				
Current Liabilities	5,521,333	5,266,657	66,567	58,659
Noncurrent Liabilities	7,165,317	6,434,194	-	-
Total Liabilities	<u>12,686,650</u>	<u>11,700,851</u>	<u>66,567</u>	<u>58,659</u>
Deferred Inflows of Resources:				
Deferred Inflows Related to Pensions	298,972	539,601	-	-
Total Deferred Inflows of Resources	<u>298,972</u>	<u>539,601</u>	<u>-</u>	<u>-</u>
Net Position:				
Net Investment in Capital Assets	8,279,387	7,102,739	130,026	141,107
Restricted	204,498	492,007	-	-
Unrestricted (Deficit)	(1,411,263)	(1,609,313)	355,775	164,813
Total Net Position	<u>\$ 7,072,622</u>	<u>\$ 5,985,433</u>	<u>\$ 485,801</u>	<u>\$ 305,920</u>

Revenues and Expenses

Revenues for the District's governmental activities increased by 10.16%, while expenses increased by 5.73%. Increases in operating grants and contributions and grants and contributions not restricted to specific purposes primarily accounted for the increase in revenues. Likewise, significant increases were incurred in several expense categories, including regular instruction, operations and maintenance, other support services, special education and state on-behalf payments offset by decreases in program expenses.

Revenues for the District's business-type activities increased by 10.54%, while expenses increased by 6.32%. Revenues increased primarily due to operating grants and contributions. Expenses increased primarily due to salaries and food.

Table 2
South Burlington School District
Change 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				
Program Revenues:				
Charges for services	\$ 3,267,150	\$ 2,746,186	\$ 1,390,426	\$ 1,746,490
Operating grants and contributions	15,212,086	13,000,634	1,408,046	768,927
General Revenues:				
Local support from City	793	-	-	-
Grants and contributions not restricted to specific purposes	47,097,515	43,744,775	-	-
Other income	363,797	367,297	9,276	24,577
Total Revenues	<u>65,941,341</u>	<u>59,858,892</u>	<u>2,807,748</u>	<u>2,539,994</u>
Expenses				
Regular instruction	20,140,803	19,008,232	-	-
Support services	4,549,955	4,511,107	-	-
Transportation	1,550,168	1,674,180	-	-
Administration	4,043,678	3,989,888	-	-
Operations and maintenance	3,747,198	3,537,434	-	-
Vocational education	263,201	251,242	-	-
Contingency	-	6,174	-	-
Other support services	4,645,627	4,516,225	-	-
Special education	11,379,258	10,398,910	-	-
Program expenses	1,146,436	1,861,930	2,677,867	2,518,602
Interest on debt service	117,333	121,455	-	-
State on-behalf payments	13,220,495	11,414,002	-	-
Total Expenses	<u>64,804,152</u>	<u>61,290,779</u>	<u>2,677,867</u>	<u>2,518,602</u>
Transfers	(50,000)	(29,776)	50,000	29,776
Change in Net Position	1,087,189	(1,461,663)	179,881	51,168
Net Position - July 1	<u>5,985,433</u>	<u>7,447,096</u>	<u>305,920</u>	<u>254,752</u>
Net Position - June 30	<u>\$ 7,072,622</u>	<u>\$ 5,985,433</u>	<u>\$ 485,801</u>	<u>\$ 305,920</u>

Financial Analysis of the District's Fund Statements

Governmental funds: The financial reporting focus of the 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 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
South Burlington School District
Fund Balances - Governmental Funds
June 30,

	2020	2019	Increase/ (Decrease)
Major Funds:			
General Fund:			
Nonspendable	\$ 31,695	\$ 25,161	\$ 6,534
Committed	-	169,000	(169,000)
Unassigned	80,787	(606,267)	687,054
Total General Fund	112,482	(412,106)	524,588
Capital Projects Fund:			
Restricted	-	314,318	(314,318)
Unassigned	(9,579)	-	(9,579)
	(9,579)	314,318	(323,897)
Total Major Funds	\$ 102,903	\$ (97,788)	\$ 200,691
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 204,498	\$ 177,689	\$ 26,809
Committed	62,893	55,387	7,506
Assigned	43,957	43,957	-
Unassigned	(67,116)	(62,471)	(4,645)
Capital Project Funds:			
Committed	300,000	300,000	-
Total Nonmajor Funds	\$ 544,232	\$ 514,562	\$ 29,670

The changes in total fund balances for the general fund, capital projects fund and the nonmajor funds occurred due to the regular activity of operations.

Proprietary funds: The 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 a total net position for the current year of \$485,801. This was an increase of \$179,881 from the net position of the prior year.

Budgetary Highlights

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

The general fund actual revenues were receipted over budgeted amounts by \$608,707. This was due to all revenue categories being receipted over budgeted amounts with the exception of charges for services and transfers from other funds.

The general fund actual expenditures were expended under budgeted amounts by \$108,820. This was due to all expense categories being expended within or under budgeted amounts with the exception of regular instruction, administration, vocational education, other support services, special education and transfers to other funds.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2020, the net book value of capital assets recorded by the District increased by \$198,431. This is the result of capital additions of \$1,875,699 less current year net disposals of \$226,324 and depreciation expense of \$1,450,944.

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

	2020	2019
Construction in progress	\$ -	\$ 32,432
Buildings	1,031,343	744,795
Building improvements	6,812,701	7,100,565
Land improvements	45,514	72,308
Furniture, fixtures and equipment	2,999,965	2,776,454
Vehicles	674,062	586,192
Infrastructure	1,519,628	1,572,036
Total	\$ 13,083,213	\$ 12,884,782

Debt

At June 30, 2020, the District had \$4,673,800 in bonds and notes from direct borrowings outstanding versus \$5,640,936 last year. Refer to Note 7 of the Notes to Financial Statements for more information.

Currently Known Facts, Decisions or Conditions

Salaries and benefits account for more than 80% of the District's operating budget and these costs are largely the result of three district employee groups that are represented by labor unions. In November of 2019, the contract for the South Burlington School District Teachers Association was settled using the statewide health care criteria established per Act 11. However, the union support staff contract nor the administrators were not settled prior to June 30, 2020.

In October of 2020, the FAA approved funding for the Gertrude Chamberlin Elementary School's positive ventilation system as part of the Burlington International Airport noise mitigation due to the results of the FAA's Acoustical Testing Plan. The \$3M positive ventilation system project is planned to be completed by summer 2021.

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 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 School District.

Economic Factors and Next Year's Budgets and Rates

The Vermont Education Health Initiative (VEHI) who handles the healthcare for the majority of the schools in Vermont announced an increase in the premiums on the new health care plans for the 2021 Fiscal Year of 12.9%. This increase was largely due to the unknown factors of utilization and out-of-pocket coverage by Districts across the state. Since the plans were new starting in 2019, there was no history to base the 2020-2021 rate structure on.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Business Office at 550 Dorset Street, South Burlington, Vermont, 05403.

SOUTH BURLINGTON SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-Type Activities	Total Government
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,619,557	\$ 10,000	\$ 3,629,557
Accounts receivable (net of allowance for uncollectibles)	1,082,087	65,535	1,147,622
Due from other governments	776,009	243,258	1,019,267
Inventory	-	40,436	40,436
Prepaid items	31,695	-	31,695
Internal balances	(63,113)	63,113	-
Total current assets	<u>5,446,235</u>	<u>422,342</u>	<u>5,868,577</u>
Noncurrent assets:			
Capital assets:			
Buildings and equipment, net of accumulated depreciation	12,953,187	130,026	13,083,213
Total noncurrent assets	<u>12,953,187</u>	<u>130,026</u>	<u>13,083,213</u>
TOTAL ASSETS	<u>18,399,422</u>	<u>552,368</u>	<u>18,951,790</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,658,822	-	1,658,822
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,658,822</u>	<u>-</u>	<u>1,658,822</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 20,058,244</u>	<u>\$ 552,368</u>	<u>\$ 20,610,612</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 346,898	\$ 14,588	\$ 361,486
Accrued payroll	4,044,584	51,979	4,096,563
Due to other governments	407,618	-	407,618
Current portion of long-term obligations	722,233	-	722,233
Total current liabilities	<u>5,521,333</u>	<u>66,567</u>	<u>5,587,900</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	3,550,450	-	3,550,450
Notes from direct borrowings payable	414,340	-	414,340
Accrued compensated absences	52,893	-	52,893
Net pension liability	3,147,634	-	3,147,634
Total noncurrent liabilities	<u>7,165,317</u>	<u>-</u>	<u>7,165,317</u>
TOTAL LIABILITIES	<u>12,686,650</u>	<u>66,567</u>	<u>12,753,217</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	298,972	-	298,972
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>298,972</u>	<u>-</u>	<u>298,972</u>
NET POSITION			
Net investment in capital assets	8,279,387	130,026	8,409,413
Restricted	204,498	-	204,498
Unrestricted (deficit)	(1,411,263)	355,775	(1,055,488)
TOTAL NET POSITION	<u>7,072,622</u>	<u>485,801</u>	<u>7,558,423</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 20,058,244</u>	<u>\$ 552,368</u>	<u>\$ 20,610,612</u>

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

SOUTH 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	\$ 20,140,803	\$ 3,200,862	\$ -	\$ -	\$ (16,939,941)	\$ -	\$ (16,939,941)
Support services	4,549,955	-	-	-	(4,549,955)	-	(4,549,955)
Transportation	1,550,168	33,092	-	-	(1,517,076)	-	(1,517,076)
Administration	4,043,678	-	-	-	(4,043,678)	-	(4,043,678)
Operations and maintenance	3,747,198	33,196	-	-	(3,714,002)	-	(3,714,002)
Vocational education	263,201	-	-	-	(263,201)	-	(263,201)
Other support services	4,645,627	-	-	-	(4,645,627)	-	(4,645,627)
Special education	11,379,258	-	-	-	(11,379,258)	-	(11,379,258)
Program expenses	1,146,436	-	1,991,591	-	845,155	-	845,155
State on-behalf payments	13,220,495	-	13,220,495	-	-	-	-
Interest on debt service	117,333	-	-	-	(117,333)	-	(117,333)
Total governmental activities	64,804,152	3,267,150	15,212,086	-	(46,324,916)	-	(46,324,916)
Business-type activities:							
School Nutrition	1,180,471	417,803	853,263	-	-	90,595	90,595
School's Out Program	1,492,337	972,623	554,783	-	-	35,069	35,069
Munson Field	5,059	-	-	-	-	(5,059)	(5,059)
Total business-type activities	2,677,867	1,390,426	1,408,046	-	-	120,605	120,605
Total government	\$ 67,482,019	\$ 4,657,576	\$ 16,620,132	\$ -	(46,324,916)	120,605	(46,204,311)

STATEMENT B (CONTINUED)
SOUTH BURLINGTON SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue	(46,324,916)	120,605	(46,204,311)
General revenues:			
Local support from city	793	-	793
Grants and contributions not restricted to specific programs	47,097,515	-	47,097,515
Other income	363,797	9,276	373,073
Transfers	(50,000)	50,000	-
Total general revenues and transfers	47,412,105	59,276	47,471,381
Change in net position	1,087,189	179,881	1,267,070
NET POSITION - JULY 1	5,985,433	305,920	6,291,353
NET POSITION - JUNE 30	\$ 7,072,622	\$ 485,801	\$ 7,558,423

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

SOUTH BURLINGTON SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Capital Projects Fund	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 3,619,557	\$ -	\$ -	\$ 3,619,557
Accounts receivable (net of allowance for doubtful accounts)	1,074,299	7,788	-	1,082,087
Due from other governments	-	-	776,009	776,009
Prepaid items	31,695	-	-	31,695
Due from other funds	949,538	-	623,243	1,572,781
TOTAL ASSETS	<u>\$ 5,675,089</u>	<u>\$ 7,788</u>	<u>\$ 1,399,252</u>	<u>\$ 7,082,129</u>
LIABILITIES				
Accounts payable	\$ 271,681	\$ -	\$ 75,217	\$ 346,898
Accrued payroll	3,931,292	-	113,292	4,044,584
Due to other governments	407,618	-	-	407,618
Due to other funds	952,016	17,367	666,511	1,635,894
TOTAL LIABILITIES	<u>5,562,607</u>	<u>17,367</u>	<u>855,020</u>	<u>6,434,994</u>
FUND BALANCES (DEFICITS)				
Nonspendable	31,695	-	-	31,695
Restricted	-	-	204,498	204,498
Committed	-	-	362,893	362,893
Assigned	-	-	43,957	43,957
Unassigned	80,787	(9,579)	(67,116)	4,092
TOTAL FUND BALANCES (DEFICITS)	<u>112,482</u>	<u>(9,579)</u>	<u>544,232</u>	<u>647,135</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 5,675,089</u>	<u>\$ 7,788</u>	<u>\$ 1,399,252</u>	<u>\$ 7,082,129</u>

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

SOUTH BURLINGTON SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2020

	Total Governmental Funds
Total Fund Balances	\$ 647,135
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	12,953,187
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	1,658,822
Long-term obligations shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bonds payable	(3,862,975)
Notes from direct borrowings payable	(810,825)
Accrued compensated absences	(66,116)
Net pension liability	(3,147,634)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(298,972)
Net position of governmental activities	\$ 7,072,622

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

SOUTH BURLINGTON SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Capital Projects Fund	Other Governmental Funds	Totals Governmental Funds
REVENUES				
Local support from city	\$ 793	\$ -	\$ -	\$ 793
Intergovernmental revenues	47,097,515	-	1,991,591	49,089,106
Charges for service	138,409	-	-	138,409
Tuition	3,128,741	-	-	3,128,741
Interest income	35,091	-	-	35,091
State on-behalf payments	4,566,656	-	-	4,566,656
Other revenue	176,668	-	152,038	328,706
TOTAL REVENUES	55,143,873	-	2,143,629	57,287,502
EXPENDITURES				
Current:				
Regular instruction	19,534,793	-	-	19,534,793
Support services	4,430,890	-	-	4,430,890
Transportation	1,435,387	-	-	1,435,387
Administration	4,041,362	-	-	4,041,362
Operations and maintenance	3,616,794	-	-	3,616,794
Vocational education	263,201	-	-	263,201
Other support services	4,513,131	-	-	4,513,131
Special education	11,379,258	-	-	11,379,258
Program expenditures	-	-	2,113,959	2,113,959
State on-behalf payments	4,566,656	-	-	4,566,656
Debt service:				
Principal	312,525	-	-	312,525
Interest	117,333	-	-	117,333
Capital outlay	-	681,852	-	681,852
TOTAL EXPENDITURES	54,211,330	681,852	2,113,959	57,007,141
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	932,543	(681,852)	29,670	280,361
OTHER FINANCING SOURCES (USES)				
Transfers in	-	357,955	-	357,955
Transfers (out)	(407,955)	-	-	(407,955)
TOTAL OTHER FINANCING SOURCES (USES)	(407,955)	357,955	-	(50,000)
NET CHANGE IN FUND BALANCES (DEFICITS)	524,588	(323,897)	29,670	230,361
FUND BALANCES (DEFICITS) - JULY 1	(412,106)	314,318	514,562	416,774
FUND BALANCES (DEFICITS) - JUNE 30	\$ 112,482	\$ (9,579)	\$ 544,232	\$ 647,135

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

SOUTH 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>\$ 230,361</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	1,875,699
Capital asset disposals	(226,324)
Depreciation expense	<u>(1,439,863)</u>
	<u>209,512</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>883,058</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>967,136</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>240,629</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	(16,870)
Net pension liability	<u>(1,426,637)</u>
	<u>(1,443,507)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 1,087,189</u></u>

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

SOUTH BURLINGTON SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2020

	Enterprise Funds				Total
	School Nutrition	School's Out Program	Munson Field	Other Enterprise Funds	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ -	\$ 10,000	\$ -	\$ -	\$ 10,000
Accounts receivable (net of allowance for doubtful accounts)	-	65,535	-	-	65,535
Due from other governments	243,258	-	-	-	243,258
Inventory	40,436	-	-	-	40,436
Due from other funds	-	302,837	24,811	1,125	328,773
Total current assets	283,694	378,372	24,811	1,125	688,002
Noncurrent assets:					
Building improvements	96,060	-	-	-	96,060
Machinery and equipment	431,885	-	-	-	431,885
Total capital assets	527,945	-	-	-	527,945
Less: accumulated depreciation	(397,919)	-	-	-	(397,919)
Net capital assets	130,026	-	-	-	130,026
TOTAL ASSETS	\$ 413,720	\$ 378,372	\$ 24,811	\$ 1,125	\$ 818,028
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 13,663	\$ 823	\$ 102	\$ -	\$ 14,588
Accrued payroll	11,708	40,271	-	-	51,979
Due to other funds	265,249	-	-	411	265,660
Total current liabilities	290,620	41,094	102	411	332,227
TOTAL LIABILITIES	290,620	41,094	102	411	332,227
NET POSITION					
Net investment in capital assets	130,026	-	-	-	130,026
Unrestricted (deficit)	(6,926)	337,278	24,709	714	355,775
TOTAL NET POSITION	123,100	337,278	24,709	714	485,801
TOTAL LIABILITIES AND NET POSITION	\$ 413,720	\$ 378,372	\$ 24,811	\$ 1,125	\$ 818,028

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

SOUTH BURLINGTON SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Enterprise Funds				Total
	School Nutrition	School's Out Program	Munson Field	Other Enterprise Funds	
OPERATING REVENUES					
Intergovernmental	\$ 853,263	\$ 554,783	\$ -	\$ -	\$ 1,408,046
Charges for service	417,803	972,623	-	-	1,390,426
Other	426	-	8,850	-	9,276
TOTAL OPERATING REVENUES	<u>1,271,492</u>	<u>1,527,406</u>	<u>8,850</u>	<u>-</u>	<u>2,807,748</u>
OPERATING EXPENSES					
Salaries	510,128	1,022,612	3,781	-	1,536,521
Benefits/taxes	168,266	261,572	276	-	430,114
Food	437,915	48,420	-	-	486,335
Equipment repairs/equipment	4,504	35,719	-	-	40,223
Supplies	29,844	26,938	1,002	-	57,784
Depreciation	11,081	-	-	-	11,081
Other	18,733	97,076	-	-	115,809
TOTAL OPERATING EXPENSES	<u>1,180,471</u>	<u>1,492,337</u>	<u>5,059</u>	<u>-</u>	<u>2,677,867</u>
OPERATING INCOME (LOSS)	<u>91,021</u>	<u>35,069</u>	<u>3,791</u>	<u>-</u>	<u>129,881</u>
NONOPERATING REVENUES (EXPENSES)					
Transfers in	50,000	-	-	-	50,000
Transfers (out)	-	-	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
CHANGE IN NET POSITION	141,021	35,069	3,791	-	179,881
NET POSITION - JULY 1	<u>(17,921)</u>	<u>302,209</u>	<u>20,918</u>	<u>714</u>	<u>305,920</u>
NET POSITION - JUNE 30	<u>\$ 123,100</u>	<u>\$ 337,278</u>	<u>\$ 24,709</u>	<u>\$ 714</u>	<u>\$ 485,801</u>

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

SOUTH BURLINGTON SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Enterprise Funds				Total
	School Nutrition	School's Out Program	Munson Field	Other Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 417,803	\$ 972,623	\$ 8,850	\$ -	\$ 1,399,276
Intergovernmental receipts	636,179	554,783	-	-	1,190,962
Other receipts	426	(76,163)	(3,185)	-	(78,922)
Payments to employees	(678,394)	(1,243,913)	(4,765)	-	(1,927,072)
Payments to suppliers	(426,014)	(207,330)	(900)	-	(634,244)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(50,000)	-	-	-	(50,000)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in/(out)	50,000	-	-	-	50,000
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	50,000	-	-	-	50,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	-	-	-
CASH AND CASH EQUIVALENTS - JULY 1	-	10,000	-	-	10,000
CASH AND CASH EQUIVALENTS - JUNE 30	\$ -	\$ 10,000	\$ -	\$ -	\$ 10,000
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 91,021	\$ 35,069	\$ 3,791	\$ -	\$ 129,881
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	11,081	-	-	-	11,081
Changes in operating assets and liabilities:					
(Increase) decrease in due from other governments	(217,084)	-	-	-	(217,084)
(Increase) decrease due from other funds	-	(76,163)	(3,185)	-	(79,348)
(Decrease) increase in accounts payable	10,778	823	102	-	11,703
(Decrease) increase in accrued payroll	(43,358)	40,271	(708)	-	(3,795)
(Decrease) increase in due to other funds	97,562	-	-	-	97,562
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (50,000)	\$ -	\$ -	\$ -	\$ (50,000)

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

SOUTH BURLINGTON SCHOOL DISTRICT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2020

	Agency Funds	Pension
	Student Activities	Trust Fund
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 20,732	\$ 10,368
Investments, at fair value:		
Mutual fund - equities	-	6,653,561
Mutual fund - fixed income	-	5,440,717
Total investments	<u>-</u>	<u>12,094,278</u>
Due from other governments	346,912	3,208,340
TOTAL ASSETS	<u>\$ 367,644</u>	<u>\$ 15,312,986</u>
LIABILITIES		
Accounts payable	\$ 3,435	\$ -
Unfunded liability	-	3,147,634
Deposits held for others	364,209	-
TOTAL LIABILITIES	<u>\$ 367,644</u>	<u>3,147,634</u>
NET POSITION		
Restricted - held in trust for pensions		<u>12,165,352</u>
TOTAL LIABILITIES AND NET POSITION		<u>\$ 15,312,986</u>

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

SOUTH BURLINGTON SCHOOL DISTRICT

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

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions	<u>\$ 587,895</u>
Investment earnings:	
Net increase/(decrease) in fair value of investments	(27,480)
Interest and dividends	<u>339,795</u>
Net investment earnings	<u>312,315</u>
Total additions	<u>900,210</u>
DEDUCTIONS	
Distributions	<u>637,228</u>
Total deductions	<u>637,228</u>
Change in net position	262,982
NET POSITION - JULY 1	<u>11,902,370</u>
NET POSITION - JUNE 30	<u><u>\$ 12,165,352</u></u>

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

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The South Burlington School District was incorporated under the laws of the State of Vermont. The District provides the following services: regular instruction, support services, transportation, administration, operations and maintenance, vocational education, other support services, special education and program expenditures.

The 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 District's combined financial statements include all accounts and all operations of the District. We have determined that the 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 Vermont, 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 addendums. As of the date of this report, the state of emergency was extended to June 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.

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact on and Results of Operations

On March 13, 2020, the Governor of Vermont directed the dismissal of Pre-K through 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, School 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 Supervisory Union ceased in-house operations and moved to remote learning systems. The District chose to use zoom, google hangout and other such methods of remote learning to comply with the Governor’s order to support the continuity of 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 Supervisory Union 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 Supervisory Union 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 Supervisory Union expects that if those actions are necessary, that the Supervisory Union 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 Supervisory Union, 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 of the Supervisory Union. 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 Supervisory Union.

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Government-Wide and Fund Financial Statements

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

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's School Nutrition Funds, School's Out Program, Munson Field and other nonmajor funds are categorized as business-type activities. All other activities of the District are categorized as governmental.

In the government-wide Statement of Net Position, the governmental activities 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 District's net position is reported in three parts - net investment in capital assets; restricted net position and unrestricted net position. The 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 District's functions and business-type activities (instruction, operation and maintenance, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) 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 (taxes, certain intergovernmental revenues and charges for services, etc.).

The 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 District as an entity and the change in the District's net position resulting from the current year's activities.

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the 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,

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 District:

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 District:

Major funds:

- a. The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of various capital improvements in the District. Major sources of revenue are debt proceeds and transfers from the general fund.

Nonmajor funds:

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

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

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

proprietary activity. Non-operating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the District:

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 District programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds. Component units that are fiduciary in nature have been excluded from these financial statements.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (agency and pension trust). 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 either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

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

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Revenues per budgetary basis	\$ 50,577,217
Add: On-behalf payments	4,566,656
Total GAAP basis	<u>\$ 55,143,873</u>
Expenditures per budgetary basis	\$ 50,052,629
Add: On-behalf basis	4,566,656
Total GAAP basis	<u>\$ 54,619,285</u>

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

1. In December, the Administration prepares a preliminary budget for review by the School Board of Directors.

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. After several public hearings, the School Board approves a budget for review by the voters forty-five days prior to election by the voters.
3. On the first Tuesday of March, the budget is adopted subject if it receives a majority of the votes cast.
4. If the budget fails, the City charter governs the process for a revote and subsequent adoption.

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 cash equivalents. The District Treasurer is authorized by State Statutes to invest all excess funds in the following:

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

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

Receivables

Receivables include amounts due for capital projects, instruction and food service. 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 \$0 as of June 30, 2020. Accounts receivable netted with allowances for uncollectible accounts were \$2,166,889 for the year ended June 30, 2020.

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories of supplies are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet. The enterprise fund inventory consists of school nutrition 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.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements. 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 eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

Transactions Between Funds

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

Capital Assets

Capital assets purchased or acquired with a cumulative cost by class of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition 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 following estimated useful lives. All retirements have been recorded by eliminating the net carrying values.

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated useful lives are as follows:

Buildings	20 - 50 years
Infrastructure	50 - 100 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 primarily of bonds payable, notes from direct borrowings payable, accrued compensated absences and net pension 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.

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 South Burlington School District Retirement Income Plan (DRI) and additions to/deductions from the VSTRS and the DRI Plans' fiduciary net position have been determined on the same basis as they are reported by the VSTRS and the DRI 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). Additions

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The District has only one type of item, deferred outflows related to pensions. This item is reported in the statement of net position.

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

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 District meetings are the highest level of decision-making authority of the District. Commitments may be established, modified or rescinded only through a District meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is given through Vermont Statutes Annotated Title 16 §567 and is expressed by the School Board.

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 District meeting vote has provided otherwise in its commitment or assignment actions.

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).

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 revenues 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 District does utilize encumbrance accounting for any of its funds.

Use of Estimates

During the preparation of the 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 District's investment policies, which follow state statutes, 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. These investment policies apply to all District funds.

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the 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 District does not have a policy covering custodial credit risk.

At June 30, 2020, the District's cash balance of \$3,660,657 which consisted of bank deposits and cash equivalents amounting to \$4,057,106 . Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Supervisory Union's cash balance. Of this balance, \$250,000 was insured by federal depository insurance and consequently was not exposed to custodial credit risk. The remaining balance was collateralized with securities held by the financial institution in the District's name.

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 44,847
Repurchase agreement	4,001,891
Cash equivalents	10,368
	\$ 4,057,106

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. The District's investments of \$12,094,278 were uninsured and uncollateralized.

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.

At June 30, 2020, the District's investments were comprised of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>N/A</u>	<u>< 1 Year</u>	<u>1 - 5 Years</u>	<u>> 5 Years</u>
Mutual fund - fixed income	\$ 5,440,717	\$ 5,440,717	\$ -	\$ -	\$ -
Mutual fund - equities	6,653,561	6,653,561	-	-	-
	\$ 12,094,278	\$ 12,094,278	\$ -	\$ -	\$ -

Fair Value Hierarchy

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The District has the following recurring fair value measurements as June 30, 2020:

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

	June 30, 2020 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Equity securities:				
Mutual funds - fixed income	\$ 5,440,717	\$ 5,440,717	\$ -	\$ -
Mutual funds - equities	6,653,561	6,653,561	-	-
Total equity securities	12,094,278	12,094,278	-	-
Total investments by fair value level	12,094,278	\$ 12,094,278	\$ -	\$ -
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market funds	10,368			
Total cash equivalents measured at the NAV	10,368			
Total investments and cash equivalents measured at fair value	\$ 12,104,646			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. The District has no Level II or III investments. The fair value of money market funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2020 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

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.

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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	\$ 949,538	\$ 952,016
Capital projects fund	300,000	17,367
Nonmajor special revenue funds	323,243	666,511
Proprietary funds	328,773	265,660
	\$ 1,901,554	\$ 1,901,554

The results of amounts owed between funds are considered to be in the course of normal operations by the School 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	\$ -	\$ 407,955
Capital projects fund	357,955	-
Proprietary funds	50,000	-
	\$ 407,955	\$ 407,955

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

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2020 is as follows:

	Balance, 7/1/19	Additions	Disposals	Balance, 6/30/20
<u>Governmental activities</u>				
Non-depreciated assets:				
Construction in progress	\$ 32,432	\$ -	\$ (32,432)	\$ -
	32,432	-	(32,432)	-
Depreciated assets:				
Buildings	23,851,755	325,700	-	24,177,455
Building improvements	8,601,711	134,430	-	8,736,141
Land improvements	333,602	-	-	333,602
Furniture, fixtures and equipment	5,646,583	1,168,905	(603,122)	6,212,366
Vehicles	2,381,540	206,596	(150,210)	2,437,926
Infrastructure	2,017,330	72,500	-	2,089,830
	42,832,521	1,908,131	(753,332)	43,987,320
Less: accumulated depreciation	(30,121,278)	(1,439,863)	527,008	(31,034,133)
	12,711,243	468,268	(226,324)	12,953,187
Net capital assets	\$ 12,743,675	\$ 468,268	\$ (258,756)	\$ 12,953,187
<u>Business-type activities:</u>				
Depreciated assets:				
Building improvements	\$ 96,060	\$ -	\$ -	\$ 96,060
Machinery and equipment	431,885	-	-	431,885
	527,945	-	-	527,945
Less: accumulated depreciation	(386,838)	(11,081)	-	(397,919)
	141,107	(11,081)	-	130,026
Net capital assets	\$ 141,107	\$ (11,081)	\$ -	\$ 130,026
Current year depreciation:				
Direct services				\$ 937,007
Support services				119,065
Athletics				132,496
Operation & maintenance				130,404
Transportation				114,781
Administration				2,316
FHTMS				3,794
Subtotal governmental depreciation expense				1,439,863
Food service				11,081
Total depreciation expense				\$ 1,450,944

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - SHORT-TERM DEBT

Short-term debt activity for the year ended June 30, 2020, was as follows:

	Balance, 7/1/19	Additions	Deletions	Balance, 6/30/20
Tax/revenue anticipation note	\$ -	\$ 5,000,000	\$ (5,000,000)	\$ -

On July 5, 2019, the School District issued a tax/revenue anticipation note through Community Bank in anticipation of revenues to meet its operating obligations during the fiscal year. The note allowed principal draws up to \$5,000,000 at 2.00% interest with a maturity date of September 6, 2019. On August 30, 2019 the note was paid in full. Interest expense for the note was \$12,329.

NOTE 7 - LONG TERM DEBT

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

	Balance, 7/1/19	Additions	Deletions	Balance, 6/30/20	Current Portion
Bonds payable	\$ 4,175,500	\$ -	\$ (312,525)	\$ 3,862,975	\$ 312,525
Notes from direct borrowings payable	1,465,436	-	(654,611)	810,825	396,485
	\$ 5,640,936	\$ -	\$ (967,136)	\$ 4,673,800	\$ 709,010

The following is a summary of outstanding bonds payable:

\$950,500, 2018 General Obligation Bond due in annual principal installments semiannual interest installments through November 2038. Interest is charged at a fixed rate varying from 1.70% to 4.17% per annum. Annual principal installments are \$47,525.	\$ 902,975
\$2,500,000, 2016 General Obligation Bond due in annual installments and semiannual interest installments through November 2036. Interest is charged at a fixed rate varying from 0.60% to 2.20% per annum. Annual principal installments are \$125,000.	2,125,000

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - LONG TERM DEBT (CONTINUED)

\$2,795,000, 2005 General Obligation Bond due in annual installments and semiannual interest installments through November 2025. Interest is charged at a fixed rate varying from 3.00% to 4.58% per annum. Annual principal installments are \$140,000 except for the last payment which is \$135,000.

835,000
\$ 3,862,975

The following is a summary of outstanding notes from direct borrowings payable:

The District leases buses under a non-cancelable lease agreement. The term of the lease is for five years expiring in August of 2020 with a fixed interest rate of 2.67% per annum. Annual payments are \$22,875.	\$ 22,280
The District leases chromebooks under a non-cancelable lease agreement. The term of the lease is for three years expiring in August of 2020 with a fixed interest rate of 4.39% per annum. Annual payments are \$27,373.	51,341
The District leases technology items under a non-cancelable lease agreement. The term of the lease is for five years expiring in September of 2020 with a fixed interest rate of 2.98% per annum. Annual payments are \$148,837.	144,530
The District leases copiers under a non-cancelable lease agreement. The term of the lease is for five years expiring in August of 2021 with a fixed interest rate of 3.04% per annum. Annual payments are \$63,061.	120,594
The District leases vehicles under a non-cancelable lease agreement. The term of the lease is for five years expiring in September of 2021 with a fixed interest rate of 3.00% per annum. Annual payments are \$29,043.	55,574
The District leases a bus and surveillance equipment under a non-cancelable lease agreement. The term of the lease is for five years expiring in August of 2022 with a fixed interest rate of 4.39% per annum. Annual payments are \$49,491.	178,009
The District leases chromebooks and laptops under a non-cancelable lease agreement. The term of the lease is for four years expiring in August of 2021 with a fixed interest rate of 4.39% per annum. Annual payments are \$86,579.	238,497
	\$ 810,825

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding bond and notes from direct borrowings principal and interest requirements for the fiscal years ending June 30:

	BONDS PAYABLE			NOTES FROM DIRECT BORROWINGS PAYABLE		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 312,525	\$ 107,950	\$ 420,475	\$ 396,485	\$ 30,774	\$ 427,259
2022	312,525	104,541	417,066	238,576	17,566	256,142
2023	312,525	97,355	409,880	128,354	7,716	136,070
2024	312,525	87,404	399,929	47,410	2,081	49,491
2025	312,525	77,209	389,734	-	-	-
2026-2030	997,625	274,841	1,272,466	-	-	-
2031-2035	862,625	144,832	1,007,457	-	-	-
2036-2040	440,100	22,542	462,642	-	-	-
	<u>\$ 3,862,975</u>	<u>\$ 916,674</u>	<u>\$ 4,779,649</u>	<u>\$ 810,825</u>	<u>\$ 58,137</u>	<u>\$ 868,962</u>

All bonds payable and notes from direct borrowings payable are direct obligations of the School District, for which its full faith and credit are pledged. The School District is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the School District.

NOTE 8 - OTHER LONG-TERM OBLIGATIONS

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

	Balance, 7/1/19	Additions	Deletions	Balance, 6/30/20	Current Portion
Accrued compensated absences	\$ 49,246	\$ 16,870	\$ -	\$ 66,116	\$ 13,223
Net pension liability	1,720,997	1,867,558	(440,921)	3,147,634	-
	<u>\$ 1,770,243</u>	<u>\$ 1,884,428</u>	<u>\$ (440,921)</u>	<u>\$ 3,213,750</u>	<u>\$ 13,223</u>

Please see Notes 9 and 17 for detailed information on each of the other long-term obligations.

NOTE 9 - ACCRUED COMPENSATED ABSENCES

The District's policies regarding vacation do permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 - ACCRUED COMPENSATED ABSENCES (CONTINUED)

recorded as long-term obligations 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 \$66,116.

NOTE 10 - OPERATING LEASES

The District entered into a four-year lease agreement with Municipal Leasing Consultants, LLC for the lease of computers. The lease period runs through July of 2021 at an annual rate of \$24,004.

The District entered into a three-year lease agreement with Municipal Leasing Consultants, LLC for the lease of computers. The lease period runs through July of 2022 at an annual rate of \$124,502.

The District entered into a four-year lease agreement with Municipal Leasing Consultants, LLC for the lease of two buses. The lease period runs through July of 2023 at an annual rate of \$37,753.

The District entered into a five-year lease agreement with Marlin Leasing Corporation for dishwashers. The lease period runs through August of 2023 with monthly payments of \$601.

The following is a schedule of future minimum lease payments for the following years ending June 30:

2021	\$ 193,471
2022	193,471
2023	169,467
2024	38,955
2025	-

NOTE 11 - NONSPENDABLE FUND BALANCE

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

General fund:	
Prepaid items	<u>\$ 31,695</u>

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 - RESTRICTED NET POSITION/FUND BALANCES

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

Special revenue grant funds	\$ 204,498
	<u> </u>

NOTE 13 - COMMITTED FUND BALANCES

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

Nonmajor special revenue funds (Schedule E)	\$ 62,893
Nonmajor capital projects funds (Schedule G)	300,000
	<u> </u>
	<u>\$ 362,893</u>

NOTE 14 - ASSIGNED FUND BALANCES

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

Nonmajor special revenue funds (Schedule E)	\$ 43,957
	<u> </u>

NOTE 15 - DEFICIT FUND BALANCES

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

Capital projects fund	\$ 9,579
Nonmajor special revenue funds:	
Project search	2,528
Trail project	2,325
VT Dept of Public Safety grant	45,763
Medicaid	524
Flexible pathways	334
Diversity	1,153
SBNN	2,130
Secondary transformation	3,525
Diversity of K-12 educators	8,216
Local standards board	618
	<u> </u>
	<u>\$ 76,695</u>

NOTE 16 - DEFICIT NET POSITION

At June 30, 2020, the District had the following fund with a deficit net position:

Enterprise funds:	
School store	\$ 411
	<u> </u>

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLANS

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

Plan Description

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

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

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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
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 with 5 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Early Retirement Reduction	Actuarial reduction	6% per year from age 62	Actuarial reduction

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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 \$4,566,656 or 19.15% of total payroll for employees covered under the plan.

Employee contribution rates by Plan group follow:

VSTRS	Group A	Group C – Group # 1	Group C – Group # 2
Employee Contributions	5.5% of gross salary; 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 \$1,239,556 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 \$23,846,767 for the year ended June 30, 2020.

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Pension 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. 68 and the State is treated as a nonemployer to VSTRS. Since the District does not contribute directly to VSTRS, no net pension liability was recorded at June 30, 2020. The State's portion of the collective net pension liability that was associated with the District was as follows:

District's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the District	<u>50,895,637</u>
Total	<u><u>\$ 50,895,637</u></u>

The State of Vermont's proportionate share of the net pension liability associated with the District is equal to the collective net pension liability, actuarially measured as of June 30, 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 3.26123%, which was an increase of 0.05670% 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 District recognized total pension expense \$7,295,467 and revenue of \$7,295,467 for support provided by the State of Vermont for the VSTRS plan. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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 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% per year.

Salary Increases: Ranging from 3.75% to 9.09%

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Deaths After Retirement: The VSTRS plan used 98% of the RP-2006 White Collar Employee with generational projection using Scale SSA-2018 for pre-retirement, 98% of the RP-2006 White Collar Annuitant with generational projection using Scale SSA-2018 for healthy retirees and the RP-2006 Disabled Mortality Table with generational projection using Scale SSA-2018 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.

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

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class. These best estimate ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	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.

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

The following presents the Supervisory Union’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 Supervisory Union’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

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

Pension Plan Fiduciary Net Position

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

DISTRICT RETIREMENT INCOME PLAN

Plan Description

The South Burlington School District Retirement Income Plan (the Plan) is a single-employer, noncontributory, defined benefit pension plan which provides retirement benefits to eligible employees of the District. The Plan is administered by the South Burlington Board of School Directors, made up of five elected members who provide the authority under which benefits provisions and the District’s obligation to contribute are established. The Plan is included as a pension trust fund in these basic financial statements.

Substantially all employees of the District (except professional educators) are members of the Plan. The plan calls for benefits to be paid to eligible employees at retirement based primarily upon years of service with the District and compensation

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

rates near retirement. Employees are eligible at the beginning of the plan year following employment in a position requiring 1,000 or more hours of credited service. No vesting occurs prior to five years of service.

Plan Membership:

At September 30, 2019, the plan's reporting period, plan membership consisted of the following:

Inactive plan participants or beneficiaries currently receiving benefits	119
Inactive plan participants entitled to but not yet receiving benefits	92
Active plan participants	<u>112</u>
Total plan participants	<u><u>323</u></u>

As of September 11, 2013, the plan was closed to new participants.

Benefits Provided

The plan provides retirement and disability and death benefits to plan members and their beneficiaries. Benefits available are based on average annual compensation (AAC) and years of creditable service and are summarized below:

Normal retirement age	Age 62.	
Normal retirement date	First of the month coincident with or next following the participant's 62 nd birthday.	
Compensation	Total wages received by a participant during a calendar year that ends within the plan year.	
Average annual compensation (AAC)	Participant's highest average annual compensation of three consecutive calendar years in which the participant has earned credited service.	
Years of service	A twelve-month period during which an employee works 1,000 hours.	
Vesting schedule	<u>Years of Service</u>	<u>Percentage</u>
	Less than 5	0%
	5	100%
Normal retirement	Eligibility	Attainment of age 62.
	Benefit amount	1.25% of the participant's AAC times years of service.

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	Commencement date	Normal retirement date
Early retirement	Eligibility	Attainment of age 55 and completion of 5 or more years of service.
	Benefit amount	Normal retirement benefit based on compensation and credited service as of early retirement date, reduced by 1/15 th for each of the first 5 years and 1/30 th for each of the next 5 years that commencement precedes age 62.
	Commencement date	Early retirement date.
Late retirement	Eligibility	Retirement beyond normal retirement date.
	Benefit amount	Greater of the normal retirement benefit based on compensation and credited service as of late retirement date and the actuarial equivalent of the benefit as of the prior plan year.
	Commencement date	Late retirement date.
Deferred vested	Eligibility	Completion of five or more years of service.
	Benefit amount	Normal retirement benefit based on compensation and credited service as of termination date.
	Benefit amount	Accrued benefit payable to beneficiary.
Optional forms of payment	The normal form of payment is a life annuity with ten years certain. A participant may elect to receive his or her benefit in one of the following optional forms of payment:	
	<ul style="list-style-type: none"> • Single life annuity – monthly income for the life of the participant. 	
	<ul style="list-style-type: none"> • Contingent annuity – monthly income for the life of the participant and in the event of the participant’s death, an amount of monthly income equal to 50%, 66-2/3% or 100% (as elected by the participant) for the life of the participant’s beneficiary. 	

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	<ul style="list-style-type: none">• Ten-year certain annuity – monthly income for the life of the participant with the provision that not less than 120 monthly payments shall be made to the participant and beneficiary.
--	--

That portion of a terminated participant's accrued benefit that is forfeited shall be used only to reduce future costs of the plan.

Contributions

The District's obligation to contribute is established and may be amended by the South Burlington Board of School Directors. The Board establishes employer contributions based on an actuarially determined contributions recommended by an independent actuary. The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by the plan 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 \$570,102 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 \$4,499,499.

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 net pension liability of \$3,147,634 for the Plan. The net pension liability was measured as of September 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2020, the District recognized total pension expense of \$302,950. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 264,651	\$ 41,220
Changes of assumptions	521,787	48,086
Net difference between projected and actual earnings on pension plan investments	431,463	209,666
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	440,921	-
Total	\$ 1,658,822	\$ 298,972

\$440,921 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 September 30:	
2020	\$ 341,709
2021	373,426
2022	113,836
2023	89,958
2024	-
Thereafter	-

Significant Actuarial Assumptions and Methods

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience study, dated September 30, 2019.

The total pension liability for the September 30, 2019 measurement date was determined by an actuarial valuation as of October 1, 2019 using the actuarial assumptions outlined below:

Actuarial Cost Method: Entry Age Normal. The actuarial present value of the projected benefits of each individual is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age.

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Actuarial Asset Method: The Actuarial Value of Assets is the market value of assets as of the measurement date.

Census Data: Census data of the valuation date were submitted by the South Burlington School District.

Administrative Expenses: None.

Investment Rate of Return: 6.50%, net of investment expense, compounded annually.

Discount Rate: 6.50%, net of investment expense, compounded annually.

Inflation Rate: As measured by the Consumer Price Index (CPI), at the rate of 2.4% per year.

Salary Increases: The assumed annual rate of salary increases including longevity is 3.00%

Mortality Table: RP-2014 Total Dataset Mortality Table, adjusted to 2006, projected with full generational mortality improvement using Scale MP-2019. Previously, mortality improvement using Scale MP-2018.

Withdrawal Rates: Illustrative withdrawal rates are shown below:

<u>Age</u>	<u>Rate of Withdrawal</u>
25	5.30%
30	5.10%
35	4.70%
40	4.20%
45	3.50%
50	2.50%
55	0.90%
60	0.10%

Disability Rates: None assumed.

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retirement Rates: Illustrative retirement rates are shown below:

<u>Age</u>	<u>Rate of Withdrawal</u>
55	5.00%
56	2.00%
57	2.00%
58	2.00%
59	2.00%
60	2.00%
61	2.00%
62	40.00%
63	5.00%
64	5.00%
65	25.00%
66	25.00%
67	25.00%
68	25.00%
69	30.00%
70	100.00%

Deferred Benefits: Begin at age 62 or current age if older.

Actuarial valuation of the ongoing Plan 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 determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
Cash	0.00%	0.00%
Equities - domestic	33.00%	4.72%
Equities - international	21.00%	5.30%
Fixed income	23.00%	1.90%
Fixed income - short-term	10.00%	1.90%
Fixed income - high yield	7.00%	3.42%
Fixed income - emerging markets	6.00%	3.66%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from the District will be made in accordance with past practice. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected benefit payments of current plan 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 Net Pension Liability to Changes in the Discount Rate

The following presents the Plan's net pension liability calculated using the discount rate of 6.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.5%) or 1 percentage-point higher (7.5%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
Discount rate	5.50%	6.50%	7.50%
District's net pension liability	\$ 5,060,347	\$ 3,147,634	\$ 1,545,124

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Pension Plan Fiduciary Net Position

The Plan does not issue stand-alone financial reports. For further financial and actuarial information about the Plan, refer to the District's fiduciary fund financial statements, which may be obtained online at www.sbschools.net or by contacting the District at (802) 652-7055.

NOTE 18 - DEFINED CONTRIBUTION PLAN

Plan Description

The District offers its employees a defined contribution plan created in accordance with Internal Revenue Code Section 403. All eligible employees hired on or after September 11, 2013 may only enroll in the 403 plan upon the completion of one (1) year of employment. The plan is administered by Prudential.

Funding Policy

Plan provisions and contribution requirements are established and may be amended by the South Burlington Board of School Directors. Under the 403 plan, the District is required to contribute 4.0% of a participant's earnings for the plan year, with no required match from the participant, one time per year, after the end of the fiscal year and no later than September 30 of the next year. For the year ended June 30, 2020, the District's contribution to this plan was \$55,446.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in District contributions and earnings on District contributions after completion of 12 months of creditable service with the District. Non-vested District contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. There were no forfeitures of non-vested contributions for the year ended June 30, 2020, forfeitures.

NOTE 19 - DEFERRED COMPENSATION PENSION PLANS

403(b) DEFERRED COMPENSATION RETIREMENT PLAN

Plan Description

The District has elected to offer the Vermont State Teachers' Retirement System 403(b) plan to all employees of the District who make contributions to the plan and remain employed by the District. All employees are allowed to contribute up to the maximum allowed by law on a pre-tax basis. Vesting occurs immediately, the District match for the employees is the same between the union and non-union groups.

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 19 - DEFERRED COMPENSATION PENSION PLANS (CONTINUED)

The District has contracted with Vermont State Teachers' Retirement System and with Prudential as trustee. Employee contributions are withheld by the District and remitted regularly to Prudential which applies the funds to accounts as directed by employees.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

It is the opinion of the District's management that the District has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

Funding Policy

For all support staff, employee contributions are matched up to 2% by the District. For central office administrators, the District makes a contribution of \$3,000, for the superintendent the contribution is \$5,000 to the employee's individual 403(b) accounts. There is no matching amount paid by the District for teachers and building administrators. For the year ended June 30, 2020, employee contributions totaled \$437,796 and the District recognized pension expense of \$107,180.

457 DEFERRED REVENUE SAVINGS PLAN

Plan Description

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits the employee to defer a portion of salary until future years. There is no employer match by the District. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency. All employees are allowed to contribute up to the maximum allowed by law on a pre-tax basis.

The District has contracted with Empower Retirement to administer the plan. Employee contributions are withheld by the District and remitted regularly to Empower Retirement which applies the funds to accounts as directed by employees.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 19 - DEFERRED COMPENSATION PENSION PLANS (CONTINUED)

It is the opinion of the District's management that the District has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

Funding Policy

For the year ended June 30, 2020, employee contributions totaled \$247,928.

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

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).

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 and Management website at: http://finance.vermont.gov/reports_and_publications/cafr.

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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:	
Retired after June 30, 2010	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

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

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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 School 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 School District was as follows:

District's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the District		26,345,209
Total	<u>\$</u>	<u>26,345,209</u>

The State of Vermont's proportionate share of the net OPEB liability associated with the School District is equal to the collective net OPEB 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 2.53136% which was a decrease of 0.00575% 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 School District recognized total OPEB expense of \$1,358,372 and revenue of \$1,358,372 for support provided by the State of Vermont for the Plan. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (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	\$ -	\$ -

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:

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
VSTRS OPEB Plan: Discount rate	2.50%	3.50%	4.50%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -

Healthcare Trend Rate

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The trend rate assumptions were developed using Segal's internal guidelines, which are established each year using data sources such as the 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
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.

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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.

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	<u>100.00%</u>	

Assumptions

The actuarial assumptions used to calculate the actuarially determined contribution rates can be found in the Report on the Actuarial Valuation of Post-Retirement Benefits of the Vermont State Teachers' Retirement System Prepared as of June 30, 2016 completed by Buck Consulting. As of June 30, 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-2017.
Post-retirement Mortality	98% of RP-2006 White Collar Annuitant with generational projection using Scale SSA-2017.

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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 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 and Management website at: http://finance.vermont.gov/reports_and_publications/cafr

NOTE 21 - CONTINGENCIES

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

NOTE 22 - RISK MANAGEMENT

The District is a member of the Vermont School Boards Association. The Association has set up two insurance Trusts; Vermont School Boards Insurance Trust, Inc. (VSBIT) for worker compensation, multi-line intermunicipal school program and unemployment compensation program and the Vermont Education Health Initiative

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 22 - RISK MANAGEMENT (CONTINUED)

(VEHI) for medical benefits. VSBIT and VEHI are nonprofit corporations formed to provide insurance and risk management programs for Vermont School Districts and is owned by the participating Districts. The Trust is not licensed insurance carriers and members are not protected by the Vermont Insurance Guaranty Association.

NOTE 23 - SUBSEQUENT EVENTS

On July 16, 2020, the District issued a Tax/Revenue Anticipation note with Community Bank to meet its operating obligations during the 2021 fiscal year. The note allows principal draws up to \$8,000,000 at 1.95% interest with a maturity date of June 30, 2021.

The District entered into a four-year lease agreement on September 30, 2020 with Municipal Leasing Consultants, LLC for the lease of computers. The lease period runs through September of 2023 at an annual rate of \$89,820.

The District entered into a five-year lease agreement on September 30, 2020 with Municipal Leasing Consultants, LLC for the lease of a bus. The lease period runs through September of 2024 at an annual rate of \$19,224.

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 Plan
- Schedule of Contributions - Pension - VSTRS Plan
- Schedule of Changes in Net Pension Liability and Related Ratios - District Retirement Income Plan
- Schedule of Contributions - District Retirement Income Plan
- Schedule of Investment Returns - District Retirement Income Plan
- Schedule of Proportionate Share of the Net OPEB Liability
- Schedule of Contributions - OPEB
- Notes to Required Supplementary Information

SOUTH 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 Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (412,106)	\$ (412,106)	\$ (412,106)	\$ -
Resources (Inflows):				
Local assessments	-	-	793	793
Intergovernmental revenues:				
State subsidy	40,203,373	40,203,373	40,203,373	-
Other state revenue	6,345,874	6,345,874	6,894,142	548,268
Charges for services	343,097	343,097	138,409	(204,688)
Tuition	2,932,000	2,932,000	3,128,741	196,741
Interest income	17,000	17,000	35,091	18,091
Miscellaneous revenue	77,166	77,166	176,668	99,502
Transfers from other funds	50,000	50,000	-	(50,000)
Amounts Available for Appropriation	<u>49,556,404</u>	<u>49,556,404</u>	<u>50,165,111</u>	<u>608,707</u>
Charges to Appropriations (Outflows):				
Regular instruction	19,332,408	19,332,408	19,534,793	(202,385)
Support services	4,589,113	4,589,113	4,430,890	158,223
Transportation	1,438,961	1,438,961	1,435,387	3,574
Administration	4,038,249	4,038,249	4,041,362	(3,113)
Operations and maintenance	4,031,233	4,031,233	3,616,794	414,439
Debt service:				
Principal	312,525	312,525	312,525	-
Interest	117,342	117,342	117,333	9
Vocational education	219,317	219,317	263,201	(43,884)
Contingency	352,324	352,324	-	352,324
Other support services	4,505,658	4,505,658	4,513,131	(7,473)
Special education	11,174,318	11,174,318	11,379,258	(204,940)
Transfers to other funds	50,000	50,000	407,955	(357,955)
Total Charges to Appropriations	<u>50,161,449</u>	<u>50,161,449</u>	<u>50,052,629</u>	<u>108,820</u>
Budgetary Fund Balance (Deficit), June 30	<u>\$ (605,045)</u>	<u>\$ (605,045)</u>	<u>\$ 112,482</u>	<u>\$ 717,527</u>
Utilization of committed fund balance	<u>\$ 169,000</u>	<u>\$ 169,000</u>	<u>\$ -</u>	<u>\$ (169,000)</u>

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

SOUTH BURLINGTON SCHOOL DISTRICT

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>VSTRS:</u>							
Proportion of the net pension liability District's proportionate share of the net pension liability	3.26%	3.20%	3.21%	3.14%	3.21%	3.18%	3.12%
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District Total	<u>50,895,637</u> <u>\$ 50,895,637</u>	<u>50,895,637</u> <u>\$ 50,895,637</u>	<u>47,554,360</u> <u>\$ 47,554,360</u>	<u>41,168,996</u> <u>\$ 41,168,996</u>	<u>38,063,925</u> <u>\$ 38,063,925</u>	<u>30,522,465</u> <u>\$ 30,522,465</u>	<u>31,577,589</u> <u>\$ 31,577,589</u>
Covered payroll	\$ 22,409,034	\$ 21,663,717	\$ 21,195,067	\$ 19,075,741	\$ 17,891,681	\$ 18,052,166	\$ 17,604,094
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%	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%	60.59%

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

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

SOUTH BURLINGTON SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - PENSIONS - VSTRS PLAN
LAST 10 FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>VSTRS:</u>							
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 23,846,767	\$ 22,409,034	\$ 21,663,717	\$ 21,195,067	\$ 19,075,741	\$ 17,891,681	\$ 18,052,166
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

SOUTH BURLINGTON SCHOOL DISTRICT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
DISTRICT RETIREMENT INCOME PLAN
LAST 10 FISCAL YEARS*

	2020	2019	2018	2017	2016	2015
Total pension liability						
Service cost	\$ 283,991	\$ 326,434	\$ 343,888	\$ 374,585	\$ 383,030	\$ 353,421
Interest	928,578	888,389	839,558	796,079	745,996	689,654
Changes in benefit terms	-	-	-	-	-	-
Difference between actual and expected experience	347,459	(99,274)	89,161	138,497	52,628	107,326
Changes of assumptions	796,412	-	(95,125)	(225,232)	(55,810)	-
Benefit payments, including refunds of employee contributions	(523,652)	(474,299)	(450,565)	(413,640)	(390,231)	(360,005)
Net change in total pension liability	<u>1,832,788</u>	<u>641,250</u>	<u>726,917</u>	<u>670,289</u>	<u>735,613</u>	<u>790,396</u>
Total pension liability - beginning	<u>13,243,241</u>	<u>12,601,991</u>	<u>11,875,074</u>	<u>11,204,785</u>	<u>10,469,172</u>	<u>9,678,776</u>
Total pension liability - ending (a)	<u>\$ 15,076,029</u>	<u>\$ 13,243,241</u>	<u>\$ 12,601,991</u>	<u>\$ 11,875,074</u>	<u>\$ 11,204,785</u>	<u>\$ 10,469,172</u>
Plan fiduciary net position						
Contributions - employer	\$ 570,102	\$ 676,605	\$ 648,663	\$ 680,331	\$ 715,137	\$ 757,500
Net investment income	359,701	635,602	1,081,332	808,623	(142,764)	720,974
Benefit payments, including refunds of member contributions	(523,652)	(474,299)	(450,565)	(413,640)	(390,231)	(360,005)
Administrative expense	-	-	-	-	-	-
Other	-	-	-	-	-	-
Net change in plan fiduciary net position	<u>406,151</u>	<u>837,908</u>	<u>1,279,430</u>	<u>1,075,314</u>	<u>182,142</u>	<u>1,118,469</u>
Plan fiduciary net position - beginning	<u>11,522,244</u>	<u>10,684,336</u>	<u>9,404,906</u>	<u>8,329,592</u>	<u>8,147,450</u>	<u>7,028,981</u>
Plan fiduciary net position - ending (b)	<u>\$ 11,928,395</u>	<u>\$ 11,522,244</u>	<u>\$ 10,684,336</u>	<u>\$ 9,404,906</u>	<u>\$ 8,329,592</u>	<u>\$ 8,147,450</u>
Net pension liability - ending (a) - (b)	<u>\$ 3,147,634</u>	<u>\$ 1,720,997</u>	<u>\$ 1,917,655</u>	<u>\$ 2,470,168</u>	<u>\$ 2,875,193</u>	<u>\$ 2,321,722</u>
Plan fiduciary net position as a percentage of the total pension liability	79.12%	87.00%	84.78%	79.20%	74.34%	77.82%
Covered payroll	\$ 4,499,499	\$ 4,820,905	\$ 5,331,496	\$ 5,550,771	\$ 5,738,245	\$ 5,908,499
Net pension liability as a percentage of its covered payroll	69.96%	35.70%	35.97%	44.50%	50.11%	39.29%

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

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

SOUTH BURLINGTON SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - DISTRICT RETIREMENT INCOME PLAN
LAST 10 FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 475,003	\$ 539,585	\$ 616,054	\$ 690,573	\$ 609,693	\$ 595,456	\$ 636,704
Contributions in relation to the actuarially determined contribution	<u>(570,102)</u>	<u>(676,605)</u>	<u>(648,663)</u>	<u>(634,692)</u>	<u>(795,546)</u>	<u>(625,000)</u>	<u>(765,000)</u>
Contribution deficiency (excess)	<u>\$ (95,099)</u>	<u>\$ (137,020)</u>	<u>\$ (32,609)</u>	<u>\$ 55,881</u>	<u>\$ (185,853)</u>	<u>\$ (29,544)</u>	<u>\$ (128,296)</u>
Covered payroll	\$ 4,499,499	\$ 4,820,905	\$ 5,331,496	\$ 5,550,771	\$ 5,738,245	\$ 5,908,499	\$ 5,085,443
Contributions as a percentage of covered payroll	12.67%	14.03%	12.17%	11.43%	13.86%	10.58%	15.04%

* The actuarial amounts presented for each fiscal year were determined for those years for which information is available.

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

SOUTH BURLINGTON SCHOOL DISTRICT

SCHEDULE OF INVESTMENT RETURNS - DISTRICT RETIREMENT INCOME PLAN
LAST 10 FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	3.16%	5.92%	11.42%	9.60%	-1.68%	10.04%

Notes to schedule:

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of the time they are available to earn a return during that period. The rate of return is then calculated by solving, through an iterative process, for the rate that equates the sum of the weighted external cash flows into and out of the pension plan investments to the ending fair value of pension plan investments.

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

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

SOUTH BURLINGTON SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
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	2.53%	2.54%	2.51%
	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the School District Total	<u>26,345,209</u> <u>\$ 26,345,209</u>	<u>24,211,316</u> <u>\$ 24,211,316</u>	<u>23,398,896</u> <u>\$ 23,398,896</u>
Covered payroll	\$ 22,409,034	\$ 21,663,717	\$ 21,195,067
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 ir available.

SOUTH BURLINGTON SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>VSTRS OPEB Plan:</u>				
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 23,846,767	\$ 22,409,034	\$ 21,663,717	\$ 21,195,067
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

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

SOUTH BURLINGTON SCHOOL DISTRICT

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

Changes of Assumptions

South Burlington School District Retirement Income Plan

The discount rate decreased from 7.0% to 6.5% for the Retirement Income Plan net pension liability.

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.

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.

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- 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 Proprietary Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Proprietary Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

SOUTH BURLINGTON SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Resources (Inflows):				
Local Assessments:				
Local share support	\$ -	\$ -	\$ 793	\$ 793
Intergovernmental revenues:				
General state aid	40,203,373	40,203,373	40,203,373	-
Technology center state	238,920	238,920	238,920	-
State aid transportation	601,153	601,153	609,955	8,802
IFTA-fuel tax refund	15,000	15,000	9,575	(5,425)
E-rate	47,000	47,000	28,008	(18,992)
Mainstream block grant	920,398	920,398	920,398	-
Intensive reimbursement	3,906,759	3,906,759	4,343,185	436,426
Extraordinary reimbursement	279,223	279,223	369,425	90,202
Care and custody reimbursement	150,000	150,000	156,545	6,545
Act 176 High School completion	-	-	30,710	30,710
Essential early education	187,421	187,421	187,421	-
Charges for services:				
Driver education	12,000	12,000	7,172	(4,828)
Use of buildings/parking/transportation	-	-	33,196	33,196
Vocational education transportation	29,420	29,420	25,920	(3,500)
Services provided to other LEA's	301,677	301,677	57,950	(243,727)
Computer repairs	-	-	14,171	14,171
Tuition:				
Secondary, other districts	2,810,000	2,810,000	2,952,746	142,746
Secondary, excess	122,000	122,000	175,995	53,995
Interest income	17,000	17,000	35,091	18,091
Miscellaneous revenues:				
Rentals	48,650	48,650	-	(48,650)
Miscellaneous	21,500	21,500	25,440	3,940
Sale proceeds	-	-	34,450	34,450
Refund from prior year	-	-	21	21
Project Search	-	-	92,994	92,994
COBRA fees	-	-	1,385	1,385
Replacement parts	7,016	7,016	16,565	9,549
Homeless transportation reimbursement	-	-	5,813	5,813
Transfers from other funds	50,000	50,000	-	(50,000)
Amounts Available for Appropriation	<u>\$ 49,968,510</u>	<u>\$ 49,968,510</u>	<u>\$ 50,577,217</u>	<u>\$ 608,707</u>

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

SOUTH BURLINGTON SCHOOL DISTRICT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual Expenditures	Variance Positive (Negative)
Regular Instruction:				
Teacher Salaries	\$ 13,992,437	\$ 13,992,437	\$ 14,107,826	\$ (115,389)
Aide Salaries	286,887	286,887	290,663	(3,776)
Substitute Salaries	523,000	523,000	575,204	(52,204)
Health Insurance	2,235,822	2,235,822	2,362,122	(126,300)
Payroll Taxes/Retirement	1,317,104	1,317,104	1,338,796	(21,692)
Other Insurances	414,971	414,971	421,917	(6,946)
Tuition Reimbursement	106,590	106,590	94,888	11,702
Supplies	247,213	247,213	201,273	45,940
Books and Periodicals	51,150	51,150	34,204	16,946
Equipment	60,628	60,628	50,204	10,424
Homebound Tutoring	7,000	7,000	5,826	1,174
Other Expenditures	89,606	89,606	51,870	37,736
	<u>19,332,408</u>	<u>19,332,408</u>	<u>19,534,793</u>	<u>(202,385)</u>
Support Services:				
Guidance	1,631,657	1,631,657	1,556,383	75,274
Health Services	526,894	526,894	557,424	(30,530)
Physical/Occupational Therapy	1,500	1,500	-	1,500
Staff Development	246,793	246,793	177,012	69,781
Director of Instruction	401,698	401,698	370,700	30,998
Educational Media Services	716,230	716,230	689,677	26,553
Audio-Visual Services	160,149	160,149	143,836	16,313
Technology Instruction	904,190	904,190	935,858	(31,668)
	<u>4,589,113</u>	<u>4,589,113</u>	<u>4,430,890</u>	<u>158,223</u>
Transportation:				
District Wide	1,231,200	1,231,200	1,299,045	(67,845)
Non-Resident	171,942	171,942	113,080	58,862
Field Trips	35,818	35,818	23,262	12,556
	<u>1,438,961</u>	<u>1,438,961</u>	<u>1,435,387</u>	<u>3,574</u>

SOUTH BURLINGTON SCHOOL DISTRICT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual Expenditures	Variance Positive (Negative)
Administration:				
School Directors	45,447	45,447	54,541	(9,094)
Legal Services	110,000	110,000	87,420	22,580
Human Resources	318,354	318,354	323,006	(4,652)
Central Administration	410,509	410,509	398,218	12,291
Building Management	2,424,760	2,424,760	2,447,611	(22,851)
Business Administration	729,180	729,180	730,566	(1,386)
	<u>4,038,249</u>	<u>4,038,249</u>	<u>4,041,362</u>	<u>(3,113)</u>
Operations and Maintenance:				
Maintenance of Plant	4,031,233	4,031,233	3,616,794	414,439
	<u>4,031,233</u>	<u>4,031,233</u>	<u>3,616,794</u>	<u>414,439</u>
Debt Service:				
Principal	312,525	312,525	312,525	-
Interest	117,342	117,342	117,333	9
	<u>429,867</u>	<u>429,867</u>	<u>429,858</u>	<u>9</u>
Vocational Education:				
Tuition	199,500	199,500	234,124	(34,624)
Transportation	19,817	19,817	29,077	(9,260)
	<u>219,317</u>	<u>219,317</u>	<u>263,201</u>	<u>(43,884)</u>
Contingency:				
Contingency - Programs	40,000	40,000	-	40,000
Contingency - Admin	312,324	312,324	-	312,324
	<u>352,324</u>	<u>352,324</u>	<u>-</u>	<u>352,324</u>

SOUTH BURLINGTON SCHOOL DISTRICT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual Expenditures	Variance Positive (Negative)
Other Support Services:				
Catamount Health	5,000	5,000	-	5,000
Workers Comp	11,250	11,250	11,250	-
Tech Center - State Requirement	185,000	185,000	238,920	(53,920)
District Network Services	1,078,197	1,078,197	1,078,565	(368)
Interest TAN	5,000	5,000	12,329	(7,329)
Special Programs	958,552	958,552	966,415	(7,863)
Co-Curricular	1,084,199	1,084,199	1,013,593	70,606
Co-Curricular Transportation	72,057	72,057	65,682	6,375
Alumni/Development	68,894	68,894	68,076	818
Healthy Schools	35,727	35,727	31,846	3,881
Community Service	870,170	870,170	866,353	3,817
HRA Plan	1,659	1,659	-	1,659
Other	37,563	37,563	47,501	(9,938)
Exposure Bin	70,860	70,860	65,982	4,878
Act 176 High School Completion	-	-	28,398	(28,398)
Overtime Salaries	21,530	21,530	18,221	3,309
	<u>4,505,658</u>	<u>4,505,658</u>	<u>4,513,131</u>	<u>(7,473)</u>
Special Education:				
Regular Instruction	8,462,711	8,462,711	8,520,751	(58,040)
HRA Health Plan	33,592	33,592	34,141	(549)
Physical/Occupational Therapy	1,280,365	1,280,365	1,329,381	(49,016)
Psychological Services	114,800	114,800	117,273	(2,473)
Speech Services	566,858	566,858	539,298	27,560
Other Support Services	143,565	143,565	122,865	20,700
Administration	304,548	304,548	288,478	16,070
Ineligible	-	-	107,522	(107,522)
Transportation	267,879	267,879	319,549	(51,670)
	<u>11,174,318</u>	<u>11,174,318</u>	<u>11,379,258</u>	<u>(204,940)</u>
Transfers to Other Funds:				
Food Service	50,000	50,000	50,000	-
Capital Projects	-	-	357,955	(357,955)
	<u>50,000</u>	<u>50,000</u>	<u>407,955</u>	<u>(357,955)</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 50,161,449</u>	<u>\$ 50,161,449</u>	<u>\$ 50,052,629</u>	<u>\$ 108,820</u>

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

SOUTH BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Due from other governments	\$ 776,009	\$ -	\$ 776,009
Due from other funds	323,243	300,000	623,243
TOTAL ASSETS	<u>\$ 1,099,252</u>	<u>\$ 300,000</u>	<u>\$ 1,399,252</u>
LIABILITIES			
Accounts payable	\$ 75,217	\$ -	\$ 75,217
Accrued payroll	113,292	-	113,292
Due to other funds	666,511	-	666,511
TOTAL LIABILITIES	<u>855,020</u>	<u>-</u>	<u>855,020</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	204,498	-	204,498
Committed	62,893	300,000	362,893
Assigned	43,957	-	43,957
Unassigned	(67,116)	-	(67,116)
TOTAL FUND BALANCES	<u>244,232</u>	<u>300,000</u>	<u>544,232</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,099,252</u>	<u>\$ 300,000</u>	<u>\$ 1,399,252</u>

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

SOUTH 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	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Intergovernmental revenues	\$ 1,991,591	\$ -	\$ 1,991,591
Other revenues	152,038	-	152,038
TOTAL REVENUES	<u>2,143,629</u>	<u>-</u>	<u>2,143,629</u>
EXPENDITURES			
Program expenditures	<u>2,113,959</u>	-	<u>2,113,959</u>
TOTAL EXPENDITURES	<u>2,113,959</u>	<u>-</u>	<u>2,113,959</u>
NET CHANGE IN FUND BALANCES	29,670	-	29,670
FUND BALANCES - JULY 1	<u>214,562</u>	<u>300,000</u>	<u>514,562</u>
FUND BALANCES - JUNE 30	<u>\$ 244,232</u>	<u>\$ 300,000</u>	<u>\$ 544,232</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.

SOUTH BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2020

	Title IIA	Project Search	Title IA	IDEA-B	50th Anniversary	Energy Comm-Solar	IDEA-B Pre School
ASSETS							
Due from other governments	\$ 11,969	\$ -	\$ 211,080	\$ 124,145	\$ -	\$ -	\$ 6,098
Due from other funds	-	-	-	-	49	15,570	-
TOTAL ASSETS	<u>\$ 11,969</u>	<u>\$ -</u>	<u>\$ 211,080</u>	<u>\$ 124,145</u>	<u>\$ 49</u>	<u>\$ 15,570</u>	<u>\$ 6,098</u>
LIABILITIES							
Accounts payable	\$ 858	\$ -	\$ 19,787	\$ 3,055	\$ -	\$ -	\$ 619
Accrued payroll	-	-	97,328	-	-	-	-
Due to other funds	11,111	2,528	93,965	118,781	-	-	5,479
TOTAL LIABILITIES	<u>11,969</u>	<u>2,528</u>	<u>211,080</u>	<u>121,836</u>	<u>-</u>	<u>-</u>	<u>6,098</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	2,309	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	49	15,570	-
Unassigned	-	(2,528)	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>(2,528)</u>	<u>-</u>	<u>2,309</u>	<u>49</u>	<u>15,570</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 11,969</u>	<u>\$ -</u>	<u>\$ 211,080</u>	<u>\$ 124,145</u>	<u>\$ 49</u>	<u>\$ 15,570</u>	<u>\$ 6,098</u>

SOUTH BURLINGTON SCHOOL DISTRICT

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

	VPA Service Learning and Leadership	Title III	Title IV Student Support	Trail Project	IBM Community Grants	VT Dept of Public Safety Grant	Champlain Valley Sup't. Assoc.
ASSETS							
Due from other governments	\$ -	\$ 1,760	\$ 67,817	\$ -	\$ -	\$ -	\$ -
Due from other funds	150	4,841	-	-	500	-	473
TOTAL ASSETS	<u>\$ 150</u>	<u>\$ 6,601</u>	<u>\$ 67,817</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 473</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 50,898	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-	-
Due to other funds	-	-	16,919	2,325	-	45,763	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>67,817</u>	<u>2,325</u>	<u>-</u>	<u>45,763</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	150	6,601	-	-	500	-	473
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	(2,325)	-	(45,763)	-
TOTAL FUND BALANCES (DEFICITS)	<u>150</u>	<u>6,601</u>	<u>-</u>	<u>(2,325)</u>	<u>500</u>	<u>(45,763)</u>	<u>473</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 150</u>	<u>\$ 6,601</u>	<u>\$ 67,817</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 473</u>

SOUTH BURLINGTON SCHOOL DISTRICT

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

	Medicaid	Flexible Pathways	WARP	Fuel Up to Play	Diversity	Security Upgrade
ASSETS						
Due from other governments	\$ 58,454	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	41,005	3,338	-	25,000
TOTAL ASSETS	<u>\$ 58,454</u>	<u>\$ -</u>	<u>\$ 41,005</u>	<u>\$ 3,338</u>	<u>\$ -</u>	<u>\$ 25,000</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-
Due to other funds	58,978	334	-	-	1,153	-
TOTAL LIABILITIES	<u>58,978</u>	<u>334</u>	<u>-</u>	<u>-</u>	<u>1,153</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	41,005	-	-	-
Assigned	-	-	-	3,338	-	25,000
Unassigned	(524)	(334)	-	-	(1,153)	-
TOTAL FUND BALANCES (DEFICITS)	<u>(524)</u>	<u>(334)</u>	<u>41,005</u>	<u>3,338</u>	<u>(1,153)</u>	<u>25,000</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 58,454</u>	<u>\$ -</u>	<u>\$ 41,005</u>	<u>\$ 3,338</u>	<u>\$ -</u>	<u>\$ 25,000</u>

SOUTH BURLINGTON SCHOOL DISTRICT

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

	CRF LEA Grant	CRF Food Service	EPSDT	SBNN	IBM Community Grants	Bay and Paul Foundation	Secondary Transformation	Diversity for K-12 Educators
ASSETS								
Due from other governments	\$244,547	\$ 50,139	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	56,644	-	4,921	1,076	-	-
TOTAL ASSETS	<u>\$244,547</u>	<u>\$ 50,139</u>	<u>\$ 56,644</u>	<u>\$ -</u>	<u>\$ 4,921</u>	<u>\$ 1,076</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-	-	-
Due to other funds	244,547	50,139	-	2,130	-	-	3,525	8,216
TOTAL LIABILITIES	<u>244,547</u>	<u>50,139</u>	<u>-</u>	<u>2,130</u>	<u>-</u>	<u>-</u>	<u>3,525</u>	<u>8,216</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	56,644	-	-	-	-	-
Committed	-	-	-	-	4,921	1,076	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(2,130)	-	-	(3,525)	(8,216)
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>-</u>	<u>56,644</u>	<u>(2,130)</u>	<u>4,921</u>	<u>1,076</u>	<u>(3,525)</u>	<u>(8,216)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)								
	<u>\$244,547</u>	<u>\$ 50,139</u>	<u>\$ 56,644</u>	<u>\$ -</u>	<u>\$ 4,921</u>	<u>\$ 1,076</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTH BURLINGTON SCHOOL DISTRICT

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

	I-Team	Local Standards Board	Path	Mentoring	Joint Collective Bargaining Grant	Rowland Foundation Fellowship	Total
ASSETS							
Due from other governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 776,009
Due from other funds	22,834	-	45,921	9,021	26,386	65,514	323,243
TOTAL ASSETS	\$ 22,834	\$ -	\$ 45,921	\$ 9,021	\$ 26,386	\$ 65,514	\$ 1,099,252
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,217
Accrued payroll	15,964	-	-	-	-	-	113,292
Due to other funds	-	618	-	-	-	-	666,511
TOTAL LIABILITIES	15,964	618	-	-	-	-	855,020
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	45,921	-	26,386	65,514	204,498
Committed	6,870	-	-	9,021	-	-	62,893
Assigned	-	-	-	-	-	-	43,957
Unassigned	-	(618)	-	-	-	-	(67,116)
TOTAL FUND BALANCES (DEFICITS)	6,870	(618)	45,921	9,021	26,386	65,514	244,232
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 22,834	\$ -	\$ 45,921	\$ 9,021	\$ 26,386	\$ 65,514	\$ 1,099,252

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

SOUTH BURLINGTON SCHOOL DISTRICT

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

	Title IIA	Project Search	Title IA	IDEA-B	50th Anniversary	Energy Comm-Solar	IDEA-B Pre School
REVENUES							
Intergovernmental revenues	\$ 168,814	\$ -	\$ 434,646	\$ 539,274	\$ -	\$ -	\$ 12,197
Other revenues	-	-	-	-	-	-	-
TOTAL REVENUES	<u>168,814</u>	<u>-</u>	<u>434,646</u>	<u>539,274</u>	<u>-</u>	<u>-</u>	<u>12,197</u>
EXPENDITURES							
Program expenditures	<u>168,814</u>	<u>-</u>	<u>434,646</u>	<u>536,965</u>	<u>-</u>	<u>-</u>	<u>12,197</u>
TOTAL EXPENDITURES	<u>168,814</u>	<u>-</u>	<u>434,646</u>	<u>536,965</u>	<u>-</u>	<u>-</u>	<u>12,197</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	2,309	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>(2,528)</u>	<u>-</u>	<u>-</u>	<u>49</u>	<u>15,570</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ (2,528)</u>	<u>\$ -</u>	<u>\$ 2,309</u>	<u>\$ 49</u>	<u>\$ 15,570</u>	<u>\$ -</u>

SOUTH BURLINGTON SCHOOL DISTRICT

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

	VPA Service Learning and Leadership	Title III	Title IV Student Support	Trail Project	IBM Community Grants	VT Dept of Public Safety Grant	Champlain Valley Sup't. Assoc.
REVENUES							
Intergovernmental revenues	\$ -	\$ 32,241	\$ 100,117	\$ -	\$ -	\$ 31,039	\$ -
Other revenues	-	-	-	-	-	-	473
TOTAL REVENUES	-	32,241	100,117	-	-	31,039	473
EXPENDITURES							
Program expenditures	-	32,121	100,117	-	-	42,061	-
TOTAL EXPENDITURES	-	32,121	100,117	-	-	42,061	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	120	-	-	-	(11,022)	473
FUND BALANCES (DEFICITS) - JULY 1	150	6,481	-	(2,325)	500	(34,741)	-
FUND BALANCES (DEFICITS) - JUNE 30	\$ 150	\$ 6,601	\$ -	\$ (2,325)	\$ 500	\$ (45,763)	\$ 473

SOUTH BURLINGTON SCHOOL DISTRICT

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

	Medicaid	Flexible Pathways	WARP	Fuel Up to Play	Diversity	Security Upgrade
REVENUES						
Intergovernmental revenues	\$ 357,267	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenues	-	-	441	-	-	-
TOTAL REVENUES	<u>357,267</u>	<u>-</u>	<u>441</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Program expenditures	342,056	-	1,024	-	-	-
TOTAL EXPENDITURES	<u>342,056</u>	<u>-</u>	<u>1,024</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	15,211	-	(583)	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>(15,735)</u>	<u>(334)</u>	<u>41,588</u>	<u>3,338</u>	<u>(1,153)</u>	<u>25,000</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (524)</u>	<u>\$ (334)</u>	<u>\$ 41,005</u>	<u>\$ 3,338</u>	<u>\$ (1,153)</u>	<u>\$ 25,000</u>

SOUTH BURLINGTON SCHOOL DISTRICT

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

	CRF LEA Grant	CRF Food Service	EPSDT	SBNN	IBM Community Grants	Bay and Paul Foundation	Secondary Transformation	Diversity for K-12 Educators
REVENUES								
Intergovernmental revenues	\$ 244,547	\$ 50,139	\$ 21,310	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenues	-	-	-	-	-	-	-	1,250
TOTAL REVENUES	<u>244,547</u>	<u>50,139</u>	<u>21,310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,250</u>
EXPENDITURES								
Program expenditures	244,547	50,139	16,645	-	-	-	-	9,466
TOTAL EXPENDITURES	<u>244,547</u>	<u>50,139</u>	<u>16,645</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,466</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	4,665	-	-	-	-	(8,216)
FUND BALANCES (DEFICITS) - JULY 1	-	-	51,979	(2,130)	4,921	1,076	(3,525)	-
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,644</u>	<u>\$ (2,130)</u>	<u>\$ 4,921</u>	<u>\$ 1,076</u>	<u>\$ (3,525)</u>	<u>\$ (8,216)</u>

SOUTH BURLINGTON SCHOOL DISTRICT

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

	I-Team	Local Standards Board	Path	Mentoring	Joint Collective Bargaining Grant	Rowland Foundation Fellowship	Total
REVENUES							
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,991,591
Other revenues	107,008	-	3,280	10,000	29,586	-	152,038
TOTAL REVENUES	107,008	-	3,280	10,000	29,586	-	2,143,629
EXPENDITURES							
Program expenditures	103,943	665	3,642	4,976	3,200	6,735	2,113,959
TOTAL EXPENDITURES	103,943	665	3,642	4,976	3,200	6,735	2,113,959
NET CHANGE IN FUND BALANCES (DEFICITS)	3,065	(665)	(362)	5,024	26,386	(6,735)	29,670
FUND BALANCES (DEFICITS) - JULY 1	3,805	47	46,283	3,997	-	72,249	214,562
FUND BALANCES (DEFICITS) - JUNE 30	\$ 6,870	\$ (618)	\$ 45,921	\$ 9,021	\$ 26,386	\$ 65,514	\$ 244,232

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

Capital Project Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds. The projects also include significant purchases of vehicles and equipment, as well as the servicing of leases and bonds associated with those purchases.

SOUTH BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2020

	<u>Capital Reserve</u>	<u>Total</u>
ASSETS		
Due from other funds	\$ 300,000	\$ 300,000
TOTAL ASSETS	<u>\$ 300,000</u>	<u>\$ 300,000</u>
LIABILITIES		
Due to other funds	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	-	-
Committed	300,000	300,000
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>300,000</u>	<u>300,000</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 300,000</u>	<u>\$ 300,000</u>

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

SOUTH BURLINGTON SCHOOL DISTRICT

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

	<u>Capital Reserve</u>	<u>Total</u>
REVENUE	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-
FUND BALANCES - JULY 1	<u>300,000</u>	<u>300,000</u>
FUND BALANCES - JUNE 30	<u><u>\$ 300,000</u></u>	<u><u>\$ 300,000</u></u>

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

Enterprise Funds

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.

SOUTH BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF NET POSITION - NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2020

	Cisco Lab	School Store	Total
ASSETS			
Current assets:			
Due from other funds	\$ 1,125	\$ -	\$ 1,125
Total current assets	<u>1,125</u>	<u>-</u>	<u>1,125</u>
TOTAL ASSETS	<u>\$ 1,125</u>	<u>\$ -</u>	<u>\$ 1,125</u>
LIABILITIES			
Current liabilities:			
Due to other funds	\$ -	\$ 411	\$ 411
Total current liabilities	<u>-</u>	<u>411</u>	<u>411</u>
TOTAL LIABILITIES	<u>-</u>	<u>411</u>	<u>411</u>
NET POSITION			
Unrestricted (deficit)	<u>1,125</u>	<u>(411)</u>	<u>714</u>
TOTAL NET POSITION	<u>1,125</u>	<u>(411)</u>	<u>714</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,125</u>	<u>\$ -</u>	<u>\$ 1,125</u>

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

SOUTH BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN NET POSITION - NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Cisco Lab	School Store	Total
OPERATING REVENUES			
Charges for services	\$ -	\$ -	\$ -
TOTAL OPERATING REVENUES	<u>-</u>	<u>-</u>	<u>-</u>
OPERATING EXPENSES			
Other	-	-	-
TOTAL OPERATING EXPENSES	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION (DEFICIT)	-	-	-
NET POSITION (DEFICIT) - JULY 1	<u>1,125</u>	<u>(411)</u>	<u>714</u>
NET POSITION (DEFICIT) - JUNE 30	<u>\$ 1,125</u>	<u>\$ (411)</u>	<u>\$ 714</u>

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

SOUTH BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Cisco Lab	School Store	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ -	\$ -	\$ -
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	-
CASH AND CASH EQUIVALENTS - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss) and other financing sources	\$ -	\$ -	\$ -
Changes in operating assets and liabilities:			
(Decrease) increase in due to other funds	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities' column of the government-wide statement of net position.

SOUTH BURLINGTON SCHOOL DISTRICT

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION

JUNE 30, 2020

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Totals
Direct Services	\$ -	\$ 30,419,779	\$ 4,293,953	\$ 661,588	\$ 35,375,320
Support Services	-	21,288	1,120,933	85,902	1,228,123
Athletics	-	1,592,789	93,169	1,168,332	2,854,290
Operations and Maintenance	-	1,126,609	908,830	125,071	2,160,510
Transportation	-	65,790	2,109,248	48,937	2,223,975
Business Office	-	-	5,121	-	5,121
FHTMS	-	20,943	29,557	-	50,500
Food Service	-	96,060	431,885	-	527,945
Superintendent's Office	-	-	50,366	-	50,366
Special Education	-	-	39,115	-	39,115
Total General Capital Assets	-	33,343,258	9,082,177	2,089,830	44,515,265
Less: Accumulated Depreciation	-	(25,453,700)	(5,408,150)	(570,202)	(31,432,052)
Net General Capital Assets	\$ -	\$ 7,889,558	\$ 3,674,027	\$ 1,519,628	\$ 13,083,213

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

SOUTH BURLINGTON SCHOOL DISTRICT

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2020

	General Capital Assets 7/1/19	Additions	Deletions	General Capital Assets 6/30/20
Direct Services	\$ 34,898,842	\$ 1,079,600	\$ (603,122)	\$ 35,375,320
Support Services	1,228,123	-	-	1,228,123
Athletics	2,547,389	306,901	-	2,854,290
Operations and Maintenance	1,846,046	314,464	-	2,160,510
Transportation	2,199,451	174,734	(150,210)	2,223,975
Business Office	5,121	-	-	5,121
FHTMS	50,500	-	-	50,500
Food Service	527,945	-	-	527,945
Superintendent's Office	50,366	-	-	50,366
Special Education	39,115	-	-	39,115
Total General Capital Assets	43,392,898	1,875,699	(753,332)	44,515,265
Less: Accumulated Depreciation	(30,508,116)	(1,450,944)	527,008	(31,432,052)
Net General Capital Assets	<u>\$ 12,884,782</u>	<u>\$ 424,755</u>	<u>\$ (226,324)</u>	<u>\$ 13,083,213</u>

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

SOUTH BURLINGTON SCHOOL DISTRICT

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

Federal Grantor Pass Through Grantor Program/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				
Child Nutrition Cluster:				
School Breakfast Program	10.553	4452	\$ 34,923	\$ -
National School Lunch Program	10.555	4450	157,682	-
National School Lunch Program	10.555	4456	510,101	-
Total Child Nutrition Cluster			<u>702,706</u>	<u>-</u>
Food Distribution Cluster:				
Commodity Supplemental Food Program	10.565	N/A	62,309	-
Total Food Distribution Cluster			<u>62,309</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>765,015</u>	<u>-</u>
U.S. Department of the Treasury				
Passed through State of Vermont - Agency of Education				
Coronavirus Relief Fund	21.019	4592T1912001	244,547	-
Coronavirus Relief Fund	21.019	4593T1912001	50,139	-
Total U.S. Department of the Treasury			<u>294,686</u>	<u>-</u>
U.S. Department of Education				
Passed through State of Vermont - Agency of Education				
Special Education (IDEA) Cluster:				
Special Education-Grants to States	84.027	4226T1912001	511,087	-
Special Education-Grants to States	84.027	4226T1911901	25,879	-
Special Education-Preschool Grants	84.173	4228T1912001	12,197	-
Total Special Education (IDEA) Cluster			<u>549,163</u>	<u>-</u>
Title I Grants to Local Education Agencies	84.010	4250T1912001	432,656	-
Title I Grants to Local Education Agencies	84.010	4255T1911901	1,990	-
			<u>434,646</u>	<u>-</u>
English Language Acquisition State Grants	84.365	4375T1912001	32,121	-
Improving Teacher Quality State Grants	84.367	4651T1912001	168,814	-
Student Support and Academic Enrichment Program	84.424	4570T1912001	100,117	-
Total U.S. Department of Education			<u>1,284,861</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 2,344,562</u>	<u>\$ -</u>

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPEDITURES OF FEDERAL AWARDS JUNE 30, 2020

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the South 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 South Burlington School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the South 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. South Burlington School District has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

3. Noncash Awards

The South 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 Directors
South Burlington School District
South 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 the South Burlington School District as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the South Burlington School District's basic financial statements and have issued our report thereon dated May 27, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the South Burlington School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the South Burlington School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the South Burlington School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South Burlington School District's financial statements are free from 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 South Burlington School District in a separate letter dated May 27, 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity'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
May 27, 2021



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

Board of Directors
South Burlington School District
South Burlington, Vermont

Report on Compliance for Each Major Federal Program

We have audited South 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 South Burlington School District's major federal programs for the year ended June 30, 2020. South 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 its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of South Burlington School District's major federal programs based on our audit of the types 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 South Burlington School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, South Burlington School District complied, in all material respects, with the types 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 South Burlington School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered South Burlington School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an 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 South Burlington School District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of South 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement 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.

The 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 communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
May 27, 2021

SOUTH BURLINGTON SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - INTERNAL CONTROL
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 section OMB Compliance Supplement? yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster

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