

Federal Compliance Audit

South Burlington School District

June 30, 2010



*Proven Expertise and Integrity*

SOUTH BURLINGTON SCHOOL DISTRICT

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JUNE 30, 2010

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## INDEPENDENT AUDITORS' REPORT

December 10, 2010

Board of Directors  
South Burlington School District  
South Burlington, Vermont

We have audited the accompanying financial statements of the governmental activities, the 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, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Burlington School District as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2010 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 10 and are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Burlington School District basic financial statements. The combining and individual non-major fund financial statements are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the South Burlington School District. The combining and individual non-major fund financial statements and the schedule of expenditure of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***RHR Smith & Co.***

Certified Public Accountants

**REQUIRED SUPPLEMENTARY INFORMATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2010**

**(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, 2010. 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, 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 Assets – this statement presents *all* of the government's assets and liabilities with the difference being reported as net assets.

The Statement of Activities – this statement presents information that shows how the government's net assets changed during the period. All changes in net assets 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 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 include elementary and secondary instruction, school administration, system administration, transportation, operations and maintenance.
- *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, summer computer camp and school store.

### **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 fund balance sheet and the governmental fund 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 fund balance sheet and the governmental fund 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. The District's budget, for FY 2011 and thereafter, will include most Special Revenue Funds in the legally adopted budget.

*Proprietary Funds:* The South Burlington School District maintains four proprietary funds, the School Nutrition Fund, School's Out Program, Summer Computer Camp and School Store. 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 Fiduciary Fund Financial Statements.

### **Required Supplementary Information**

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

### **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 assets, and changes in net assets of the District's governmental and business-type activities. The District's total governmental net assets increased by \$1,955,854 from \$3,631,440 to \$5,587,294. The District's total business-type net assets increased by \$87,784 from \$31,234 to \$119,018.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased by \$1,786,719 from \$2,676,130 to a balance of \$4,462,849 at the end of this year for the governmental activities. The District's unrestricted net assets for the business-type activities increased by \$65,900 from (\$21,817) to \$44,083 at the end of this year.

**Table 1**  
**South Burlington School District**  
**Net Assets**  
**June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Assets:</b>				
Current and other assets	\$ 7,913,934	\$ 4,603,792	\$ 53,465	\$ 4,468
Capital Assets	6,765,872	6,946,448	74,935	53,051
<b>Total Assets</b>	<b><u>\$ 14,679,806</u></b>	<b><u>\$ 11,550,240</u></b>	<b><u>\$ 128,400</u></b>	<b><u>\$ 57,519</u></b>
<b>Liabilities:</b>				
Current Liabilities	\$ 4,023,705	\$ 2,683,800	\$ 9,382	\$ 26,285
Long-term Debt Outstanding	5,068,807	5,235,000	-	-
<b>Total Liabilities</b>	<b><u>\$ 9,092,512</u></b>	<b><u>\$ 7,918,800</u></b>	<b><u>\$ 9,382</u></b>	<b><u>\$ 26,285</u></b>
<b>Net Assets:</b>				
Invested in Capital Assets, Net of related Debt	\$ 1,074,582	\$ 438,117	\$ 74,935	\$ 53,051
Restricted Special revenues	49,863	222,303	-	-
Permanent Fund	-	294,890	-	-
Unrestricted	4,462,849	2,676,130	44,083	(21,817)
<b>Total Net Assets</b>	<b><u>\$ 5,587,294</u></b>	<b><u>\$ 3,631,440</u></b>	<b><u>\$ 119,018</u></b>	<b><u>\$ 31,234</u></b>

**Table 2**  
**South Burlington School District**  
**Change in Net Assets**  
**For the Years Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Revenues</b>				
Local support from Towns	\$ 145,589	\$ 48,622	\$ -	\$ -
Intergovernmental revenues	39,396,916	37,664,286	224,347	191,250
Charges for services	91,044	-	836,026	833,872
Tuition	1,668,342	1,425,023	-	-
Interest income	231,967	216,571	-	-
State on-behalf payments	1,201,671	1,322,285	-	-
Other revenue	504,869	222,826	533,812	517,037
Total Revenues	<u>43,240,398</u>	<u>40,899,613</u>	<u>1,594,185</u>	<u>1,542,159</u>
<b>Expenses</b>				
Current:				
Regular instruction	16,855,757	15,986,990	-	-
Support services	3,566,643	3,875,909	-	-
Transportation	1,135,400	854,282	-	-
Administration	1,656,399	2,646,237	-	-
Operation and maintenance	3,333,364	3,623,393	-	-
Interest on debt service	285,669	102,112	-	-
Vocational education	233,690	210,113	-	-
Contingency	1,566	203,175	-	-
Other support services	2,257,414	1,717,211	-	-
Special education	6,964,311	6,947,068	-	-
Program expenditures	3,341,005	1,125,582	1,593,780	1,497,309
Retirement incentive program	75,652	-	-	-
State on-behalf payments	1,201,671	1,322,285	-	-
Unallocated depreciation	295,483	-	-	-
Total Expenses	<u>41,204,024</u>	<u>38,614,357</u>	<u>1,593,780</u>	<u>1,497,309</u>
Change in Net Assets	2,036,374	2,285,256	405	44,850
Transfers	(80,520)	251,506	87,379	-
Net Assets - July 1	<u>3,631,440</u>	<u>1,094,678</u>	<u>31,234</u>	<u>(13,616)</u>
Net Assets - June 30	<u>\$ 5,587,294</u>	<u>\$ 3,631,440</u>	<u>\$ 119,018</u>	<u>\$ 31,234</u>

## Revenues and Expenses

Revenues for the District's governmental activities increased by 5.723%, while total expenses increased by 6.706%. Most of the District's expenses were consistent with the previous year with minor increases or decreases. The largest increase in expenses was found in regular instruction.

Most of the revenues for the governmental funds were consistent with the previous year. The biggest increase in revenues was in the intergovernmental revenues.

The revenues and expenses for the proprietary fund were consistent with the previous year.

### 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, unreserved 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,**

	2010	2009
Major Funds:		
General Fund:		
Designated	\$ 670,711	\$ 256,000
Undesignated	1,721,873	839,048
Capital Projects		
Designated	2,205,753	2,223,303
Total Major Funds	\$ 4,598,337	\$ 3,318,351
Nonmajor Funds:		
Special revenue funds:		
Designated	\$ 166,634	\$ 38,890
Undesignated	(39,201)	-
Total Nonmajor Funds	\$ 127,433	\$ 38,890

The major funds total fund balances increased by \$1,279,986 from the prior fiscal year. The Non-major fund balances increased by \$88,543 from the prior fiscal year. Most of the increase in the general fund came as a result of under-spent appropriations in most departments. The most significant of which is in the area of administrative costs which were funded by ARRA State Fiscal Stabilization funds passed through the State of Vermont to the District which amounted to \$1,110,278. Another factor was that tuition revenue from other school districts exceeded budget by \$311,830. The increase in the non-major fund balances came as a result of several special revenues not being fully spent.

*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 net assets for the current year of \$119,018. This was an increase of \$87,784 from the net assets in the prior year.

### **Budgetary Highlights**

There was no significant difference between the original and final budget for the general fund in total. However departments did have budget variances from original to final.

The general fund actual revenues fell below the budget by \$227,721. This was a result of ARRA State Fiscal Stabilization Funds being accounted for in their Special Revenue Funds.

The general fund actual expenditures were under the budget by \$1,781,257. All expenditures were under budget with the exception of transportation, special education and transfer to other funds

### **Capital Asset and Debt Administration**

#### **Capital Assets**

As of June 30, 2010, the net book value of capital assets recorded by the District decreased by \$158,692. This is the result of additions of \$1,146,642 less net disposals of \$428,619 and annual depreciation of \$876,715.

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

	<b>2010</b>	<b>2009</b>
Buildings	\$ 3,522,306	\$ 3,635,046
Building improvements	1,112,555	1,013,856
Furniture and equipment	1,023,373	1,171,844
Vehicles	929,467	1,021,599
Infrastructure	253,106	157,154
Total	\$ 6,840,807	\$ 6,999,499

### **Debt**

At June 30, 2010, the District had \$5,235,000 in bonds outstanding versus \$5,870,000 last year, a 10.82% decrease, as shown in Note 5 of the financial statements.

### **Currently Known Facts, Decisions, or Conditions**

#### **Economic Factors and Next Year's Budgets and Rates**

Both the FY 2011 and FY 2012 adopted budgets have been impacted by reductions in state funding as the result of reduced state revenue projections. The local tax rate has been affected by a number of factors such as the statewide property tax rate, the number of weighted pupils in the district, and the state base spending rate. For FY 2012, the State asked districts to comply with a target called challenge for change. The district achieved this guideline which amounted to a reduction of \$332,796 in the draw from the state education fund. In addition, the Federal jobs bill provides the district with \$529,334 as additional revenue for FY 2011. This will provide for an operating reserve to provide for additional funding in FY 2013 to help offset possible future reductions.

#### **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 Finance Office at 550 Dorset Street, South Burlington, Vermont 05403.

## STATEMENT A

## SOUTH BURLINGTON SCHOOL DISTRICT

STATEMENT OF NET ASSETS  
JUNE 30, 2010

	Governmental Activities	Business Type Activities	Total Government
<b>ASSETS</b>			
Current assets:			
Cash	\$ 4,654,056	\$ 3,000	\$ 4,657,056
Investments	2,454,184	-	2,454,184
Accounts receivable (net of allowance for uncollectibles):	782,511	-	782,511
Inventory	-	6,390	6,390
Prepaid expenses	23,183	-	23,183
Due from other funds	-	44,075	44,075
Total current assets	<u>7,913,934</u>	<u>53,465</u>	<u>7,967,399</u>
Noncurrent assets:			
Capital assets:			
Buildings and equipment, net of accumulated depreciation	6,765,872	74,935	6,840,807
Total noncurrent assets	<u>6,765,872</u>	<u>74,935</u>	<u>6,840,807</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 14,679,806</u></u>	<u><u>\$ 128,400</u></u>	<u><u>\$ 14,808,206</u></u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 140,798	\$ 2,480	\$ 143,278
Accrued payroll	2,908,753	6,902	2,915,655
Accrued interest payable	20,543	-	20,543
Deferred revenue	92,712	-	92,712
Retirement incentive program	179,998	-	179,998
Due to other funds	45,901	-	45,901
Current portion of long-term obligations	781,473	-	781,473
Total current liabilities	<u>4,170,178</u>	<u>9,382</u>	<u>4,179,560</u>
Noncurrent liabilities			
Noncurrent portion of long-term obligations:			
Bonds payable	4,600,000	-	4,600,000
Capital leases	309,817	-	309,817
Accrued compensated absences	12,517	-	12,517
Total noncurrent liabilities	<u>4,922,334</u>	<u>-</u>	<u>4,922,334</u>
<b>TOTAL LIABILITIES</b>	<u><u>9,092,512</u></u>	<u><u>9,382</u></u>	<u><u>9,101,894</u></u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,074,582	74,935	1,149,517
Restricted for: Special revenues	49,863	-	49,863
Unrestricted	4,462,849	44,083	4,506,932
<b>TOTAL NET ASSETS</b>	<u><u>5,587,294</u></u>	<u><u>119,018</u></u>	<u><u>5,706,312</u></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 14,679,806</u></u>	<u><u>\$ 128,400</u></u>	<u><u>\$ 14,808,206</u></u>

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

## STATEMENT B

## SOUTH BURLINGTON SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Assets		Total
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	
Governmental activities							
Current:							
Regular instruction	\$ 16,855,757	\$ 1,679,633	\$ -	\$ -	\$ (15,176,124)	\$ -	\$ (15,176,124)
Support services	3,566,643	-	-	-	(3,566,643)	-	(3,566,643)
Transportation	1,135,400	23,789	-	-	(1,111,611)	-	(1,111,611)
Administration	1,656,399	-	-	-	(1,656,399)	-	(1,656,399)
Operation and maintenance	3,333,364	55,964	-	-	(3,277,400)	-	(3,277,400)
Interest on debt service	285,669	-	-	-	(285,669)	-	(285,669)
Vocational education	233,690	-	-	-	(233,690)	-	(233,690)
Contingency	1,566	-	-	-	(1,566)	-	(1,566)
Other support services	2,257,414	-	-	-	(2,257,414)	-	(2,257,414)
Special education	6,964,311	-	-	-	(6,964,311)	-	(6,964,311)
Program expenditures	3,341,005	-	3,416,508	-	75,503	-	75,503
Retirement incentive program	75,652	-	-	-	(75,652)	-	(75,652)
On-behalf payments	1,201,671	-	1,201,671	-	-	-	-
Unallocated depreciation	295,483	-	-	-	(295,483)	-	(295,483)
Total governmental activities	41,204,024	1,759,386	4,618,179	-	(34,826,459)	-	(34,826,459)
Business type activities							
School Nutrition	1,122,479	836,026	224,347	-	-	(62,106)	(62,106)
School's Out Program	459,076	-	-	-	-	(459,076)	(459,076)
Summer Computer Camp	9,500	-	-	-	-	(9,500)	(9,500)
School Store	2,725	-	-	-	-	(2,725)	(2,725)
Total business-type activities	1,593,780	836,026	224,347	-	-	(533,407)	(533,407)
Total government	42,797,804	2,595,412	4,842,526	-	(34,826,459)	(533,407)	(35,359,866)



STATEMENT B (CONTINUED)  
SOUTH BURLINGTON SCHOOL DISTRICT

STATEMENT OF ACTIVITIES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2010

	Governmental Activities	Business-Type Activities	Total
Changes in net assets:			
Net (expense) revenue	(34,826,459)	(533,407)	(35,359,866)
General revenue:			
Local support from towns	145,589	-	145,589
Grants and contributions not restricted to specific programs	35,980,408	-	35,980,408
Other income	736,836	533,812	1,270,648
Total general revenue	36,862,833	533,812	37,396,645
Change in net assets	2,036,374	405	2,036,779
Transfers	(80,520)	87,379	6,859
NET ASSETS - JULY 1, 2009	3,631,440	31,234	3,662,674
NET ASSETS - JUNE 30, 2010	\$ 5,587,294	\$ 119,018	\$ 5,706,312

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

## SOUTH BURLINGTON SCHOOL DISTRICT

BALANCE SHEET, GOVERNMENTAL FUNDS  
JUNE 30, 2010

	General Fund	Capital Projects Fund	Other Governmental Funds	Total
<b>ASSETS</b>				
Cash	\$ 4,654,056	\$ -	\$ -	\$ 4,654,056
Investments	-	2,454,184	-	2,454,184
Accounts Receivables (net of allowance for doubtful accounts)	428,977	40,165	313,369	782,511
Prepaid expenses	23,183	-	-	23,183
Due from other funds	863,532	-	433,826	1,297,358
<b>TOTAL ASSETS</b>	<b><u>\$ 5,969,748</u></b>	<b><u>\$ 2,494,349</u></b>	<b><u>\$ 747,195</u></b>	<b><u>\$ 9,211,292</u></b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities</b>				
Accounts payable	\$ 50,522	\$ 4,100	\$ 86,176	\$ 140,798
Accrued expenses	2,817,038	-	91,715	2,908,753
Deferred revenue	-	-	92,712	92,712
Due to other funds	709,604	284,496	349,159	1,343,259
<b>TOTAL LIABILITIES</b>	<b><u>3,577,164</u></b>	<b><u>288,596</u></b>	<b><u>619,762</u></b>	<b><u>4,485,522</u></b>
<b>FUND EQUITY</b>				
Reserved, reported in:				
Special Revenue:				
Designated	-	-	49,863	49,863
Unreserved, reported in:				
General Fund:				
Designated	670,711	-	-	670,711
Undesignated	1,721,873	-	-	1,721,873
Special Revenues:				
Designated	-	-	116,771	116,771
Undesignated	-	-	(39,201)	(39,201)
Capital Projects:				
Designated	-	2,205,753	-	2,205,753
<b>TOTAL FUND EQUITY</b>	<b><u>2,392,584</u></b>	<b><u>2,205,753</u></b>	<b><u>127,433</u></b>	<b><u>4,725,770</u></b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 5,969,748</u></b>	<b><u>\$ 2,494,349</u></b>	<b><u>\$ 747,195</u></b>	<b><u>\$ 9,211,292</u></b>

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 ASSETS  
JUNE 30, 2010

	<u>Total Governmental Funds</u>
Total Fund Equity	\$ 4,725,770
Amounts reported for governmental activities in the statement 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	6,765,872
Accrued liabilities have not been reflected in the governmental fund financial statements:	
Accrued interest payable	(20,543)
Retirement incentive payable	(179,998)
Long-term liabilities shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bonds payable	(5,235,000)
Capital leases	(456,290)
Accrued compensated absences	<u>(12,517)</u>
Net assets of governmental activities	<u><u>\$ 5,587,294</u></u>

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

## STATEMENT E

## SOUTH BURLINGTON SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Capital Projects Fund	Other Governmental Funds	Totals Governmental Funds
<b>REVENUES</b>				
Local support from City	\$ 145,589	\$ -	\$ -	\$ 145,589
Intergovernmental revenues	35,980,408	-	3,416,508	39,396,916
Charges for service	91,044	-	-	91,044
Tuition	1,668,342	-	-	1,668,342
Interest income	19,332	212,635	-	231,967
State on-behalf payments	1,201,671	-	-	1,201,671
Other revenue	372,490	119,339	13,040	504,869
<b>TOTAL REVENUES</b>	<b>39,478,876</b>	<b>331,974</b>	<b>3,429,548</b>	<b>43,240,398</b>
<b>EXPENDITURES</b>				
Current:				
Regular instruction	16,972,466	-	-	16,972,466
Support services	3,566,643	-	-	3,566,643
Transportation	1,058,419	-	-	1,058,419
Administration	1,757,910	-	-	1,757,910
Operation and maintenance	3,315,592	-	-	3,315,592
Debt service:				
Principal	495,000	140,000	-	635,000
Interest	189,767	95,902	-	285,669
Vocational education	233,690	-	-	233,690
Contingency	1,566	-	-	1,566
Other support services	2,257,414	-	-	2,257,414
Special education	6,964,311	-	-	6,964,311
Program expenditures	-	-	3,341,005	3,341,005
State on-behalf payments	1,201,671	-	-	1,201,671
Capital Outlay	-	199,993	-	199,993
<b>TOTAL EXPENDITURES</b>	<b>38,014,449</b>	<b>435,895</b>	<b>3,341,005</b>	<b>41,791,349</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,464,427</b>	<b>(103,921)</b>	<b>88,543</b>	<b>1,449,049</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	6,859	86,371	-	93,230
Operating transfers out	(173,750)	-	-	(173,750)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(166,891)</b>	<b>86,371</b>	<b>-</b>	<b>(80,520)</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)</b>	<b>1,297,536</b>	<b>(17,550)</b>	<b>88,543</b>	<b>1,368,529</b>
<b>FUND BALANCES - JULY 1</b>	<b>1,095,048</b>	<b>2,223,303</b>	<b>38,890</b>	<b>3,357,241</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 2,392,584</b>	<b>\$ 2,205,753</b>	<b>\$ 127,433</b>	<b>\$ 4,725,770</b>

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  
 FOR THE YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 1,368,529</u>
<p>Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:</p>	
Capital asset purchases capitalized	1,112,955
Capital asset disposed	(428,619)
Depreciation expense	<u>(864,912)</u>
	<u>(180,576)</u>
<p>Current year granting of voluntary exit programs (early retirements, etc.) are not reported as expenditures in governmental fund financial statements and are reported as an expense and debt in the government-wide financial statements</p>	
Accrued interest payable	3,263
Retirement incentive payable	<u>(75,652)</u>
	<u>(72,389)</u>
<p>Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets</p>	
	<u>817,041</u>
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:</p>	
Accrued compensated absences	<u>23,249</u>
Change in net assets of governmental activities (Statement B)	<u><u>\$ 1,955,854</u></u>

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

## STATEMENT G

## SOUTH BURLINGTON SCHOOL DISTRICT

BALANCE SHEET – PROPRIETARY FUNDS  
JUNE 30, 2010

	Enterprise Funds				Total
	School Nutrition	School's Out Program	Summer Computer Camp	School Store	
<b>ASSETS</b>					
Current assets:					
Cash	\$ -	\$ 3,000	\$ -	\$ -	\$ 3,000
Inventory	6,390	-	-	-	6,390
Due from other funds	-	236,744	-	2,426	239,170
Total current assets	<u>6,390</u>	<u>239,744</u>	<u>-</u>	<u>2,426</u>	<u>248,560</u>
Noncurrent assets:					
Machinery and equipment	375,704	-	-	-	375,704
Total capital assets	375,704	-	-	-	375,704
Less: accumulated depreciation	(300,769)	-	-	-	(300,769)
Net capital assets	<u>74,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,935</u>
<b>TOTAL ASSETS</b>	<u>\$ 81,325</u>	<u>\$ 239,744</u>	<u>\$ -</u>	<u>\$ 2,426</u>	<u>\$ 323,495</u>
<b>LIABILITIES AND NET ASSETS</b>					
Current liabilities:					
Accounts payable	\$ 2,194	\$ 286	\$ -	\$ -	\$ 2,480
Accrued expenses	6,441	164	-	297	6,902
Due to other funds	186,160	-	8,935	-	195,095
Total current liabilities	<u>194,795</u>	<u>450</u>	<u>8,935</u>	<u>297</u>	<u>204,477</u>
Total Liabilities	<u>194,795</u>	<u>450</u>	<u>8,935</u>	<u>297</u>	<u>204,477</u>
NET ASSETS					
Invested in capital assets, net of related debt	74,935	-	-	-	74,935
Unrestricted	(188,405)	239,294	(8,935)	2,129	44,083
TOTAL NET ASSETS	<u>(113,470)</u>	<u>239,294</u>	<u>(8,935)</u>	<u>2,129</u>	<u>119,018</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 81,325</u>	<u>\$ 239,744</u>	<u>\$ -</u>	<u>\$ 2,426</u>	<u>\$ 323,495</u>

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

## SOUTH BURLINGTON SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	Enterprise Funds				Total
	School Nutrition	School's Out Program	Summer Computer Camp	School Store	
OPERATING REVENUES					
Intergovernmental	\$ 224,347	\$ -	\$ -	\$ -	\$ 224,347
Charges for service	836,026	-	-	-	836,026
Other	22,605	506,523	565	4,119	533,812
TOTAL OPERATING REVENUES	<u>1,082,978</u>	<u>506,523</u>	<u>565</u>	<u>4,119</u>	<u>1,594,185</u>
OPERATING EXPENSES					
Salaries	377,550	315,723	-	-	693,273
Benefits / taxes	267,600	86,789	-	-	354,389
Food	-	-	-	-	-
Equipment repairs/equipment	693	788	-	-	1,481
Supplies	443,838	43,843	-	2,725	490,406
Travel	-	2,566	-	-	2,566
Depreciation	11,803	-	-	-	11,803
Other	20,995	9,367	9,500	-	39,862
TOTAL OPERATING EXPENSES	<u>1,122,479</u>	<u>459,076</u>	<u>9,500</u>	<u>2,725</u>	<u>1,593,780</u>
OPERATING INCOME (LOSS)	<u>(39,501)</u>	<u>47,447</u>	<u>(8,935)</u>	<u>1,394</u>	<u>405</u>
NON-OPERATING INCOME (EXPENSE)					
Transfers in	51,000	-	36,379	-	87,379
Transfers out	-	-	-	-	-
TOTAL NON-OPERATING INCOME (EXPENSE)	<u>51,000</u>	<u>-</u>	<u>36,379</u>	<u>-</u>	<u>87,379</u>
NET INCOME (LOSS)	11,499	47,447	27,444	1,394	87,784
NET ASSETS - JULY 1	<u>(124,969)</u>	<u>191,847</u>	<u>(36,379)</u>	<u>735</u>	<u>31,234</u>
NET ASSETS - JUNE 30	<u>\$ (113,470)</u>	<u>\$ 239,294</u>	<u>\$ (8,935)</u>	<u>\$ 2,129</u>	<u>\$ 119,018</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, 2010

	Enterprise Funds				Total
	School Nutrition	School's Out Program	Summer Computer Camp	School Store	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 836,026	\$ -	\$ -	\$ -	\$ 836,026
Intergovernmental receipts	224,347	-	-	-	224,347
Other receipts	19,183	460,126	36,944	2,428	518,681
Payments to employees	(645,150)	(402,348)	-	297	(1,047,201)
Payments to suppliers	(468,093)	(56,278)	(36,944)	(2,725)	(564,040)
Net cash provided (used) by operating activities	(33,687)	1,500	-	-	(32,187)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Purchase of fixed assets	33,687	-	-	-	33,687
Net cash provided (used) by financing activities	33,687	-	-	-	33,687
<b>NET INCREASE (DECREASE) IN CASH</b>	-	1,500	-	-	1,500
<b>CASH - JULY 1</b>	-	1,500	-	-	1,500
<b>CASH - JUNE 30</b>	\$ -	\$ 3,000	\$ -	\$ -	\$ 3,000
<b>(LOSS) TO NET CASH PROVIDED (USED) BY</b>					
Operating income (loss) and other financing sources	\$ (39,501)	\$ 47,447	\$ 27,444	\$ 1,394	\$ 36,784
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	11,803	-	-	-	11,803
Changes in operating assets and liabilities:					
(Increase) decrease in inventory	(3,422)	-	-	-	(3,422)
(Increase) decrease due from other funds	-	(46,397)	-	(1,691)	(48,088)
(Decrease) increase in accounts payable	2,090	286	-	-	2,376
(Decrease) increase in accrued payroll	469	164	-	297	930
(Decrease) increase in due to other funds	(5,126)	-	(27,444)	-	(32,570)
<b>NET CASH PROVIDED (USED) BY ACTIVITIES</b>	<u>\$ (33,687)</u>	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (32,187)</u>

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



## SOUTH BURLINGTON SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2010

	Student Activities	The International Experience	Pension Trust Fund	Total
<b>ASSETS</b>				
Current assets:				
Cash	\$ 40,176	\$ -	\$ -	\$ 40,176
Investments	-	-	4,276,474	4,276,474
Due from other governments	-	-	2,896,927	2,896,927
Due from other funds	25,606	11,002	-	36,608
<b>TOTAL ASSETS</b>	<b><u>\$ 65,782</u></b>	<b><u>\$ 11,002</u></b>	<b><u>\$ 7,173,401</u></b>	<b><u>\$ 7,250,185</u></b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 3,159	\$ -	\$ -	\$ 3,159
Unfunded liability	-	-	2,896,927	2,896,927
Due to other funds	-	-	34,782	34,782
Deposits held for others	62,623	11,002	-	73,625
	<u>65,782</u>	<u>11,002</u>	<u>2,931,709</u>	<u>3,008,493</u>
<b>NET ASSETS</b>				
Held in trust for special purposes	-	-	4,241,692	4,241,692
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 65,782</u></b>	<b><u>\$ 11,002</u></b>	<b><u>\$ 7,173,401</u></b>	<b><u>\$ 7,250,185</u></b>

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

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

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: instruction, operation and maintenance, transportation, administration, and vocational education.

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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the District has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so.

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 Statement No. 39.

***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).

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, summer computer camp and school store are categorized as a business-type activity. All other activities of the District are categorized as governmental.

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

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.). 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 assets resulting from the current year's activities.

**Measurement Focus - Basic Financial Statements & 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, liabilities, reserves, fund equity, 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:

- 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.

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Project 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 assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Non-operating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the District:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

3. Fiduciary Funds:

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

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

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Basis of Accounting**

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

1. Accrual

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

2. Modified Accrual

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

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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	\$38,284,064
Add: On-behalf payments	<u>1,201,671</u>
Total GAAP basis	<u>\$39,485,735</u>

Expenditures per budgetary basis	\$36,986,528
Add: On-behalf basis	<u>1,201,671</u>
Total GAAP basis	<u>\$38,188,199</u>

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

1. Early in the second half of the year the District prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town is called for the purpose of adopting the proposed budget after public notice of the meeting is given.
3. The budget is adopted subsequent to passage by the inhabitants of the Town.
4. The District did adopt budgets for Special Revenue Funds through fiscal year 2010. An accounting change was made and effective in fiscal year 2011, major special revenue funds are included in the adopted budget of the district. The budget makeup for FY 2010 is as follows:

General fund	\$38,767,785
Special Revenue	<u>1,155,900</u>
Total Budget	<u>\$39,923,665</u>

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Deposits and Investments**

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

It is the District's policy to value investments at fair value. None of the District's investments are reported at amortized cost. The District Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities.
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations, and credit 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. They are in the process of adopting a more detailed investment policy.

**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.

**Interfund Receivables and Payables**

Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances". Interfund balances and transactions have been eliminated in the government-wide financial statements.

**Transactions Between Funds**

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

**Allowance for Uncollectible Accounts**

The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2010.

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Capital Assets**

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

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

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the District. The District has no retroactivity recorded infrastructure.

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of notes or bonds payable and compensated absences.

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.



SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Compensated Absences**

The District's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2010 the District's liability for compensated absences is \$12,517.

**Reserves**

The District records reserves to indicate that a portion of the fund balance is legally segregated for a specific future use, which is indicated by the title of each reserves listed in the balance sheet and statement of net assets. It is the District's policy to first use restricted assets for restricted programs and only unrestricted assets after the restricted assets have been exhausted.

**Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**Program Revenues**

Program revenues include all directly related income items applicable to a particular program (grant income/expenses).

**Operating/Non-operating Proprietary Fund Revenues**

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

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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 not utilize encumbrance accounting for its general fund.

**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

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, 2010, the District's cash balance of \$4,697,232 which consists of deposits amounting to \$5,972,651. Of this balance, \$577,299 was insured by federal depository insurance and consequently was not exposed to custodial credit risk, \$5,395,352 was insured or collateralized with securities held by the financial institution in the District's name and consequently were not exposed to custodial credit risk.

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Account Type	Bank Balance
Checking accounts	\$ 5,601,358
Savings accounts	7,004
Money market	364,289
	\$ 5,972,651

At June 30, 2010, the District's investments amounting to \$6,730,658 were comprised of \$6,730,657 that was insured by federal depository insurance and consequently was not exposed to custodial credit risk or was in excess of federal depository insurance and collateralization, and therefore, not insured or collateralized.

Investment Type	Current	1 Year	2 - 5 Years
US Treasury Strips	\$ 2,452,689	\$ -	\$ -
Stock & bonds	4,179,235	-	-
Certificate of deposit	97,240	-	-
Money Market	1,494	-	-
	\$ 6,730,658	\$ -	\$ -

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2010 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 863,532	\$ 709,604
Capital projects fund	-	284,496
Special revenue fund	433,826	349,159
Proprietary fund	239,170	195,095
Fiduciary fund	36,608	34,782
	\$ 1,573,136	\$ 1,573,136

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 4 - CAPITAL ASSETS

A summary of capital assets is as follows:

	Balance, 7/1/09	Additions	Disposals	Balance, 6/30/10
Governmental activities				
Depreciated assets:				
Buildings	23,532,342	199,961	-	23,732,303
Building improvements	1,114,099	155,268	-	1,269,367
Fixture and equipment	4,182,585	565,923	(3,125,646)	1,622,862
Vehicles	1,813,457	79,259	(4,167)	1,888,549
Infrastructure	181,769	112,544	-	294,313
	30,824,252	1,112,955	(3,129,813)	28,807,394
Less: accumulated depreciation	(23,877,804)	(864,912)	2,701,194	(22,041,522)
	6,946,448	248,043	(428,619)	6,765,872
Net capital assets	\$ 6,946,448	\$ 248,043	\$ (428,619)	\$ 6,765,872
Business-Type activities				
Depreciated assets:				
Machinery and equipment	\$ 342,017	\$ 33,687	\$ -	\$ 375,704
	342,017	33,687	-	375,704
Less: accumulated depreciation	(288,966)	(11,803)	-	(300,769)
	53,051	21,884	-	74,935
Net capital assets	\$ 53,051	\$ 21,884	\$ -	\$ 74,935
Current year depreciation:				
Maintenance				\$ 17,772
Elementary Education				191,777
Secondary Education				201,342
Transportation				152,073
Administration				6,465
District Wide				295,483
Subtotal governmental depreciation expense				864,912
Food Service				11,803
Total depreciation expense				\$ 876,715

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 5 – LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2010:

	Balance, 7/1/09	Additions	Deletions	Balance, 6/30/10	Due Within One Year
Bonds payable	\$ 5,870,000	\$ -	\$(635,000)	\$ 5,235,000	\$ 635,000
Capital leases	638,331	-	(182,041)	456,290	146,473
Accrued compensated absences	35,766	-	(23,249)	12,517	-
	\$ 6,544,097	\$ -	\$(840,290)	\$ 5,703,807	\$ 781,473

The following is a summary of outstanding bonds payable:

\$7,330,000, 1995 General Obligation Bond due in annual installments and semiannual interest installments through November 2015. Interest is charged at a rate of 5.429% per annum. Annual Installments are \$370,000 except for the last payment which is \$300,000.	\$ 2,150,000
\$2,475,000, 1996 General Obligation Bond due in annual installments and semiannual interest installments through November 2016. Interest is charged at a rate of 5.67% per annum. Annual Installments vary from \$120,000 and \$125,000.	850,000
\$2,795,000, 2005 General Obligation Bond due in annual installments and semiannual interest installments through November 2025. Interest is charged at a rate of 4.1785% per annum. Annual Installments are \$140,000 except for the last payment which is 135,000	2,235,000
	\$ 5,235,000

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

	Principal	Interest	Total Debt Service
2011	\$ 635,000	\$ 252,762	\$ 887,762
2012	635,000	219,064	854,064
2013	630,000	184,913	814,913
2014	630,000	150,701	780,701
2015	630,000	116,291	746,291
2016-2020	1,240,000	284,847	1,524,847
2021-2025	700,000	109,350	809,350
2026-2030	135,000	3,092	138,092
	\$ 5,235,000	\$ 1,321,020	\$ 6,556,020

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 5 – LONG TERM DEBT (CONTINUED)

The District leases a ford bus under a non-cancelable lease agreement. The term of the lease is for a three year period expiring in August of 2009. Annual payments are \$13,715.32.

The District leases dump truck under a non-cancelable lease agreement. The term of the lease is for a three year period expiring in April of 2010. Quarterly payments are \$5,802.

The District leases laptops under a non-cancelable lease agreement. The term of the lease is for a four year period expiring in July of 2010. Annual payments are \$14,251, except for the final payment which is 3,453.

The District leases copiers under a non-cancelable lease agreement. The term of the lease is for a five year period expiring in August of 2012. Annual payments are \$48,426.

The District leases six buses under a non-cancelable lease agreement. The term of the lease is for five year period expiring in September of 2012. Annual payments are \$100,741.

The District leases a bobcat under a non-cancelable lease agreement. The term of the lease is for a four year period expiring in December of 2013. Quarterly payments are \$3,017.57.

The District leases laptops under a non-cancelable lease agreement. The term of the lease is for a four year period expiring in July of 2010. Annual payments are \$14,251, except for the final payment which is 3,453.

Year Ending June 30:	
2011	\$ 164,688
2012	161,237
2013	161,239
2014	6,035
2015	-
2016-2020	-
Total minimum lease payment	493,199
Less amount representing interest	(36,909)
Present value of future minimum lease payments	\$ 456,290

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 6 – RESTRICTED NET ASSETS

The following net assets have been reserved at June 30, 2010 for the following purposes:

Restricted for special revenue fund designations:	
Title IIA	1,222
Title IV drug free schools	113
IDEA-B	48,147
Tobacco-VKAT	381
Total	<u>49,863</u>

NOTE 7 – DEFINED BENEFITS PENSION PLAN

VERMONT TEACHERS' RETIREMENT SYSTEM

All of the teachers employed by District participate in the Vermont Teachers' Retirement System ("TRS"), a statewide multiple-employer public employee retirement system covering all teachers in local school districts within the State of Vermont. The Vermont State statutes provide the authority under which benefit provisions and the State's obligation to contribute are established.

Required contributions to the system are made by the State of Vermont based upon a valuation report prepared by the System's actuary. TRS is a cost sharing public employee retirement system with one exception: all risks and costs are not shared by the District but are the liability of the State of Vermont. TRS is funded through State and employee contributions and the District has no legal obligation for paying benefits. The Vermont State Teachers Retirement System estimates the contributions on behalf of the District's employees included in the teacher's retirement plan which approximately was \$1,201,671 or 6.42% of total payroll for employees covered under the plan.

Contributions by the employees are 3.54% of gross earnings and are withheld pre income tax by the District. Such withholdings totaled \$169,735 during the year and were paid by the District to the State of Vermont. The District has no other liability under the plan. The District's total payroll for all employees covered under this plan was \$18,717,621. Effective on July 1, 2010, employee contributions increased to 5.0% of gross earnings.

403B DEFERRED CONTRIBUTION RETIREMENT PLAN

The plan is available 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 differs between the union and non union groups.

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 7 – DEFINED BENEFITS PENSION PLAN (CONTINUED)

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 to the employee’s individual 403(B) accounts. There is no matching amount paid by the District for teachers and building administrators.

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

DISTRICT RETIREMENT PLAN

The District sponsors a defined pension plan that covers substantially all non-teaching employees. The District provides the authority under which benefits provisions are established and the District’s obligation to contribute is established. The plan calls for benefits to be paid to eligible employees at retirement based primarily upon years of service with the District and compensation rates near retirement. Employees earn 1.25% of a three year average compensation per year of service. The plan also provides death and disability benefits. 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. Contributions to the plan reflect benefits attributed to employee’s services to date, as well as services expected to be earned in the future.

As of September 30, 2010 the number of participants consisted of:

Seperated members due deferred benefits	63
Retired members	68
Subtotal, inactive	<u>131</u>
Active participants	156
Late retirees	19
Excluded employees	<u>0</u>
Total employees	<u><u>306</u></u>



SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 7 – DEFINED BENEFITS PENSION PLAN (CONTINUED)

The following sets forth the funded status of the plan as of October 1, 2010.  
Present Value of Future Benefits:

Active plan members	\$ 6,029,114
Deferred benefits (terminees)	709,960
Retirees/postponed retirement	<u>2,490,698</u>
Total present value of future benefits	<u>9,229,772</u>
Actuarially computed value of accrued vested benefits as of plan year end	7,851,609
Actuarial value of plan assets	<u>4,954,682</u>
Unfunded pension benefit obligation	<u><u>\$ 2,896,927</u></u>

The pension plan is unfunded by 36.9%.

NOTE 8 – EXPENDITURES OVER APPROPRIATIONS

The following departmental expenditures were overspent:

Transportation	\$ 61,013
Special education	245,314
Transfer to other funds	<u>36,379</u>
	<u><u>\$ 342,706</u></u>

NOTE 9 – 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 10 – 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 (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 are not licensed insurance carriers and members are not protected by the Vermont Insurance Guaranty Association.

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 11 – OPERATING LEASES

In September of 2005 South Burlington School District entered into a lease agreement with Chrysler Financial Services for the lease of vans. The lease term is for 3 years with payments being made on a monthly basis. The following is a schedule of future minimum lease payments under these leases.

During the year ended June 30, 2010 \$0

Total lease payments made this year were \$4,832.

In November of 2002 the District entered into a lease agreement with Subaru Capital for the lease of a Subaru Impreza. The total amount due is \$11,518, to be paid in monthly installments over a 4 year period. The following is a schedule of future minimum lease payments under this lease.

During the year ended June 30, 2010 \$0

Total lease payments made this year were \$3,327.

NOTE 12 – DEFICIT FUND BALANCE

At June 30, 2010 the District had the following deficit fund balances / net assets:

Non-major special revenue funds:	
Title III	\$ 4,098
Medicaid	30,795
CREATE	1,072
Title IA	<u>3,236</u>
Total Non-major special revenue funds	<u>39,201</u>
Total	<u>\$ 39,201</u>

NOTE 13 – DESIGNATED FUND BALANCE

The following fund balances has been designated at June 30, 2010 for the following purposes:

Designated in the general fund for FY 2011 budget \$ 670,711

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 14 – SICK LEAVE

It is the District's policy to permit employees to accumulate earned but unused sick pay benefits. Such leave benefits do not vest under the District's policy, accordingly benefits must be used during employment. Since the employees' accumulating rights to receive compensation for future absences are contingent upon the absences being caused by future illnesses and such amounts cannot be reasonably estimated, a liability for unused sick leave is not recorded in the financial statements.

Teaching staff earn 25 sick days per year, and may accumulate a maximum of 180 days. Administration and support staff earn 20 sick days per year, and may accumulate a maximum of 130-180 days. There are also five full year support staff employees that earn 20 per year but they can accumulate a maximum of 240 days a year.

NOTE 15 – RETIREMENT INCENTIVES

The South Burlington Administrator's Association and the South Burlington School Board agreement provide an early retirement program. The program is available to any administrator employed in 2000-2001 who retires after age fifty-five (55) and who has completed fifteen (15) years of service as an administrator or a teacher with the District.

Administrators that elect to utilize the program will receive the benefits as follows:

1. 80% of compensation from the average of the three highest compensated years. This will be paid out over three years in addition to the covered cost of individual health insurance coverage for three years following retirement, OR
2. 90% of compensation from the average of the three highest compensated years. This will be paid out over three years. No health insurance coverage will be provided with the option.

Two administrators retired under this incentive in fiscal year 2010. The liability to the District is as follows:

For the year ending June 30, 2011	\$71,594
2012	71,594
2013	<u>36,812</u>
Total	<u>\$180,000</u>

## Required Supplementary Information

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

- Budgetary Comparison Schedule – Budgetary Basis - Budget and Actual - General Fund

## SOUTH BURLINGTON SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
 BUDGET AND ACTUAL – GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,095,048	\$ 1,095,048	\$ 1,095,048	\$ -
Revenues (Inflows):				
Local Assessments:	125,000	125,000	145,589	20,589
Intergovernmental revenues:				
State subsidy	32,580,685	32,580,685	31,241,509	(1,339,176)
Other state revenue	4,136,088	4,136,088	4,738,899	602,811
Charges for services	32,000	32,000	91,044	59,044
Tuition	1,356,512	1,356,512	1,668,342	311,830
Interest income	37,500	37,500	19,332	(18,168)
Miscellaneous revenue	244,000	244,000	372,490	128,490
Transfers from other funds	-	-	6,859	6,859
Amounts Available for Appropriation	<u>39,606,833</u>	<u>39,606,833</u>	<u>39,379,112</u>	<u>(227,721)</u>
Charges to appropriations (Outflows):				
Current:				
Regular instruction	16,835,138	17,230,408	16,972,466	257,942
Support services	3,582,641	3,756,321	3,566,643	189,678
Transportation	995,406	997,406	1,058,419	(61,013)
Administration	2,932,795	2,974,643	1,757,910	1,216,733
Operation and maintenance	3,552,854	3,469,019	3,315,592	153,427
Debt service:				
Principal	495,000	495,000	495,000	-
Interest	192,768	192,768	189,767	3,001
Vocational education	243,053	243,053	233,690	9,363
Contingency	1,043,956	279,261	1,566	277,695
Other support services	2,253,879	2,273,538	2,257,414	16,124
Special education	6,589,295	6,718,997	6,964,311	(245,314)
Transfers to other funds	51,000	137,371	173,750	(36,379)
Total Charges to Appropriations	<u>38,767,785</u>	<u>38,767,785</u>	<u>36,986,528</u>	<u>1,781,257</u>
Budgetary Fund Balance, June 30	<u>\$ 839,048</u>	<u>\$ 839,048</u>	<u>\$ 2,392,584</u>	<u>\$ 1,553,536</u>
Utilization of undesignated fund balance	\$ -	\$ -	\$ -	\$ -
Utilization of designated fund balance	<u>256,000</u>	<u>256,000</u>	<u>-</u>	<u>256,000</u>
	<u>\$ 256,000</u>	<u>\$ 256,000</u>	<u>\$ -</u>	<u>\$ 256,000</u>

See accompanying independent auditors' report.

### Other Supplementary Information

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

- Budgetary Comparison Schedule – Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operation – 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
- 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, 2010

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Revenues (Inflows):				
Local Assessments:				
Impact fees	\$ 125,000	\$ 125,000	\$ 125,000	\$ -
Local share support	-	-	20,589	20,589
Intergovernmental revenues:				
General state aid	32,580,685	32,580,685	31,241,509	(1,339,176)
Technology center state	-	-	224,402	224,402
State aid transportation	370,000	370,000	364,885	(5,115)
IFTA-fuel tax refund	6,000	6,000	7,627	1,627
Erate	60,000	60,000	73,349	13,349
Miscellaneous grant	-	-	7,500	7,500
Mainstream block grant	761,761	761,761	761,761	-
Intensive reimbursement	2,336,929	2,336,929	2,532,121	195,192
Extraordinary reimbursement	311,001	311,001	482,208	171,207
Care and custody reimbursement	146,000	146,000	141,729	(4,271)
Essential early education	144,397	144,397	143,318	(1,079)
Charges for services:				
Services provided to other LEA's	-	-	2,500	2,500
Driver education	6,000	6,000	8,791	2,791
Use of buildings/parking/transportation	-	-	55,964	55,964
Vocational education transportation	26,000	26,000	23,789	(2,211)
Tuition:				
Secondary, parents	-	-	4,222	4,222
Secondary, other districts	976,115	976,115	1,268,657	292,542
School choice	269,135	269,135	326,681	57,546
Secondary, excess	111,262	111,262	68,782	(42,480)
Interest income	37,500	37,500	19,332	(18,168)
Miscellaneous revenues:				
Rentals	52,000	52,000	-	(52,000)
Rental of library and recreation	157,000	157,000	148,397	(8,603)
Miscellaneous	35,000	35,000	113,462	78,462
Sale proceeds	-	-	1,000	1,000
Refund from prior year	-	-	24,685	24,685
Insurance recovery	-	-	11,225	11,225
Textbook replacement	-	-	701	701
Action planning institute	-	-	1,711	1,711
COBRA health insurance	-	-	19,891	19,891
High school completion act 176	-	-	51,418	51,418
Transfers from other funds	-	-	6,859	6,859
Amounts Available for Appropriation	<u>38,511,785</u>	<u>38,511,785</u>	<u>38,284,064</u>	<u>(227,721)</u>

See accompanying independent auditors' report.

## SOUTH BURLINGTON SCHOOL DISTRICT

SCHEDULE OF DEPARTMENTAL OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual	Balance
Regular Instruction:				
Teacher Salaries	\$ 11,956,932	\$ 12,296,010	\$ 12,156,311	\$ 139,699
Aide Salaries	211,755	229,295	260,878	(31,583)
Substitute Salaries	358,000	358,000	365,340	(7,340)
Health Insurance	1,892,750	1,892,750	1,818,089	74,661
Payroll Taxes	1,051,034	1,051,034	1,054,737	(3,703)
Other Insurances	626,148	626,148	608,981	17,167
Supplies	416,623	355,036	292,070	62,966
Books and Periodicals	115,922	118,719	99,184	19,535
Equipment	43,695	60,511	53,715	6,796
Other Expenditures	162,279	242,905	263,161	(20,256)
	<u>16,835,138</u>	<u>17,230,408</u>	<u>16,972,466</u>	<u>257,942</u>
Support Services:				
Guidance	1,205,542	1,229,983	1,217,851	12,132
Health Services	427,490	460,485	443,263	17,222
Improvement to Instruction	377,092	380,028	177,864	202,164
Tuition Reimbursement	35,000	34,890	33,269	1,621
Director of Instruction	322,758	325,409	296,634	28,775
Educational Media Services	579,498	597,843	592,729	5,114
Audio-Visual Services	165,211	166,894	229,599	(62,705)
Technology Instruction	470,050	560,789	575,434	(14,645)
	<u>3,582,641</u>	<u>3,756,321</u>	<u>3,566,643</u>	<u>189,678</u>
Transportation:				
District Wide	883,500	885,500	936,335	(50,835)
Non-Resident	95,906	95,906	96,272	(366)
Field Trips	16,000	16,000	25,812	(9,812)
	<u>995,406</u>	<u>997,406</u>	<u>1,058,419</u>	<u>(61,013)</u>



SCHEDULE A (CONTINUED)

SOUTH BURLINGTON SCHOOL DISTRICT

SCHEDULE OF DEPARTMENTAL OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Total Available	Actual	Balance
<b>Administration:</b>				
School Directors	40,790	40,790	15,438	25,352
Legal Services	99,643	99,643	53,966	45,677
Human Resources	221,775	222,290	108,723	113,567
Central Administration	235,325	240,868	108,281	132,587
Building Management	1,859,694	1,895,484	1,126,634	768,850
Business Administration	475,568	475,568	344,868	130,700
	<u>2,932,795</u>	<u>2,974,643</u>	<u>1,757,910</u>	<u>1,216,733</u>
<b>Operations and Maintenance:</b>				
Maintenance of Buildings	2,384,767	2,383,851	2,238,273	145,578
Maintenance of Grounds	1,122,357	1,039,438	1,006,910	32,528
Parking Lot	45,730	45,730	70,409	(24,679)
	<u>3,552,854</u>	<u>3,469,019</u>	<u>3,315,592</u>	<u>153,427</u>
<b>Debt Service -</b>				
Principal	495,000	495,000	495,000	-
Interest	192,768	192,768	189,767	3,001
	<u>687,768</u>	<u>687,768</u>	<u>684,767</u>	<u>3,001</u>
<b>Vocational Education</b>				
	<u>243,053</u>	<u>243,053</u>	<u>233,690</u>	<u>9,363</u>
	<u>243,053</u>	<u>243,053</u>	<u>233,690</u>	<u>9,363</u>
<b>Contingency:</b>				
Contingency Faculty	75,000	67,135	-	67,135
Contingency Programs	50,000	40,500	1,566	38,934
Contingency Wages	805,900	171,626	-	171,626
Contingency	113,056	-	-	-
	<u>1,043,956</u>	<u>279,261</u>	<u>1,566</u>	<u>277,695</u>

SCHEDULE A (CONTINUED)

SOUTH BURLINGTON SCHOOL DISTRICT

SCHEDULE OF DEPARTMENTAL OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Total Available	Actual	Balance
<b>Other Support Services:</b>				
Act 176 High School Completion Tuition	-	-	44,419	(44,419)
Tech Center - State Requirement	228,898	228,898	224,402	4,496
Distric Network Services	792,046	789,750	690,622	99,128
Interest TAN	40,000	40,000	8,341	31,659
Co-Curricular	255,211	269,742	274,349	(4,607)
Extra-Curricular	632,399	637,819	603,119	34,700
Community Use	305,325	307,329	344,108	(36,779)
Student Activities	-	-	68,054	(68,054)
	<u>2,253,879</u>	<u>2,273,538</u>	<u>2,257,414</u>	<u>16,124</u>
<b>Special Education:</b>				
Regular Instruction	4,844,965	4,932,756	5,439,271	(506,515)
Guidance	90,924	90,924	-	90,924
Physical/Occupational Therapy	46,926	39,926	25,863	14,063
Psychological Services	218,138	220,911	123,360	97,551
Speech Services	566,505	584,754	525,671	59,083
Administration	216,204	223,231	217,529	5,702
Transportation	174,722	174,722	209,300	(34,578)
Network Services	-	-	14,768	(14,768)
Pre School	430,911	451,773	408,549	43,224
	<u>6,589,295</u>	<u>6,718,997</u>	<u>6,964,311</u>	<u>(245,314)</u>
<b>Transfer to Other Funds:</b>				
Food Service	51,000	51,000	51,000	-
Computer Camp	-	-	36,379	(36,379)
Capital Projects	-	86,371	86,371	-
	<u>51,000</u>	<u>137,371</u>	<u>173,750</u>	<u>(36,379)</u>
<b>TOTAL DEPARTMENTAL OPERATIONS</b>	<u><u>\$ 38,767,785</u></u>	<u><u>\$ 38,767,785</u></u>	<u><u>\$ 36,986,528</u></u>	<u><u>\$ 1,781,257</u></u>

See accompanying independent auditors' report.

## SOUTH BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010

	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>
ASSETS		
Cash	\$ -	\$ -
Investments	-	-
Accounts Receivable	313,369	313,369
Due From Other Funds	<u>433,826</u>	<u>433,826</u>
TOTAL ASSETS	<u>\$ 747,195</u>	<u>\$ 747,195</u>
LIABILITIES		
Accounts payable	\$ 86,176	\$ 86,176
Accrued expenses	91,715	91,715
Deferred revenue	92,712	92,712
Due to other funds	<u>349,159</u>	<u>349,159</u>
TOTAL LIABILITIES	<u>619,762</u>	<u>619,762</u>
FUND EQUITY		
Fund balance:		
Designated for subsequent years' expenditures	166,634	166,634
Undesignated	<u>(39,201)</u>	<u>(39,201)</u>
TOTAL FUND EQUITY	<u>127,433</u>	<u>127,433</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 747,195</u>	<u>\$ 747,195</u>

See accompanying independent auditors' report.

## SOUTH BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u>                    </u>	<u>                    </u>
REVENUES		
Intergovernmental revenues	\$ 3,850,710	\$ 3,850,710
Other revenues	13,040	13,040
TOTAL REVENUES	<u>3,863,750</u>	<u>3,863,750</u>
EXPENDITURES	<u>3,775,207</u>	<u>3,775,207</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>88,543</u>	<u>88,543</u>
OTHER FINANCING SOURCES (USES)		
Operating Transfer In	-	-
Operating Transfers Out	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	88,543	88,543
FUND BALANCES, JULY 1	<u>38,890</u>	<u>38,890</u>
FUND BALANCES, JUNE 30	<u>\$ 127,433</u>	<u>\$ 127,433</u>

See accompanying independent auditors' report.

### Special Revenue Funds Description

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

SOUTH BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2010

	Title IIA	Title IV	Title IA	IDEA-B	IDEA-B Pre School
<b>ASSETS</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Due from other governments	175	-	-	-	-
Due from other funds	5,371	3,543	41,858	69,119	1,686
<b>TOTAL ASSETS</b>	<u>\$ 5,546</u>	<u>\$ 3,543</u>	<u>\$ 41,858</u>	<u>\$ 69,119</u>	<u>\$ 1,686</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 4,324	\$ 1,955	\$ -	\$ 9,930	\$ -
Accrued expenses	-	-	-	8,130	1,686
Deferred revenue	-	1,475	45,094	2,912	-
Due to other funds	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>4,324</u>	<u>3,430</u>	<u>45,094</u>	<u>20,972</u>	<u>1,686</u>
<b>FUND EQUITY</b>					
Fund balance:					
Designated for subsequent years'					
expenditures	1,222	113	-	48,147	-
Undesignated	-	-	(3,236)	-	-
<b>TOTAL FUND EQUITY</b>	<u>1,222</u>	<u>113</u>	<u>(3,236)</u>	<u>48,147</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 5,546</u>	<u>\$ 3,543</u>	<u>\$ 41,858</u>	<u>\$ 69,119</u>	<u>\$ 1,686</u>

SOUTH BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2010

	Title IID	ADAP	Title III	Tobacco VKAT	SFSF
<b>ASSETS</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Due from other governments	-	-	-	-	264,132
Due from other funds	-	1,914	-	4,451	-
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 1,914</b>	<b>\$ -</b>	<b>\$ 4,451</b>	<b>\$ 264,132</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 1,914	\$ -	\$ 450	\$ -
Accrued expenses	-	-	-	-	-
Deferred revenue	-	-	-	3,620	-
Due to other funds	-	-	4,098	-	264,132
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>1,914</b>	<b>4,098</b>	<b>4,070</b>	<b>264,132</b>
<b>FUND EQUITY</b>					
Fund balance:					
Designated for subsequent years' expenditures	-	-	-	381	-
Undesignated	-	-	(4,098)	-	-
<b>TOTAL FUND EQUITY</b>	<b>-</b>	<b>-</b>	<b>(4,098)</b>	<b>381</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ -</b>	<b>\$ 1,914</b>	<b>\$ -</b>	<b>\$ 4,451</b>	<b>\$ 264,132</b>

SOUTH BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2010

	ARRA IDEA-B	ARRA IDEA-B Pre School	Medicaid	Vermont Math Partnership	Best Grant
<b>ASSETS</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Due from other governments	-	-	49,062	-	-
Due from other funds	119,355	-	-	-	554
<b>TOTAL ASSETS</b>	<u>\$ 119,355</u>	<u>\$ -</u>	<u>\$ 49,062</u>	<u>\$ -</u>	<u>\$ 554</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 61,725	\$ -	\$ -	\$ -	\$ -
Accrued expenses	20,939	-	-	-	-
Deferred revenues	36,691	-	-	-	3
Due to other funds	-	-	79,857	-	-
<b>TOTAL LIABILITIES</b>	<u>119,355</u>	<u>-</u>	<u>79,857</u>	<u>-</u>	<u>3</u>
<b>FUND EQUITY</b>					
Fund balance:					
Designated for subsequent years' expenditures	-	-	-	-	551
Undesignated	-	-	(30,795)	-	-
<b>TOTAL FUND EQUITY</b>	<u>-</u>	<u>-</u>	<u>(30,795)</u>	<u>-</u>	<u>551</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 119,355</u>	<u>\$ -</u>	<u>\$ 49,062</u>	<u>\$ -</u>	<u>\$ 554</u>



SOUTH BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2010

	<u>CREATE</u>	<u>CVRSB Champlain Valley</u>	<u>Early Education Initiative</u>	<u>EPSDT</u>	<u>Food Service Equipment Grant</u>
<b>ASSETS</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	27,135	-
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,135</u>	<u>\$ -</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 1,255	\$ -
Accrued expenses	-	-	-	-	-
Deferred revenues	-	-	-	-	-
Due to other funds	1,072	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>1,072</u>	<u>-</u>	<u>-</u>	<u>1,255</u>	<u>-</u>
<b>FUND EQUITY</b>					
Fund balance:					
Designated for subsequent years' expenditures	-	-	-	25,880	-
Undesignated	(1,072)	-	-	-	-
<b>TOTAL FUND EQUITY</b>	<u>(1,072)</u>	<u>-</u>	<u>-</u>	<u>25,880</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,135</u>	<u>\$ -</u>

SOUTH BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2010

	<u>I-Team</u>	<u>Local Standards Board</u>	<u>School Wide Program</u>	<u>Path</u>	<u>Special Revenue</u>	<u>Totals</u>
<b>ASSETS</b>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	313,369
Due from other funds	<u>20,079</u>	<u>2,281</u>	<u>43,448</u>	<u>54,137</u>	<u>38,895</u>	<u>433,826</u>
<b>TOTAL ASSETS</b>	<u><b>\$20,079</b></u>	<u><b>\$ 2,281</b></u>	<u><b>\$43,448</b></u>	<u><b>\$54,137</b></u>	<u><b>\$38,895</b></u>	<u><b>747,195</b></u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ 586	\$ 4,037	\$ -	\$ 86,176
Accrued expenses	18,098	-	42,862	-	-	91,715
Deferred revenues	1,575	1,342	-	-	-	92,712
Due to other funds	-	-	-	-	-	349,159
<b>TOTAL LIABILITIES</b>	<u><b>19,673</b></u>	<u><b>1,342</b></u>	<u><b>43,448</b></u>	<u><b>4,037</b></u>	<u><b>-</b></u>	<u><b>619,762</b></u>
<b>FUND EQUITY</b>						
Fund balance:						
Designated for subsequent years' expenditures	406	939	-	50,100	38,895	166,634
Undesignated	-	-	-	-	-	(39,201)
<b>TOTAL FUND EQUITY</b>	<u><b>406</b></u>	<u><b>939</b></u>	<u><b>-</b></u>	<u><b>50,100</b></u>	<u><b>38,895</b></u>	<u><b>127,433</b></u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u><b>\$20,079</b></u>	<u><b>\$ 2,281</b></u>	<u><b>\$43,448</b></u>	<u><b>\$54,137</b></u>	<u><b>\$38,895</b></u>	<u><b>\$747,195</b></u>

See accompanying independent auditors' report.

SOUTH BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010

	Title IIA	Title IV	Title IA	IDEA-B	IDEA-B Pre School
REVENUES					
Intergovernmental revenues	\$ 142,719	\$ 18,893	\$ 506,470	\$ 621,151	\$ 10,838
Other reveunes	-	-	-	-	-
TOTAL REVENUES	<u>142,719</u>	<u>18,893</u>	<u>506,470</u>	<u>621,151</u>	<u>10,838</u>
EXPENDITURES	<u>141,497</u>	<u>18,780</u>	<u>509,706</u>	<u>573,004</u>	<u>10,838</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>1,222</u>	<u>113</u>	<u>(3,236)</u>	<u>48,147</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	1,222	113	(3,236)	48,147	-
FUND BALANCES, JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, JUNE 30	<u>\$ 1,222</u>	<u>\$ 113</u>	<u>\$ (3,236)</u>	<u>\$ 48,147</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, 2010

	Title IID	ADAP	Title III	Tobacco VKAT	SFSF
REVENUES					
Intergovernmental revenues	\$ 5,712	\$ 17,946	\$ 15,525	\$ 16,425	\$ 1,110,278
Other revenues	-	-	-	-	-
TOTAL REVENUES	<u>5,712</u>	<u>17,946</u>	<u>15,525</u>	<u>16,425</u>	<u>1,110,278</u>
EXPENDITURES	<u>5,712</u>	<u>17,946</u>	<u>19,623</u>	<u>16,044</u>	<u>1,110,278</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(4,098)</u>	<u>381</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>-</u>	<u>-</u>	<u>(4,098)</u>	<u>381</u>	<u>-</u>
FUND BALANCES, JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,098)</u>	<u>\$ 381</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, 2010

	ARRA IDEA-B	ARRA IDEA-B Pre School	Medicaid	Vermont Math Partnership	Best Grant
<b>REVENUES</b>					
Intergovernmental revenues	\$ 463,309	\$ 21,641	\$ 196,330	\$ -	\$ -
Other revenues	-	-	-	-	10,133
<b>TOTAL REVENUES</b>	<u>463,309</u>	<u>21,641</u>	<u>196,330</u>	<u>-</u>	<u>10,133</u>
<b>EXPENDITURES</b>					
	<u>463,309</u>	<u>21,641</u>	<u>227,125</u>	<u>-</u>	<u>9,582</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>					
	<u>-</u>	<u>-</u>	<u>(30,795)</u>	<u>-</u>	<u>551</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)</b>					
	<u>-</u>	<u>-</u>	<u>(30,795)</u>	<u>-</u>	<u>551</u>
<b>FUND BALANCES, JULY 1</b>					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, JUNE 30</b>					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (30,795)</u>	<u>\$ -</u>	<u>\$ 551</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, 2010

	<u>CREATE</u>	<u>CVRSB Champlain Valley</u>	<u>Early Education Initiative</u>	<u>EPSDT</u>	<u>Food Service Equipment Grant</u>
REVENUES					
Intergovernmental revenues	\$ -	\$ -	\$ 30,000	\$ 62,033	\$ 3,500
Other revenues	112	1,105	-	-	-
TOTAL REVENUES	<u>112</u>	<u>1,105</u>	<u>30,000</u>	<u>62,033</u>	<u>3,500</u>
EXPENDITURES	<u>1,184</u>	<u>1,105</u>	<u>30,000</u>	<u>36,153</u>	<u>3,500</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(1,072)</u>	<u>-</u>	<u>-</u>	<u>25,880</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>(1,072)</u>	<u>-</u>	<u>-</u>	<u>25,880</u>	<u>-</u>
FUND BALANCES, JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, JUNE 30	<u>\$ (1,072)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,880</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, 2010

	I-Team	Local Standards Board	School Wide Program	Path	Special Revenue	Totals
REVENUES						
Intergovernmental revenues	\$ 100,683	\$ -	\$ -	\$ 73,055	\$ -	\$ 3,416,508
Other reveunes	-	1,685	-	-	5	13,040
TOTAL REVENUES	<u>100,683</u>	<u>1,685</u>	<u>-</u>	<u>73,055</u>	<u>5</u>	<u>3,429,548</u>
EXPENDITURES	<u>100,277</u>	<u>746</u>	<u>-</u>	<u>22,955</u>	<u>-</u>	<u>3,341,005</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>406</u>	<u>939</u>	<u>-</u>	<u>50,100</u>	<u>5</u>	<u>88,543</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>406</u>	<u>939</u>	<u>-</u>	<u>50,100</u>	<u>5</u>	<u>88,543</u>
FUND BALANCES, JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,890</u>	<u>38,890</u>
FUND BALANCES, JUNE 30	<u>\$ 406</u>	<u>\$ 939</u>	<u>\$ -</u>	<u>\$ 50,100</u>	<u>\$ 38,895</u>	<u>\$ 127,433</u>

See accompanying independent auditors' report.

### 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 assets.



## SOUTH BURLINGTON SCHOOL DISTRICT

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
JUNE 30, 2010

	Land and Non-depreciable Assets	Buildings Buildings Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
Maintenance	\$ -	\$ 40,000	\$ 177,727	\$ -	\$ 217,727
Elementary Education	-	14,963,417	27,332	186,069	15,176,818
Secondary Education	-	9,932,463	95,923	-	10,028,386
Food Service	-	-	375,704	-	375,704
Transportation	-	65,790	1,710,822	-	1,776,612
Administration	-	-	32,324	-	32,324
District Wide	-	-	1,467,283	108,244	1,575,527
<b>Total General Capital Assets</b>	<b>-</b>	<b>25,001,670</b>	<b>3,887,115</b>	<b>294,313</b>	<b>29,183,098</b>
<b>Less: Accumulated Depreciation</b>	<b>-</b>	<b>(20,366,809)</b>	<b>(1,934,275)</b>	<b>(41,207)</b>	<b>(22,342,291)</b>
<b>Net General Capital Assets</b>	<b>\$ -</b>	<b>\$ 4,634,861</b>	<b>\$ 1,952,840</b>	<b>\$ 253,106</b>	<b>\$ 6,840,807</b>

See accompanying independent auditors' report.

## SOUTH BURLINGTON SCHOOL DISTRICT

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED JUNE 30, 2010

	General Capital Assets 7/1/09	Additions	Deletions	General Capital Assets 6/30/10
Maintenance	\$ 217,727	\$ -	\$ -	\$ 217,727
Elementary Education	15,079,070	97,748	-	15,176,818
Secondary Education	9,680,230	348,156	-	10,028,386
Food Service	342,017	33,687	-	375,704
Transportation	1,701,520	79,259	(4,167)	1,776,612
Administration	-	32,324	-	32,324
District Wide	<u>4,145,705</u>	<u>555,468</u>	<u>(3,125,646)</u>	<u>1,575,527</u>
Total General Capital Assets	31,166,269	1,146,642	(3,129,813)	29,183,098
Less: Accumulated Depreciation	<u>(24,166,770)</u>	<u>(876,715)</u>	<u>2,701,194</u>	<u>(22,342,291)</u>
Net General Capital Assets	<u>\$ 6,999,499</u>	<u>\$ 269,927</u>	<u>\$ (428,619)</u>	<u>\$ 6,840,807</u>

See accompanying independent auditors' report.

SOUTH BURLINGTON SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Thru Grantor Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through State of Vermont - of Education and Cultural Services:			
School Breakfast Program	10.555	4452	28,554
School Lunch Program	10.555	4450	184,338
Total Department of Agriculture			<u>212,892</u>
U.S. Department of Education			
Passed through State of Vermont-Department of Education and Cultural Services:			
Title IA - Educationally Deprived	84.010	4250	509,706
Local Entitlement	84.027	4228	573,004
Title III	84.365A	4375	19,623
Local Entitlement - Part B Section 619	84.173	4226	10,838
Title IID Grant	84.318	4263	5,712
State Stabilization	84.394	4110	1,110,278
Title IIA-Teaching Quality	84.367	4651	141,497
ARRA Local Entitlement IDEA	84.391A	4756	463,309
ARRA Local Entitlement - Part B Section 619	84.392A	4758	21,641
Total Department of Education			<u>2,855,608</u>
Passes through State of Vermont- Department of Mental Health, Mental Retardation, and Substance Abuse Services			
Drug Free Schools Act	84.186	4247	18,780
Total Department of Mental Health, Mental Retardation, and Substance Abuse Services			<u>18,780</u>
U.S. Department of Health:			
Passed Through the State of Vermont			
Substance Abuse Prevention and Treatment Block Grant		5555	16,044
TOTAL FEDERAL ASSISTANCE			<u>\$ 3,103,324</u>

SOUTH BURLINGTON SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the South Burlington School District. All federal financial assistance received is included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

3. The following programs were tested as Type A program as outlined in OMB Circular A-133.

- 1) 84.010 – Title I
- 2) 84.027 – Local Entitlement
- 3) 84.394 – State Stabilization



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS*

December 10, 2010

Board of Directors  
South Burlington School District  
South Burlington, Vermont

We have audited the financial statements of the South Burlington School District, as of and for the year ended June 30, 2010, and have issued our report thereon dated December 10, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered South Burlington School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

*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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not necessarily designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Burlington School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Board of Directors, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

***RHR Smith & Co.***

Certified Public Accountants



*Proven Expertise and Integrity*

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

December 10, 2010

Board of Directors  
South Burlington School District  
South Burlington, Vermont

Compliance

We have audited the compliance of the South Burlington School District, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of South Burlington School District's management. Our responsibility is to express an opinion on South Burlington School District's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Those standards and OMB Circular A-133 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. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on South Burlington School District's compliance with those requirements.

In our opinion, South Burlington School District complied in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2010.

## Internal Control Over Compliance

The management of South Burlington School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered South Burlington School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133,, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material with a type of compliance requirement of a federal program will not be prevented or detected and correct, on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

***RHR Smith & Co.***

Certified Public Accountants



SOUTH BURLINGTON SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – INTERNAL CONTROL  
FOR THE YEAR ENDED JUNE 30, 2010

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued : Unqualified

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: Unqualified

Any audit findings disclosed that are required to be reported  
In accordance with section 510(a) of OMB Circular A-133? yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
84.027	Local Entitlement
84.394	State Stabalization

Dollar threshold used to distinguish between type A and B: \$300,000

Auditee qualified as low-risk auditee? yes no

**Section II – Financial Statement Findings**

None

**Section III – Federal Awards Findings and Questioned Costs**

None