

Federal Compliance Audit

Champlain Valley School District

June 30, 2018



Proven Expertise and Integrity

CHAMPLAIN VALLEY SCHOOL DISTRICT

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JUNE 30, 2018

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Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT

Board of Directors
Champlain Valley School District
Shelburne, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Champlain Valley School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Champlain Valley School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates

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made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Champlain Valley School District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 4 through 11 and 70 through 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Champlain Valley School District's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund - Revenues, Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit*

Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2019 on our consideration of Champlain Valley School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Champlain Valley School District's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
March 13, 2019

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

(UNAUDITED)

The following management's discussion and analysis of the Champlain Valley School District's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the School District's financial statements.

Financial Statement Overview

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

- *Governmental activities* - The activities in this section are mostly supported by intergovernmental revenues (federal and state grants) and charges for services. Most of the School District's basic services are reported in governmental activities, which instructional programs, instructional support, administrative/other support, building operations and maintenance, fiscal services, transportation and program expenses.
- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the School District include the Food Service Program and the After school programs.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the School District can be classified into three categories: governmental funds, proprietary funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and

changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

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

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

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

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the 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 School District's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Changes in Net Position - Fiduciary Funds.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, a Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions - Pensions, a Schedule of Proportionate Share of the Net OPEB Liability, a Schedule of Contributions - OPEB and Notes to Required Supplementary Information.

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the School District's governmental and business-type activities. The School District's total net position for governmental activities increased by \$83,389 from \$39,910,935 to \$39,994,324. The School District's total net position for business-type activities decreased by \$79,048 from \$77,506 to a deficit balance of \$1,542.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased for governmental activities to a balance of \$1,036,375 at the end of this year. Unrestricted net position for business-type activities decreased to a deficit balance of \$20,657.

Table 1
Champlain Valley School District
Net Position
June 30,

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets:				
Current Assets	\$ 17,283,180	\$ 33,576,098	\$ 69,157	\$ 103,552
Capital Assets	72,838,826	57,833,994	19,115	29,007
Total Assets	<u>\$ 90,122,006</u>	<u>\$ 91,410,092</u>	<u>\$ 88,272</u>	<u>\$ 132,559</u>
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	\$ 2,838,608	\$ 3,821,892	\$ -	\$ -
Total Deferred Outflows of Resources	<u>\$ 2,838,608</u>	<u>\$ 3,821,892</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities:				
Current Liabilities	\$ 6,992,025	\$ 6,561,885	\$ 85,447	\$ 50,686
Long-term Debt Outstanding	43,845,349	46,624,011	-	-
Total Liabilities	<u>\$ 50,837,374</u>	<u>\$ 53,185,896</u>	<u>\$ 85,447</u>	<u>\$ 50,686</u>
Deferred Inflows of Resources:				
Deferred Revenues	\$ 1,616,970	\$ 1,783,678	\$ 4,367	\$ 4,367
Deferred Inflows Related to Pensions	511,946	351,475	-	-
Total Deferred Inflows of Resources	<u>\$ 2,128,916</u>	<u>\$ 2,135,153</u>	<u>\$ 4,367</u>	<u>\$ 4,367</u>
Net Position:				
Net Investment in Capital Assets	\$ 31,522,421	\$ 33,938,843	\$ 19,115	\$ 29,007
Restricted	7,435,528	24,817,542	-	-
Unrestricted (Deficit)	1,036,375	(18,845,450)	(20,657)	48,499
Total Net Position	<u>\$ 39,994,324</u>	<u>\$ 39,910,935</u>	<u>\$ (1,542)</u>	<u>\$ 77,506</u>

Revenues and Expenses

Comparative revenues and expenses have not been presented for the current report as there were reclassifications for budget line items due to the consolidation of seven districts from the prior fiscal period.

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
	<u>2018</u>	<u>2018</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 229,893	\$ 1,634,128
Operating grants and contributions	23,959,908	479,899
<i>General Revenues:</i>		
Grants and contributions not restricted to specific programs	64,448,263	-
Miscellaneous	1,221,366	57,480
Total Revenues	<u>89,859,430</u>	<u>2,171,507</u>
Expenses		
Instructional programs	44,204,755	-
Instructional support	8,792,293	-
Administrative/Other support	7,710,575	-
Building operations and maintenance	3,636,386	-
Fiscal services	1,034,882	-
Transportation	3,072,251	-
Prior year	10,308	-
On-behalf payments	14,990,567	-
Program expenses	2,981,704	2,438,889
Interest on long-term debt	1,057,637	-
Unallocated depreciation (Note 4)	2,096,349	-
Total Expenses	<u>89,587,707</u>	<u>2,438,889</u>
Transfers	<u>(188,334)</u>	<u>188,334</u>
Change in Net Position	83,389	(79,048)
Net Position - July 1	<u>39,910,935</u>	<u>77,506</u>
Net Position - June 30	<u>\$ 39,994,324</u>	<u>\$ (1,542)</u>

Financial Analysis of the School District's Fund Statements

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

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

	<u>2018</u>	<u>2017</u>
Major Funds:		
General Fund:		
Nonspendable	\$ 92,783	\$ 92,723
Assigned	4,109,060	3,617,506
Total General Fund	<u>\$ 4,201,843</u>	<u>\$ 3,710,229</u>
Debt Service Fund:		
Restricted	\$ 2,289,434	\$ 2,045,535
Total Debt Service Fund	<u>\$ 2,289,434</u>	<u>\$ 2,045,535</u>
Capital Projects Fund:		
Restricted	\$ 4,742,631	\$ 22,510,133
Committed	-	485,757
Unassigned		(1,348,461)
Total Capital Projects Fund	<u>\$ 4,742,631</u>	<u>\$ 21,647,429</u>
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 2,720	\$ 11,765
Unassigned	-	-
Capital Projects Funds:		
Restricted	307,960	262,212
Total Nonmajor Funds	<u>\$ 310,680</u>	<u>\$ 273,977</u>

The general fund total fund balance increased by \$491,614 from the prior fiscal year primarily due to health insurance rates that were substantially below the rates used in the budget. The debt service fund increased by \$243,899 from the prior fiscal year primarily due to transfers from other funds. The capital projects fund total fund balance decreased by \$16,904,798 from the prior fiscal year primarily due to capital outlay. The nonmajor funds total fund balance increased by \$36,703 from the prior fiscal year primarily due to activity in the nonmajor capital projects funds.

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

The food service program had an increase in net position of \$37,214 for the year ended June 30, 2018. The after school program had a decrease in net position of \$41,834 for the year ended June 30, 2018.

Budgetary Highlights

The general fund produced a surplus of \$491,614 for the year ended June 30, 2018. Actual revenues exceeded actual expenditures by that amount primarily due to

instructional programs, instructional support and administrative/other support being expended less than budgeted amounts, offset by intergovernmental and transfers from other funds being receipted under budgeted amounts. The lower expenses were primarily due to health insurance rates that were substantially below the rates used in the budget.

Capital Asset and Long-Term Debt Activity

Capital Assets

As of June 30, 2018, the School District capital assets increased by \$14,994,940. This increase was due to current year additions of \$17,968,600 less net disposals of \$402,728, and depreciation expense of \$2,570,932. Refer to Note 4 of Notes to Financial Statements for detailed information.

**Table 4
Champlain Valley School District
Capital Assets (Net of Depreciation)
June 30,**

	2018	2017
Land	\$ 375,000	\$ 375,000
Construction in progress	25,153,561	8,409,717
Buildings and building improvements	44,717,251	46,282,294
Machinery, equipment and vehicles	2,612,129	2,795,990
Total	\$ 72,857,941	\$ 57,863,001

Debt

At June 30, 2018, the School District had \$39,576,808 in bonds payable versus \$41,069,762 in the prior fiscal year. Other obligations include notes payable, accrued compensated absences, accrued severance payable and net pension liability. Refer to Note 6 of the Notes to Financial Statements for detailed information.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

The 2019-2020 financial performance could be impacted by the ongoing staff compensation negotiations and state-wide health insurance discussions.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School District at 5420 Shelburne Road, Suite 300, Shelburne, Vermont 05482.

CHAMPLAIN VALLEY SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 12,640,553	\$ -	\$ 12,640,553
Investments	2,283,313	-	2,283,313
Accounts receivable (net of allowance for uncollectibles)	76,295	34,005	110,300
Due from other governments	942,939	1,093,989	2,036,928
Deposits receivable	138,048	-	138,048
Inventory	56,170	50,412	106,582
Prepaid items	36,613	-	36,613
Internal balances	1,109,249	(1,109,249)	-
Total current assets	<u>17,283,180</u>	<u>69,157</u>	<u>17,352,337</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	25,528,561	-	25,528,561
Buildings, building improvements and other assets, net of accumulated depreciation	47,310,265	19,115	47,329,380
Total noncurrent assets	<u>72,838,826</u>	<u>19,115</u>	<u>72,857,941</u>
TOTAL ASSETS	<u>90,122,006</u>	<u>88,272</u>	<u>90,210,278</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	2,838,608	-	2,838,608
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,838,608</u>	<u>-</u>	<u>2,838,608</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 92,960,614</u>	<u>\$ 88,272</u>	<u>\$ 93,048,886</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,993,129	\$ 85,447	\$ 3,078,576
Accrued payroll	164,977	-	164,977
Accrued expenses	228,528	-	228,528
Due to other governments	734,988	-	734,988
Current portion of long-term obligations	2,870,403	-	2,870,403
Total current liabilities	<u>6,992,025</u>	<u>85,447</u>	<u>7,077,472</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	37,349,355	-	37,349,355
Notes payable	1,237,190	-	1,237,190
Accrued compensated absences	324,877	-	324,877
Accrued severance payable	54,500	-	54,500
Net pension liability	4,879,427	-	4,879,427
Total noncurrent liabilities	<u>43,845,349</u>	<u>-</u>	<u>43,845,349</u>
TOTAL LIABILITIES	<u>50,837,374</u>	<u>85,447</u>	<u>50,922,821</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	1,616,970	4,367	1,621,337
Deferred inflows related to pensions	511,946	-	511,946
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,128,916</u>	<u>4,367</u>	<u>2,133,283</u>
NET POSITION			
Net investment in capital assets	31,522,421	19,115	31,541,536
Restricted	7,435,528	-	7,435,528
Unrestricted (deficit)	1,036,375	(20,657)	1,015,718
TOTAL NET POSITION	<u>39,994,324</u>	<u>(1,542)</u>	<u>39,992,782</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 92,960,614</u>	<u>\$ 88,272</u>	<u>\$ 93,048,886</u>

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business - type Activities	Total
Governmental activities:							
Instructional programs	\$ 44,204,755	\$ -	\$ 7,854,376	\$ -	\$ (36,350,379)	\$ -	\$ (36,350,379)
Instructional support	8,792,293	-	-	-	(8,792,293)	-	(8,792,293)
Administrative/Other support	7,710,575	-	-	-	(7,710,575)	-	(7,710,575)
Building operations and maintenance	3,636,386	-	-	-	(3,636,386)	-	(3,636,386)
Fiscal services	1,034,882	-	-	-	(1,034,882)	-	(1,034,882)
Transportation	3,072,251	-	1,114,965	-	(1,957,286)	-	(1,957,286)
Prior year	10,308	-	-	-	(10,308)	-	(10,308)
Program expenses	2,981,704	229,893	-	-	(2,751,811)	-	(2,751,811)
On-behalf payments	14,990,567	-	14,990,567	-	-	-	-
Interest on long-term debt	1,057,637	-	-	-	(1,057,637)	-	(1,057,637)
Unallocated depreciation (Note 4)*	2,096,349	-	-	-	(2,096,349)	-	(2,096,349)
Total governmental activities	<u>89,587,707</u>	<u>229,893</u>	<u>23,959,908</u>	<u>-</u>	<u>(65,397,906)</u>	<u>-</u>	<u>(65,397,906)</u>
Business-type activities:							
Food service	2,289,708	1,526,781	479,899	-	-	(283,028)	(283,028)
After school program	149,181	107,347	-	-	-	(41,834)	(41,834)
Total business-type activities	<u>2,438,889</u>	<u>1,634,128</u>	<u>479,899</u>	<u>-</u>	<u>-</u>	<u>(324,862)</u>	<u>(324,862)</u>
Total government	<u>\$ 92,026,596</u>	<u>\$ 1,864,021</u>	<u>\$ 24,439,807</u>	<u>\$ -</u>	<u>(65,397,906)</u>	<u>(324,862)</u>	<u>(65,722,768)</u>

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

STATEMENT B (CONTINUED)
CHAMPLAIN VALLEY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	(65,397,906)	(324,862)	(65,722,768)
General revenues:			
Grants and contributions not restricted to specific programs	64,448,263	-	64,448,263
Miscellaneous	1,221,366	57,480	1,278,846
Total general revenues	65,669,629	57,480	65,727,109
Transfers	(188,334)	188,334	-
Change in net position	83,389	(79,048)	4,341
NET POSITION - JULY 1	39,910,935	77,506	39,988,441
NET POSITION - JUNE 30	\$ 39,994,324	\$ (1,542)	\$ 39,992,782

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

CHAMPLAIN VALLEY SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Medicaid MAC	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 6,953,047	\$ -	\$ 6,121	\$ 5,535,705	\$ 145,680	\$ 12,640,553
Investments	-	-	2,283,313	-	-	2,283,313
Accounts receivable (net of allowance for uncollectibles)	50,769	-	-	26	25,500	76,295
Due from other governments	667,479	38,861	-	-	236,599	942,939
Deposit receivable	138,048	-	-	-	-	138,048
Inventory	56,170	-	-	-	-	56,170
Prepaid items	36,613	-	-	-	-	36,613
Due from other funds	1,202,849	1,107,939	-	356,090	547,325	3,214,203
TOTAL ASSETS	\$ 9,104,975	\$ 1,146,800	\$ 2,289,434	\$ 5,891,821	\$ 955,104	\$ 19,388,134
LIABILITIES						
Accounts payable	\$ 1,818,859	\$ 1,294	\$ -	\$ 1,149,190	\$ 23,786	\$ 2,993,129
Accrued payroll	164,977	-	-	-	-	164,977
Accrued expenses	228,528	-	-	-	-	228,528
Due to other governments	614,664	-	-	-	120,324	734,988
Due to other funds	2,011,354	-	-	-	93,600	2,104,954
TOTAL LIABILITIES	4,838,382	1,294	-	1,149,190	237,710	6,226,576
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	64,750	1,145,506	-	-	406,714	1,616,970
TOTAL DEFERRED INFLOWS OF RESOURCES	64,750	1,145,506	-	-	406,714	1,616,970
FUND BALANCES						
Nonspendable - inventory & prepaid items	92,783	-	-	-	-	92,783
Restricted	-	-	2,289,434	4,742,631	310,680	7,342,745
Committed	-	-	-	-	-	-
Assigned	4,109,060	-	-	-	-	4,109,060
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	4,201,843	-	2,289,434	4,742,631	310,680	11,544,588
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,104,975	\$ 1,146,800	\$ 2,289,434	\$ 5,891,821	\$ 955,104	\$ 19,388,134

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 11,544,588
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	72,838,826
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	2,838,608
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	(39,576,808)
Notes payable	(1,739,597)
Accrued compensated absences	(433,170)
Accrued severance payable	(86,750)
Net pension liability	(4,879,427)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	<u>(511,946)</u>
Net position of governmental activities	<u><u>\$ 39,994,324</u></u>

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Medicaid MAC	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Intergovernmental revenues	\$ 75,778,566	\$ 154,649	\$ -	\$ 3,523	\$ 1,738,657	\$ 77,675,395
Tuition	125,234	-	-	-	388	125,622
Charges for services	-	-	-	-	229,893	229,893
Interest income	287,160	-	-	134,048	-	421,208
Unrealized gains (losses) (net of activity)	-	-	(20,502)	-	-	(20,502)
Miscellaneous revenues	574,376	-	-	22,586	223,698	820,660
TOTAL REVENUES	76,765,336	154,649	(20,502)	160,157	2,192,636	79,252,276
EXPENDITURES						
Current:						
Instructional programs	43,737,450	-	-	-	-	43,737,450
Instructional support	8,792,293	-	-	-	-	8,792,293
Administrative/Other support	7,710,575	-	-	-	-	7,710,575
Building operations and maintenance	4,381,881	-	-	-	-	4,381,881
Fiscal services	1,034,882	-	-	-	-	1,034,882
Transportation	3,072,251	-	-	-	-	3,072,251
On-behalf payments	4,383,413	-	-	-	-	4,383,413
Prior year	10,308	-	-	-	-	10,308
Program expenses	-	154,649	10,599	1,526,710	1,949,039	3,640,997
Debt service:						
Principal	2,017,764	-	-	-	-	2,017,764
Interest	974,155	-	-	-	-	974,155
Capital outlay	-	-	-	15,696,395	-	15,696,395
TOTAL EXPENDITURES	76,114,972	154,649	10,599	17,223,105	1,949,039	95,452,364
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	650,364	-	(31,101)	(17,062,948)	243,597	(16,200,088)
OTHER FINANCING SOURCES (USES)						
Bond proceeds	255,840	-	-	-	-	255,840
Transfers in	206,894	-	275,000	158,150	-	640,044
Transfers (out)	(621,484)	-	-	-	(206,894)	(828,378)
TOTAL OTHER FINANCING SOURCES (USES)	(158,750)	-	275,000	158,150	(206,894)	67,506
NET CHANGE IN FUND BALANCES	491,614	-	243,899	(16,904,798)	36,703	(16,132,582)
FUND BALANCES - JULY 1	3,710,229	-	2,045,535	21,647,429	273,977	27,677,170
FUND BALANCES - JUNE 30	\$ 4,201,843	\$ -	\$ 2,289,434	\$ 4,742,631	\$ 310,680	\$ 11,544,588

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (16,132,582)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	17,968,600
Capital asset disposals	(402,728)
Depreciation expense	<u>(2,561,038)</u>
	<u>15,004,834</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>(983,284)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	<u>(255,840)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	<u>2,022,891</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>(160,471)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued interest payable	19,243
Accrued compensated absences	(102,725)
Accrued severance payable	(12,700)
Net pension liability	<u>684,023</u>
	<u>587,841</u>
Change in net position of governmental activities (Statement B)	<u>\$ 83,389</u>

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2018

	Enterprise Funds		Totals
	Food Service	After School Programs	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	34,005	-	34,005
Due from other governments	1,063,425	30,564	1,093,989
Inventory	50,412	-	50,412
Total current assets	<u>1,147,842</u>	<u>30,564</u>	<u>1,178,406</u>
Noncurrent assets:			
Capital assets:			
Building improvements	13,894	-	13,894
Furniture and equipment	188,643	-	188,643
Less: accumulated depreciation	(183,422)	-	(183,422)
Total noncurrent assets	<u>19,115</u>	<u>-</u>	<u>19,115</u>
TOTAL ASSETS	<u>\$ 1,166,957</u>	<u>\$ 30,564</u>	<u>\$ 1,197,521</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 85,447	\$ -	\$ 85,447
Due to other funds	1,040,171	69,078	1,109,249
Total current liabilities	<u>1,125,618</u>	<u>69,078</u>	<u>1,194,696</u>
TOTAL LIABILITIES	<u>1,125,618</u>	<u>69,078</u>	<u>1,194,696</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	-	4,367	4,367
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>4,367</u>	<u>4,367</u>
NET POSITION			
Net investment in capital assets	19,115	-	19,115
Unrestricted (deficit)	22,224	(42,881)	(20,657)
TOTAL NET POSITION	<u>41,339</u>	<u>(42,881)</u>	<u>(1,542)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 1,166,957</u>	<u>\$ 30,564</u>	<u>\$ 1,197,521</u>

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Enterprise Funds		Totals
	Food Service	After School Program	
OPERATING REVENUES			
Intergovernmental	\$ 479,899	\$ -	\$ 479,899
Charges for services	1,526,781	107,347	1,634,128
Miscellaneous	57,480	-	57,480
TOTAL OPERATING REVENUES	<u>2,064,160</u>	<u>107,347</u>	<u>2,171,507</u>
OPERATING EXPENSES			
Salaries	922,670	101,159	1,023,829
Benefits	384,279	16,266	400,545
Contract services	-	15,370	15,370
Repairs and maintenance	8,621	-	8,621
Supplies and food	934,742	6,804	941,546
Travel	722	226	948
Utilities	3,782	916	4,698
Equipment and maintenance	16,295	-	16,295
Depreciation	9,894	-	9,894
Other	8,703	8,440	17,143
TOTAL OPERATING EXPENSES	<u>2,289,708</u>	<u>149,181</u>	<u>2,438,889</u>
OPERATING INCOME (LOSS)	<u>(225,548)</u>	<u>(41,834)</u>	<u>(267,382)</u>
NONOPERATING REVENUES (EXPENSES)			
Transfers in	188,334	-	188,334
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>188,334</u>	<u>-</u>	<u>188,334</u>
CHANGES IN NET POSITION	(37,214)	(41,834)	(79,048)
NET POSITION (DEFICIT) - JULY 1	<u>78,553</u>	<u>(1,047)</u>	<u>77,506</u>
NET POSITION (DEFICIT) - JUNE 30	<u>\$ 41,339</u>	<u>\$ (42,881)</u>	<u>\$ (1,542)</u>

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Enterprise Funds		Totals
	Food Service	After School Programs	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,549,971	\$ 146,310	\$ 1,696,281
Intergovernmental receipts	(544,807)	(30,564)	(575,371)
Internal activity - receipts (payments) from/to other funds	1,068,436	33,650	1,102,086
Payments to suppliers	(2,261,934)	(149,396)	(2,411,330)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(188,334)	-	(188,334)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	188,334	-	188,334
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	188,334	-	188,334
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	-
CASH AND CASH EQUIVALENTS - JULY 1	-	-	-
CASH AND CASH EQUIVALENTS - JUNE 30	\$ -	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (225,548)	\$ (41,834)	\$ (267,382)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	9,894	-	9,894
Changes in operating assets, liabilities and deferred inflows of resources:			
(Increase) decrease in accounts receivable	(26,222)	38,963	12,741
(Increase) decrease in due from other governments	(1,024,706)	(30,564)	(1,055,270)
(Increase) decrease in inventory	(36,829)	-	(36,829)
(Increase) decrease in due from other funds	39,930	-	39,930
(Decrease) increase in accounts payable	68,549	(215)	68,334
(Decrease) increase in accrued payroll	(13,840)	-	(13,840)
(Decrease) increase in due to other governments	(8,068)	-	(8,068)
(Decrease) increase in due to other funds	1,028,506	33,650	1,062,156
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (188,334)	\$ -	\$ (188,334)

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018

	Agency Funds <u>Student Activities</u>	Total Private- Purpose Funds <u> </u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 371,594
Due from other governments	614,664	-
TOTAL ASSETS	<u>\$ 614,664</u>	<u>\$ 371,594</u>
LIABILITIES		
Accounts payable	\$ 1,959	\$ -
Deposits held for others	-	260
TOTAL LIABILITIES	<u>\$ 1,959</u>	<u>\$ 260</u>
NET POSITION		
Restricted - held in trust	\$ 612,705	\$ 371,334
TOTAL NET POSITION	<u>\$ 612,705</u>	<u>\$ 371,334</u>

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Total Private- Purpose Funds
ADDITIONS	
Contributions	
Donations	\$ 68,827
Total contributions	<u>68,827</u>
Investment earnings:	
Income earned	<u>539</u>
Total investment earnings, net	<u>539</u>
Total additions	<u>69,366</u>
DEDUCTIONS	
Scholarship awards	19,739
Transfer to other account	23,631
Administrative expenses	<u>2</u>
Total deductions	<u>43,372</u>
CHANGE IN NET POSITION	25,994
NET POSITION - JULY 1	<u>345,340</u>
NET POSITION - JUNE 30	<u>\$ 371,334</u>

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The School District operates under the authority of the Vermont education laws. The School District provides services to Champlain Valley Union High School and the towns of St George, Williston, Shelburne, Hinesburg and Charlotte.

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

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

Implementation of New Accounting Standards

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

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

Statement No. 81, "*Irrevocable Split-Interest Agreements*". The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not material to the financial statements.

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

Statement No. 86, "Certain Debt Extinguishment Issues." The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as governmental or business-type. The School District's food service and after school programs are categorized as business-type activities. All other activities of the School District are categorized as governmental.

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

restricted net position; and unrestricted net position. The School District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the School District's functions (instruction, administration, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (certain intergovernmental revenues, charges for services, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

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

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

The government-wide focus is more on the sustainability of the School District as an entity and the change in the School District's net position resulting from the current year's activities.

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

1. Governmental Funds:

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Funds

- a. The General Fund is the general operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Medicaid MAC Fund is used to account for the proceeds of Medicaid sources that are legally restricted to expenditures for specified purposes.
- c. The Debt Service Fund is used to account for debt proceeds related to capital asset purchases.
- d. The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities.

Nonmajor Funds

- e. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- f. The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities.

2. Proprietary Funds

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

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support the School District's programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds. Component units that are fiduciary in nature have been excluded from these financial statements.

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

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

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

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

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

Revenues per budgetary basis	\$ 72,844,657
Add: On-behalf payments	<u>4,383,413</u>
Total GAAP basis	<u><u>\$ 77,228,070</u></u>
Expenditures per budgetary basis	\$ 72,353,043
Add: On-behalf basis	<u>4,383,413</u>
Total GAAP basis	<u><u>\$ 76,736,456</u></u>

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

1. The annual school budget is the planning management tool, which delineates the School District's educational priorities and programs and forms the basis for voter review and approval of the budget according to applicable State of Vermont education finance laws.
2. The Board budget process includes input from school district administration and staff, educational priorities for the next school year, along with public hearings, which include the Board of Directors and general public.
3. The budget document itself is based upon the most current funding information available along with the projection of current revenues and expenditures for the next year. At the conclusion of the budget process, a final budget is approved by the Board of Directors.

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits and Investments

The School 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 School District's policy to value investments at fair value. None of the School District's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be a cash equivalent. The School 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 School Districts
- Repurchase agreements
- Money market mutual funds

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

Receivables

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$2,147,228 for the year ended June 30, 2018. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2018.

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories and Prepaid Items

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). Inventory of the food service fund consists of supplies and food.

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

Interfund Receivables and Payables

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

Transactions Between Funds

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

Capital Assets

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

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated useful lives are as follows:

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

Long-term Obligations

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

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

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

Pensions

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

OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, information about the fiduciary net position of the Vermont State Teachers' Retirement System (VSTRS). Additions to/deductions from the VSTRS OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by VSTRS. For this purpose,

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Net Position

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

Fund Balance

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

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

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

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

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Deferred Outflows and Inflows of Resources

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

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Revenues

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

Operating/Nonoperating Proprietary Fund Revenues

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

Encumbrance Accounting

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

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits:

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

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2018, the School District's cash balance of \$13,012,147 was comprised of bank deposits of \$13,374,097. This entire amount was either fully insured by federal depository insurance and consequently was not exposed to custodial credit risk or was collateralized with securities held by the financial institution in the School District's name or by debt issued in the School District's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 7,832,271
Cash and cash equivalents	<u>5,541,826</u>
	<u>\$ 13,374,097</u>

Investments:

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

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Not Applicable</u>	<u>Less than 1 Year</u>	<u>1 - 5 Years</u>	<u>Over 5 Years</u>
Debt securities:					
US agency securities	<u>\$ 2,283,313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 622,063</u>	<u>\$ 1,661,250</u>

Of the School District's investments of \$2,283,313. Of these investments, \$250,000 was covered by the Securities Investor Protection Corporation (SIPC). The remaining investments of \$2,033,313 were uncollateralized and uninsured.

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Hierarchy

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The School District has the following recurring fair value measurements as June 30, 2018:

	June 30, 2018 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Debt securities:				
US agency securities	\$ 2,283,313	\$ -	\$ 2,283,313	\$ -
Total investments by fair value level	<u>2,283,313</u>	<u>-</u>	<u>2,283,313</u>	<u>-</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market funds	6,121			
Total cash equivalents measured at the NAV	<u>\$ 6,121</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 2,289,434</u>			

Debt securities classified in Level 2 of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The School District has no Level 1 or 3 investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2018 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

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

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2018 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 1,202,849	\$ 2,011,354
Medicaid Mac Fund	1,107,939	-
Capital Project Funds	356,090	-
Nonmajor Governmental Funds	547,325	93,600
Enterprise Funds	-	1,109,249
	<u>\$ 3,214,203</u>	<u>\$ 3,214,203</u>

NOTE 4 - CAPITAL ASSETS

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

	Balance 7/1/17	Additions	Disposals	Balance 6/30/18
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 375,000	\$ -	\$ -	\$ 375,000
Construction in progress	8,409,717	17,002,057	(258,213)	25,153,561
	<u>8,784,717</u>	<u>17,002,057</u>	<u>(258,213)</u>	<u>25,528,561</u>
Depreciated assets:				
Buildings and improvements	\$ 76,388,072	\$ 248,616	\$ (303,996)	\$ 76,332,692
Machinery and equipment	11,480,634	717,927	(305,208)	11,893,353
	87,868,706	966,543	(609,204)	88,226,045
Less: accumulated depreciation	(38,819,431)	(2,561,038)	464,689	(40,915,780)
	<u>49,049,275</u>	<u>(1,594,495)</u>	<u>(144,515)</u>	<u>47,310,265</u>
Net governmental capital assets	<u>\$ 57,833,992</u>	<u>\$ 15,407,562</u>	<u>\$ (402,728)</u>	<u>\$ 72,838,826</u>

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Balance 7/1/17	Additions	Disposals	Balance 6/30/18
<u>Business-type activities:</u>				
Depreciated assets:				
Building improvements	\$ 13,894	\$ -	\$ -	\$ 13,894
Machinery and equipment	195,565	-	(6,922)	188,643
	<u>209,459</u>	<u>-</u>	<u>(6,922)</u>	<u>202,537</u>
Less: accumulated depreciation	(180,450)	(9,894)	6,922	(183,422)
Net business-type capital assets	<u>\$ 29,009</u>	<u>\$ (9,894)</u>	<u>\$ -</u>	<u>\$ 19,115</u>

NOTE 5 - SHORT-TERM DEBT

On July 3, 2017, the School District issued a tax anticipation note through People's United Bank, NA in anticipation of tax revenues to meet its operating obligations during the fiscal year. The note allowed principal draws up to \$9,000,000 at an interest rate of 1.65% with a maturity date of June 29, 2018.

Short-term debt activity for the year ended June 30, 2018, was as follows:

	Balance, 7/1/17	Additions	Reductions	Balance, 6/30/18
Tax anticipation note	<u>\$ -</u>	<u>\$ 9,000,000</u>	<u>\$ (9,000,000)</u>	<u>\$ -</u>

At June 14, 2018, the note was paid in full. Interest expense for the note during the fiscal year totaled \$146,850.

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - LONG-TERM DEBT

A summary of long-term debt for the year ended June 30, 2018 is as follows:

	Balance, 7/1/17	Additions	Deletions	Balance, 6/30/18	Current Year Portion
Bonds payable	\$ 41,069,762	\$ -	\$ (1,492,954)	\$ 39,576,808	\$ 2,227,453
Notes payable	2,010,866	255,840	(527,109)	1,739,597	502,407
Capital lease payable	2,828	-	(2,828)	-	-
Accrued compensated absences	330,445	102,725	-	433,170	108,293
Accrued severance payable	74,050	24,700	(12,000)	86,750	32,250
Net pension liability	5,563,450	1,149,131	(1,833,154)	4,879,427	-
Total	<u>\$ 49,051,401</u>	<u>\$ 1,532,396</u>	<u>\$ (3,868,045)</u>	<u>\$ 46,715,752</u>	<u>\$ 2,870,403</u>

The following is a description of the outstanding bonds and notes payable:

Bonds payable:

\$14,220,000, 2004 General Obligation bond due to Vermont Municipal Bond Bank in annual principal installments of \$640,000 to \$780,000 through 2024. The interest rate varies from 1.87% to 5.09% per annum.	\$ 4,495,000
\$249,000, 2013 General Obligation bond due to Vermont Municipal Bond Bank in annual principal installments of \$25,000 with a final principal installment of \$24,000 in 2023. The interest rate varies from .804% to 3.634% per annum.	149,000
\$540,000, 2016 General Obligation bond due to Vermont Municipal Bond Bank in annual preincipal installments of \$36,000 November of 2031. The interst rate varies from 1.491% to 2.861% per annum.	504,000
\$2,800,000, 2010 General Obligation bond due to Merchants Bank in full on March 1, 2027. The School District makes annual payments to a sinking fund in the amount of \$145,000. No interest is charged on this bond.	2,800,000
\$2,500,000, 2010 General Obligation bond due to Merchants Bank in full on March 1, 2027. The School District makes annual payments to a sinking fund in the amount of \$130,000. No interest is charged on this bond.	2,500,000

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - LONG-TERM DEBT (CONTINUED)

\$9,250,000, 2017 General Obligation bond due to Vermont Municipal Bond Bank in annual principal installments of \$462,500 through November 2036. The interest rate charged is 2.732% per annum.	8,787,500
\$480,000, 2008 General Obligation bond due to Vermont Municipal Bond Bank in annual principal installments of \$30,000 to \$35,000 through November of 2023. The interest rate varies from 1.9% to 4.41% per annum.	180,000
\$365,000, 2011 General Obligation bond due to Vermont Municipal Bond Bank in semi-annual installments of \$11,227 through December 2027. The interest rate charged is 0.179% per annum.	213,308
\$140,000, 2014 General Obligation bond due to Vermont Municipal Bond Bank in annual principal installments of \$14,000 through November of 2024. The interest rate varies from 0.513% to 3.223% per annum.	98,000
\$19,850,000, 2017 General Obligation bond due to Vermont Municipal Bond Bank in annual principal installments of \$992,500 through November of 2037. The interest rate varies from 1.55% to 3.82% per annum.	19,850,000
Total bonds payable	<u>\$ 39,576,808</u>

Notes payable:

Bus note payable to Peoples United Bank, interest is charged at a rate of 2.25%, principal and interest due July 15, 2018.	\$ 40,374
Bus note payable to Merchants Bank, interest is charged at a rate of 1.60%, principal and interest due July 15, 2021.	159,758
Bus note payable to Community National Bank, interest is charged at a rate of 1.50%, principal and interest due July 15, 2020.	100,200
Bus note payable to Peoples United Bank, interest is charged at a rate of 1.95%, principal and interest due July 15, 2019.	67,790
\$370,000 note payable to Merchant's Bank in annual principal installments of \$24,667 through July 2030. Interest rate is 2.45% per annum.	320,667
Construction note payable to Green Mountain Power Corporation, monthly principal payments of \$833, no interest is charged, maturity is in September of 2018.	4,400
Bus note payable to Peoples United Bank, interest is charged at a rate of 2.25%, annual principal payments of \$21,265 and interest due July 15, 2018.	21,265

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Bus note payable to Peoples United Bank, interest is charged at a rate of 1.95%, annual principal payments of \$19,783 and interest due July 15, 2019.	39,567
Bus note payable to Community National Bank, interest is charged at a rate of 1.50%, annual principal payments of \$20,200 and interest due July 15, 2020.	60,600
Bus note payable to Merchants Bank, interest is charged at a rate of 1.60%, annual principal payments of \$39,940 and interest due July 15, 2021.	159,758
Bus note payable to Peoples United Bank, interest is charged at a rate of 2.25%, annual principal payments of \$41,453 and interest due July 15, 2018.	41,453
Bus note payable to Peoples United Bank, interest is charged at a rate of 1.95%, annual principal payments of \$19,783 and interest due July 15, 2019.	39,567
Bus note payable to Community National Bank, interest is charged at a rate of 1.50%, annual principal payments of \$20,200 and interest due July 15, 2020.	60,600
Bus note payable to Merchants Bank, interest is charged at a rate of 1.60%, annual principal payments of \$39,940 and interest due July 15, 2021.	159,758
\$260,000, Note payable to Community National Bank in annual principal installments of \$52,000 through November of 2021. Interest is charged as a rate of 1.50% per annum.	208,000
\$255,840, Note payable to Community National Bank in annual principal installments of \$51,168 through July of 2022. Interest is charged as a rate of 2.25% per annum.	255,840
Total notes payable	<u>\$ 1,739,597</u>

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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

Year Ending June 30,	Principal	Interest	Total Debt Service
2019	\$ 2,729,860	\$ 1,060,148	\$ 3,790,008
2020	2,622,368	995,653	3,618,021
2021	2,548,906	930,034	3,478,940
2022	2,470,106	862,744	3,332,850
2023	2,298,291	793,773	3,092,064
2024-2028	14,341,374	3,025,940	17,367,314
2029-2033	7,493,000	1,816,509	9,309,509
2034-2038	5,820,000	555,404	6,375,404
2039-2043	992,500	26,044	1,018,544
	<u>\$ 41,316,405</u>	<u>\$ 10,066,249</u>	<u>\$ 50,364,110</u>

NOTE 7 - NONSPENDABLE FUND BALANCES

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

General fund:	
Inventory	\$ 56,170
Prepaid items	36,613
	<u>\$ 92,783</u>

NOTE 8 - RESTRICTED FUND BALANCES

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

Debt service fund	\$ 2,289,434
Capital projects fund	4,742,631
Nonmajor special revenue funds (Schedule E)	2,720
Nonmajor capital projects funds (Schedule G)	307,960
	<u>\$ 7,342,745</u>

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 - ASSIGNED FUND BALANCES

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

General fund:	
Reserved for future operations	\$ 3,208,060
FY 2019 budget	750,000
Accrued compensated absences	151,000
	<u>\$ 4,109,060</u>

NOTE 10 - DEFINED BENEFIT PENSION PLANS

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

Plan Description

All of the teachers employed by the School District participate in the Vermont State Teachers' Retirement System ("VSTRS"), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, covering nearly all public day school and nonsectarian private Union teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State of Vermont that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2017 (the most recent period available), the retirement system consisted of 299 participating employers.

The plan was established effective July 1, 1947, and is governed by *Title 16, V.S.A. Chapter 55*. Subsequent Vermont state legislation, *Act 74*, which became effective on July 1, 2010, contained numerous changes to the plan benefits available to current and future members, as well as a change in access to health care coverage after retirement, resulting from a multi-party agreement to provide sustainability of quality pension and retiree health benefits for Vermont teachers.

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Benefits Provided

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

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

VSTRS	Group A	Group C – Group # 1	Group C – Group # 2
Normal service retirement eligibility (no reduction)	Age 60 or 30 years of service	Age 62 or with 30 years of service	Age 65 or when the sum of age and service equals 90
Average Final Compensation (AFC)	Highest 3 consecutive years, including unused annual leave, sick leave, and bonus/incentives	Highest 3 consecutive years, excluding all payments for anything other than service actually performed	Highest 3 consecutive years, excluding all payments for anything other than service actually performed
Benefit formula – normal service retirement	1.67% x creditable service x AFC	1.25% x service prior to 6/30/90 x AFC + 1.67% x service after 7/1/90 x AFC	1.25% x service prior to 6/30/90 x AFC + 1.67% x service after 7/1/90 x AFC, 2.0% after attaining 20 years

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

VSTRS	Group A	Group C – Group # 1	Group C – Group # 2
Maximum Benefit Payable	100% of AFC	53.34% of AFC	60% of AFC
Post-Retirement COLA	Full CPI, up to a maximum of 5% after 12 months of retirement; minimum of 1%	50% CPI, up to a maximum of 5% after 12 months of retirement or with 30 years; minimum of 1%	50% CPI, up to a maximum of 5%, minimum of 1% after 12 months of normal retirement or age 65
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Early Retirement Reduction	Actuarial reduction	6% per year from age 62	Actuarial reduction

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

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

Contributions

VSTRS is a cost-sharing public employee retirement system with one exception: all risks and costs are not shared by the School District but are the liability of the State of Vermont. VSTRS is funded through State and employee contributions and trust fund investment earnings; and the School District has no legal obligation for paying benefits. Required contributions to the System are made by the State of Vermont based upon a valuation report prepared by the System's actuary, which varies by plan group. The Vermont State Teachers Retirement System estimates the contributions on behalf of the School District's employees included in the teacher's retirement plan which approximates \$4,383,413 or 13.58% of total payroll for employees covered under the plan.

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Employee contribution rates by plan group follow:

VSTRS	Group A	Group C – Group # 1	Group C – Group # 2
Employee Contributions	5.5% of gross salary	5.0% of gross salary with 5 or more years of service as of 7/1/14; 6.0% of gross salary if less than 5 years of service as of 7/1/14	5.0% of gross salary with 5 or more years of service as of 7/1/14; 6.0% of gross salary if less than 5 years of service as of 7/1/14

Employee contributions totaled \$1,673,363 during the year and were paid by the School District to the State of Vermont. The School District has no other liability under the plan. The School District's total payroll for all employees covered under this plan was \$32,278,448 for the year ended June 30, 2018.

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. The plan was established effective July 1, 1975, and is governed by *Title 24, V.S.A. Chapter 125*. It is designed for school districts and other municipal employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. Employees of the School other than Teachers are eligible to participate in the VMERS providing they work on a regular basis for not less than 30 hours a week and for not less than 1,040 hours for the school year.

The general administration and responsibility for formulating administrative policy and procedures of the Retirement System for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives-one elected by the governing bodies of participating employers of the system, and one selected by the Governor from a list of four

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Schools and the Vermont School Boards Association.

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Comprehensive Annual Financial Report (CAFR). The CAFR may be viewed on the State's Department of Finance & Management website at:

http://finance.vermont.gov/reports_and_publications/cafr.

Benefits Provided

The pension plan is divided into four membership groups:

- Group A – general employees whose legislative bodies have not elected to become a member of Group B or Group C
- Groups B & C – general employees whose legislative bodies have elected to become members of Group B or Group C
- Group D – sworn police officers, firefighters and emergency medical personnel

The School District participates in Groups A, B and C. Benefits available to each group are based on average final compensation (AFC) and years of creditable service, and are summarized below:

VMERS	Group A	Group B	Group C	Group D
Normal service retirement eligibility	Age 65 with 5 years of service, or age 55 with 35 years of service	Age 62 with 5 years of service, or age 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Average Final Compensation (AFC)	Highest 5 consecutive years	Highest 3 consecutive years	Highest 3 consecutive years	Highest 2 consecutive years

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

VMERS	Group A	Group B	Group C	Group D
Benefit formula – normal service Retirement (no reduction)	1.4% x creditable service x AFC	1.7% x creditable service x AFC + previous service; 1.4% x Group A service x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC; 2.5% x Group C service x AFC
Maximum Benefit Payable	60% of AFC	60% of AFC	50% of AFC	50% of AFC
Post-Retirement COLA	50% of CPI, up to 2% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	N/A	Age 50 with 20 years of service
Early Retirement Reduction	6% per year from age 65 **	6% per year from age 62 **	N/A	No reduction

** - A special early retirement factor of 3% per year only for municipal police officers who have attained age 60

Members of all groups may qualify for vested deferred allowance, disability allowances and death benefit allowance subject to meeting various eligibility requirements. Benefits are based on AFC and service.

Contributions

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund, and to certify the rates of contributions payable by employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group are as follows:

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

VMERS	Group A	Group B	Group C	Group D
Employee Contributions	2.5% of gross salary	4.875% of gross salary	10.0% of gross salary	11.35% of gross salary
Employer Contributions	4.0% of gross salary	5.5% of gross salary	7.25% of gross salary	9.85% of gross salary

Employee contributions are withheld pre-income tax by the School District and are remitted to the State of Vermont. Such withholdings for the year ended June 30, 2018 totaled \$750,596. The School District contributed \$689,398 for the year ended June 30, 2018. The School District's total payroll for the year ended June 30, 2018 for all employees covered under this plan was \$11,585,010.

Pension Liabilities

VSTRS Plan

The State is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of member employers.

Therefore, these employers are considered to be in a special funding situation as defined in GASB No. 68 and the State is treated as a nonemployer to VSTRS. Since the School District does not contribute directly to VSTRS, no net pension liability was recorded at June 30, 2018. The State's portion of the collective net pension liability that was associated with the School District was as follows:

School District's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the School District	<u>70,271,804</u>
Total	<u><u>\$ 70,271,804</u></u>

The State of Vermont's proportionate share of the net pension liability associated with the School District is equal to the collective net pension liability, actuarially measured as of June 30, 2017, multiplied by the School District's proportionate share percentage. The School District's proportionate share percentage was based on its reported salaries to the total reported salaries for all participating employers. At June 30, 2017, the School District's proportion was 4.74039% which was an increase of 0.05285% from its proportion measured as of June 30, 2016.

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

VMERS Plan

At June 30, 2018, the School District reported a liability of \$1,781,036 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2017, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liabilities were based on a projection of the School District's long-term share of contributions to each pension plan relative to the projected contributions of all participating towns, actuarially determined.

At June 30, 2017, the School District's proportion was 1.47004% for VMERS, which was a decrease of 0.05781% from its proportion measured as of June 30, 2016 for VMERS.

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

For the year ended June 30, 2018, the School District recognized total pension expense of \$8,641,246 and revenue of \$8,641,246 for support provided by the State of Vermont for the VSTRS plan. In the same period, the School District recognized pension expense of \$459,732 for the VMERS plan. At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	VSTRS		VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ 70,984	\$ 120,791
Changes of assumptions	-	-	1,021,500	-
Net difference between projected and actual earnings on pension plan investments	-	-	812,697	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	244,029	391,155
Contributions subsequent to the measurement date	-	-	689,398	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,838,608</u>	<u>\$ 511,946</u>

\$689,398 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	VSTRS Plan	VMERS Plan
Plan year ended June 30:		
2018	\$ -	\$ 603,811
2019	-	895,247
2020	-	214,087
2021	-	(75,883)
2022	-	-
Thereafter	-	-

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using the actuarial assumptions outlined below. These assumptions were selected on the basis of the experience study that was performed on July 27, 2015:

Investment Rate of Return: For both plans, 7.50% per annum.

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

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

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

For the VMERS plan, increases are 5.00% per year.

Deaths After Retirement: The VSTRS plan used the RP-2014 White Collar Employee with generational improvement Table for pre-retirement, the RP-2014 White

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Collar Annuitant with generational improvement Table for healthy retirees, and the RP-2014 Disabled Mortality Table for disabled retirees.

Mortality rates for pre-retirement, healthy retirees and disabled retirees in the VMERS plan for Groups A, B, C and D were based variations of RP-2014 Tables with generational improvement using Scale SSA-2017 as follows:

Pre-retirement - Groups A, B, and C blended with a 60% Blue Collar Employee and 40% Healthy Employee, and Group D with a Blue Collar Annuitant Table

Healthy Retiree - Groups A, B and C with a 60% Blue Collar Annuitant and 40% Healthy Annuitant, and Group D with a Blue Collar Annuitant Table

Disabled Retiree - All Groups with a Disabled Mortality Table

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

VSTRS Plan:

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

VMERS Plan:

Withdrawal

Service	Male	Female	
	All Ages	Ages 25-34	Other Ages
0	22.5%	45.0%	30.0%
1	16.2%	33.0%	22.0%
2	13.5%	27.0%	18.0%
3	12.2%	22.5%	15.0%
4	10.8%	18.0%	12.0%
5	9.0%	15.0%	10.0%
6	8.1%	13.5%	9.0%
7	7.2%	12.0%	8.0%
8	7.2%	9.0%	6.0%
9	6.3%	9.0%	6.0%
10+	3.6%	7.5%	5.0%

Disability

Age	Male	Female
25	0.0100%	0.0050%
30	0.0130%	0.0065%
35	0.0170%	0.0085%
40	0.0300%	0.0150%
45	0.0500%	0.0250%
50	0.0900%	0.0450%
55	0.1800%	0.0900%
60	0.3150%	0.1575%
65	0.3150%	0.1575%

Retirement Rates: For the VSTRS plan:

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Service Retirement

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

Retirement After 30 Years of Service

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

For the VMERS Plan:

Retirement Group A

Age	Male	Female	Age	Male	Female
55	3.0%	4.9%	63	21.0%	22.5%
56	7.5%	7.7%	64	21.0%	25.0%
57	5.0%	7.0%	65	56.0%	25.0%
58	5.0%	4.9%	66	15.0%	20.0%
59	7.2%	7.0%	67	20.0%	30.0%
60	7.2%	4.9%	68	20.0%	20.0%
61	12.0%	10.5%	69	20.0%	20.0%
62	28.0%	10.5%	70	100.0%	100.0%

Retirement Group B

Age	Male	Female	Age	Male	Female
55	4.9%	4.9%	63	24.0%	14.0%
56	4.9%	4.9%	64	18.0%	14.0%
57	4.9%	8.4%	65	48.0%	28.0%
58	4.9%	8.4%	66	30.0%	18.0%
59	4.9%	4.9%	67	30.0%	14.0%
60	4.9%	8.4%	68	30.0%	14.0%
61	14.0%	10.5%	69	30.0%	14.0%
62	36.0%	17.5%	70	100.0%	100.0%

Retirement Group C

Age	Male	Female	Age	Male	Female
55	30.0%	0.0%	63	10.0%	20.0%
56	10.0%	5.0%	64	20.0%	20.0%
57	5.0%	5.0%	65	35.0%	35.0%
58	20.0%	25.0%	66	35.0%	35.0%
59	20.0%	5.0%	67	35.0%	35.0%
60	10.0%	5.0%	68	35.0%	35.0%
61	10.0%	5.0%	69	35.0%	35.0%
62	40.0%	5.0%	70	100.0%	100.0%

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retirement Group D

Age	<20 Years of Service	20+ Years of Service	Age	<20 Years of Service	20+ Years of Service
50	0.0%	40.0%	58	10.0%	10.0%
51	0.0%	35.0%	59	10.0%	10.0%
52	0.0%	30.0%	60	15.0%	15.0%
53	0.0%	25.0%	61	10.0%	10.0%
54	0.0%	20.0%	62	25.0%	25.0%
55	15.0%	15.0%	63	25.0%	25.0%
56	10.0%	10.0%	64	25.0%	25.0%
57	10.0%	10.0%	65	100.0%	100.0%

Inactive Members: Valuation liability for the VSTRS plan equals 332.5% of accumulated contributions and 200% for the VMERS plan.

Future Administrative Expenses: No provisions were made for the VSTRS plan. For the VMERS plan, an expense adjustment based on actual expenses for the previous year is reflected in the development of recommended employer contribution levels.

Unknown Data for Participants: For both plans, they are the same as those exhibited by participants with similar known characteristics. If not specified, participants are assumed to be male.

Percent Married: For both plans, 85% of male members are assumed to be married. 35% of female members for the VSTRS plan and 50% of female members for the VMERS plan are assumed to be married.

Spouse's Age: For both plans, husbands are assumed to be three years older than their wives.

Cost-of-Living Adjustments: Adjustments for both plans are assumed to occur on January 1 following one year of retirement. For the VSTRS plan this occurs at the rate of 2.55% per annum for Group A members and 1.40% per annum for Group C members (beginning at age 62 for Group C members who elect reduced early retirement). For the VMERS plan, this occurs at the rate of 1.15% per annum for Group A members and 1.30% per annum for Groups B, C and D members (beginning Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for Group A, B and D members who receive a disability retirement benefit and at age 55 for members of Group C who receive a disability retirement benefit).

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

A smoothing *asset valuation method* was used for funding purposes in the VMERS plan, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. Then value of assets for actuarial purposes may not differ from the market value of assets by more than 20%.

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

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

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for the VSTRS plan and the VMERS plan. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy which exceeds the actuarially determined contribution rate. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

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

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

	1% Decrease	Discount Rate	1% Increase
<u>VSTRS:</u>			
Discount rate	6.50%	7.50%	8.50%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
<u>VMERS:</u>			
Discount rate	6.50%	7.50%	8.50%
School District's proportionate share of the net pension liability	\$ 8,711,897	\$ 4,879,427	\$ 1,701,013

Pension Plan Fiduciary Net Position

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

Plan Description

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

The plan covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2017 (the most recent period available), the plan consisted of 266 participating employers.

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

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

Benefits Provided

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

Contributions

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

OPEB Liabilities

The State is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of member employers. Therefore, these employers are considered to be in a special funding situation as defined in GASB No. 75 and the State is treated as a nonemployer to VSTRS. Since the School District does not contribute directly to VSTRS, no net OPEB liability was

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

recorded at June 30, 2018. The State's portion of the collective net OPEB liability that was associated with the School District was as follows:

School District's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the School District		<u>35,763,784</u>
Total	\$	<u><u>35,763,784</u></u>

The State of Vermont's proportionate share of the net OPEB liability associated with the School District is equal to the collective net OPEB liability, actuarially measured as of June 30, 2017, multiplied by the School District's proportionate share percentage. The School District's proportionate share percentage was based on its reported salaries to the total reported salaries for all participating employers. At June 30, 2017, the School District's proportion was 3.83613% which was a decrease of 0.05968% from its proportion measured as of June 30, 2016.

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

For the year ended June 30, 2018, the School District recognized total OPEB expense of \$1,965,908 and revenue of \$1,965,908 for support provided by the State of Vermont for the Plan. At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

Discount Rate

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

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

Healthcare Trend Rate

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

Actuarial Methods and Assumptions

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

Actuarial Cost Method

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

Amortization

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

Asset Valuation Method

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

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

Assumptions

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

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

Changes in Net OPEB Liability

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

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 11 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was six years for June 30, 2017. For the fiscal year ended June 30, 2017, there were no changes in assumptions with the exception of the discount rate was increased from 2.85% to 3.58%.

OPEB Plan Fiduciary Net Position

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

NOTE 12 - RISK MANAGEMENT

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

In addition, the School District is a member of Vermont School Boards' Association Insurance Trust, Inc. (VSBIT) Medical Benefits Program. VSBIT is a nonprofit corporation formed in 1978 to provide insurance and risk management programs for Vermont School Districts and is owned by the participating districts.

To provide health insurance coverage, VSBIT has established a self-funded fully insured program in conjunction with Blue Cross and Blue Shield. A portion of member contributions is used to purchase reinsurance and to fund a reserve required by the reinsurance. The pooling agreement does not permit the pool to make additional assessments to its members.

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 - CONTINGENCIES

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

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

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

NOTE 14 - RELATED ORGANIZATIONS

Champlain Valley School District provides services to the Champlain Valley Union High School and the towns of St George, Williston, Shelburne, Hinesburg and Charlotte. Each entity and town has an ongoing financial responsibility to the School District as defined in GASB 14, paragraph 71.

NOTE 15 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the School District's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

CHAMPLAIN VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 - SUBSEQUENT EVENTS

On July 2, 2018, the School District issued a tax/revenue anticipation note through Community National Bank in anticipation of tax revenues to meet its operating obligations during the fiscal year. The note allowed principal draws up to \$6,159,000 at an interest rate of 2.85% with a maturity date of June 30, 2019.

On July 16, 2018, the School District issued a note through Community National Bank for the purchase of a school bus. The note is for \$470,000, at an interest rate of 2.75% per annum, with a maturity date of July 16, 2023.

Required Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pensions
- Schedule of Proportionate Share of the Net OPEB Liability
- Schedule of Contributions - OPEB
- Notes to Required Supplementary Information

CHAMPLAIN VALLEY SCHOOL DISTRICT

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

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,710,229	\$ 3,710,229	\$ 3,710,229	\$ -
Resources (Inflows):				
Intergovernmental:				
State/Town support	62,527,071	62,527,071	62,021,099	(505,972)
Other	10,756,657	10,725,579	9,374,054	(1,351,525)
Tuition	24,420	24,420	125,234	100,814
Interest income	226,723	226,723	287,160	60,437
Miscellaneous	521,100	337,100	574,376	237,276
Bond proceeds	-	-	255,840	255,840
Transfers from other funds	1,088,788	1,303,866	206,894	(1,096,972)
Amounts Available for Appropriation	<u>78,854,988</u>	<u>78,854,988</u>	<u>76,554,886</u>	<u>(2,300,102)</u>
Charges to Appropriations (Outflows):				
Instructional programs	45,223,065	45,223,065	43,737,450	1,485,615
Instructional support	9,487,026	9,487,026	8,792,293	694,733
Administrative/Other support	8,286,498	8,286,498	7,710,575	575,923
Building operations and maintenance	4,479,839	4,479,839	4,381,881	97,958
Fiscal services	1,173,443	1,173,443	1,034,882	138,561
Transportation	3,049,255	3,049,255	3,072,251	(22,996)
Debt service:				
Principal	2,292,764	2,017,764	2,017,764	-
Interest	909,535	909,535	974,155	(64,620)
Prior year	-	-	10,308	(10,308)
Transfers to other funds	243,334	518,334	621,484	(103,150)
Total Charges to Appropriations	<u>75,144,759</u>	<u>75,144,759</u>	<u>72,353,043</u>	<u>2,791,716</u>
Budgetary Fund Balance, June 30	<u>\$ 3,710,229</u>	<u>\$ 3,710,229</u>	<u>\$ 4,201,843</u>	<u>\$ 491,614</u>

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>VSTRS:</u>					
Proportion of the net pension liability	4.74%	4.69%	4.93%	5.00%	4.78%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	<u>70,271,804</u>	<u>61,384,462</u>	<u>58,376,467</u>	<u>47,951,519</u>	<u>\$ 48,407,770</u>
Total	<u>\$ 70,271,804</u>	<u>\$ 61,384,462</u>	<u>\$ 58,376,467</u>	<u>\$ 47,951,519</u>	<u>\$ 48,407,770</u>
Covered-employee payroll	\$ 31,262,756	\$ 29,715,990	\$ 29,016,707	\$ 29,209,810	\$ 28,080,639
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	53.98%	55.31%	58.22%	64.02%	60.59%
<u>VMERS:</u>					
Proportion of the net pension liability	4.03%	4.32%	4.24%	4.08%	4.17%
Proportionate share of the net pension liability	\$ 4,879,427	\$ 5,563,450	\$ 3,271,737	\$ 391,067	\$ 1,600,481
Covered-employee payroll	\$ 11,694,713	11,784,678	10,986,178	10,788,041	10,583,704
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	41.72%	47.21%	29.78%	3.63%	15.12%
Plan fiduciary net position as a percentage of the total pension liability	83.64%	80.95%	87.42%	98.32%	92.71%

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

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

CHAMPLAIN VALLEY SCHOOL DISTRICT
 SCHEDULE OF CONTRIBUTIONS - PENSIONS
 LAST 10 FISCAL YEARS*

	2018	2017	2016	2015	2014
<u>VSTRS:</u>					
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 32,278,448	\$ 31,262,756	\$ 29,715,990	\$ 29,016,707	\$ 29,209,810
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
<u>VMERS:</u>					
Contractually required contribution	\$ 689,398	\$ 657,709	\$ 657,019	\$ 593,208	\$ 552,832
Contributions in relation to the contractually required contribution	<u>(689,398)</u>	<u>(657,709)</u>	<u>(657,019)</u>	<u>(593,208)</u>	<u>(552,832)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 11,585,010	\$ 11,694,713	\$ 11,784,678	\$ 10,986,178	\$ 10,788,041
Contributions as a percentage of covered-employee payroll	5.95%	5.62%	5.58%	5.40%	5.12%

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

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

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

	<u>2018</u>	<u>2017</u>
<u>VSTRS OPEB Plan:</u>		
Proportion of the net OPEB liability	3.84%	3.90%
School District's proportionate share of the net OPEB liability	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the School District	<u>35,763,784</u>	<u>-</u>
Total	<u>\$ 35,763,784</u>	<u>\$ -</u>
Covered-employee payroll	\$ 31,262,756	\$ 29,715,990
Proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%

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

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	2018	2017
<u>VSTRS OPEB Plan:</u>		
Contractually required contribution	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	\$ 32,278,448	\$ 31,262,756
Contributions as a percentage of covered- employee payroll	0.00%	0.00%

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

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

Changes of Assumptions

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

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

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

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 Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Major Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Major Capital Projects Funds
- Combining Schedule of Net Position - Fiduciary Funds - Private - Purpose Funds
- Combining Schedule of Changes in Net Position - Fiduciary Funds - Private - Purpose Funds

SCHEDULE A

CHAMPLAIN VALLEY SCHOOL DISTRICT

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

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Intergovernmental revenues:				
Education spending grant	\$ 62,107,475	\$ 62,107,475	\$ 61,656,470	\$ (451,005)
Supplemental assistance grant	419,596	419,596	364,629	(54,967)
State aid transportation	1,110,861	1,110,861	1,114,965	4,104
Driver education reimbursement	10,000	10,000	11,513	1,513
High school completion reimbursement	25,000	25,000	43,224	18,224
Medicaid EDPSDT	31,078	-	-	-
Special education reimbursement	5,511,071	5,511,071	5,241,343	(269,728)
Mainstream block grant	1,506,648	1,506,648	1,506,648	-
Extraordinary reimbursement	494,444	494,444	745,088	250,644
State-placed special education	237,641	237,641	66,730	(170,911)
IDEA-B	782,529	782,529	-	(782,529)
Special education EEE	294,567	294,567	294,567	-
Medicaid	430,274	430,274	243,677	(186,597)
Act 156 union transition	-	-	10,024	10,024
Program grants	232,736	232,736	-	(232,736)
Vocational transportation	72,608	72,608	74,256	1,648
Unenrolled resident reimbursement	17,200	17,200	22,019	4,819
Charges for services:				
Impact fees	184,000	-	-	-
Tuition	24,420	24,420	125,234	100,814
Interest income	226,723	226,723	287,160	60,437
Miscellaneous:				
Prior year adjustments/other	1,500	1,500	68,046	66,546
Community service	-	-	234,776	234,776
Rentals	335,600	335,600	244,049	(91,551)
Student activities	-	-	27,075	27,075
Gain/loss on sale of fixed assets	-	-	430	430
Bond proceeds	-	-	255,840	255,840
Transfers in	1,088,788	1,303,866	206,894	(1,096,972)
Amounts Available for Appropriation	<u>\$ 75,144,759</u>	<u>\$ 75,144,759</u>	<u>\$ 72,844,657</u>	<u>\$ (2,300,102)</u>

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Instructional programs -				
Instructional programs	\$ 31,055,514	\$ 31,055,514	\$ 30,563,377	\$ 492,137
Special education				
Instructional programs	11,404,460	11,404,460	10,529,743	874,717
Summer	200,911	200,911	219,145	(18,234)
504	337,753	337,753	265,599	72,154
Vocational/tech ed	888,198	888,198	758,096	130,102
Athletics	675,288	675,288	1,252,221	(576,933)
Cocurriculars	660,941	660,941	66,602	594,339
Summer school	-	-	82,667	(82,667)
	<u>45,223,065</u>	<u>45,223,065</u>	<u>43,737,450</u>	<u>1,485,615</u>
Instructional support -				
Guidance	2,938,020	2,938,020	2,622,114	315,906
Health	670,728	670,728	674,440	(3,712)
Psychology	479,880	479,880	467,178	12,702
Speech and language	1,569,134	1,569,134	1,445,880	123,254
Occupational therapy	249,168	249,168	232,610	16,558
Physical therapy	152,648	152,648	148,469	4,179
Other student support services	-	-	233,318	(233,318)
Instructional and curricular development	1,136,115	1,136,115	1,075,457	60,658
Instructional staff training	759,412	759,412	554,450	204,962
Library/Media	1,113,313	1,113,313	1,019,184	94,129
Instructional technology	418,608	418,608	319,193	99,415
	<u>9,487,026</u>	<u>9,487,026</u>	<u>8,792,293</u>	<u>694,733</u>
Administrative/Other support -				
School board	205,764	205,764	140,604	65,160
Executive administration	1,068,311	1,068,311	971,767	96,544
Other executive administration	308,195	308,195	285,110	23,085
Campus administration	3,078,963	3,078,963	3,050,835	28,128
Special education administration	1,081,259	1,081,259	834,526	246,733
Other administrative support services	267,228	267,228	188,929	78,299
Personnel services	576,290	576,290	574,112	2,178
Technology services	1,700,488	1,700,488	1,664,692	35,796
	<u>8,286,498</u>	<u>8,286,498</u>	<u>7,710,575</u>	<u>575,923</u>
Building operations and maintenance	<u>4,479,839</u>	<u>4,479,839</u>	<u>4,381,881</u>	<u>97,958</u>
Fiscal service	<u>1,173,443</u>	<u>1,173,443</u>	<u>1,034,882</u>	<u>138,561</u>
Transportation	<u>3,049,255</u>	<u>3,049,255</u>	<u>3,072,251</u>	<u>(22,996)</u>
Debt service				
Principal	2,292,764	2,017,764	2,017,764	-
Interest	909,535	909,535	974,155	(64,620)
	<u>3,202,299</u>	<u>2,927,299</u>	<u>2,991,919</u>	<u>(64,620)</u>
Prior year	<u>-</u>	<u>-</u>	<u>10,308</u>	<u>(10,308)</u>
Transfer to other funds				
Capital projects funds	130,000	385,000	433,150	(48,150)
Special revenue funds	-	20,000	-	20,000
Food service fund	113,334	113,334	188,334	(75,000)
	<u>243,334</u>	<u>518,334</u>	<u>621,484</u>	<u>(103,150)</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 75,144,759</u>	<u>\$ 75,144,759</u>	<u>\$ 72,353,043</u>	<u>\$ 2,791,716</u>

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Accounts receivable (net of allowance for uncollectibles)	\$ 25,500	\$ -	\$ 25,500
Due from other governments	74,319	162,280	236,599
Due from other funds	547,325	-	547,325
TOTAL ASSETS	<u>\$ 647,144</u>	<u>\$ 307,960</u>	<u>\$ 955,104</u>
LIABILITIES			
Accounts payable	\$ 23,786	\$ -	\$ 23,786
Due to other governments	120,324	-	120,324
Due to other funds	93,600	-	93,600
TOTAL LIABILITIES	<u>237,710</u>	<u>-</u>	<u>237,710</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	406,714	-	406,714
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>406,714</u>	<u>-</u>	<u>406,714</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	2,720	307,960	310,680
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>2,720</u>	<u>307,960</u>	<u>310,680</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 647,144</u>	<u>\$ 307,960</u>	<u>\$ 955,104</u>

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

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

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 1,738,657	\$ -	\$ 1,738,657
Interest income	-	388	388
Charges for services/fees	-	229,893	229,893
Other	223,698	-	223,698
TOTAL REVENUES	<u>1,962,355</u>	<u>230,281</u>	<u>2,192,636</u>
EXPENDITURES			
Other	1,949,039	-	1,949,039
TOTAL EXPENDITURES	<u>1,949,039</u>	<u>-</u>	<u>1,949,039</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>13,316</u>	<u>230,281</u>	<u>243,597</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	(22,894)	(184,000)	(206,894)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(22,894)</u>	<u>(184,000)</u>	<u>(206,894)</u>
NET CHANGE IN FUND BALANCES	(9,578)	46,281	36,703
FUND BALANCES - JULY 1	<u>12,298</u>	<u>261,679</u>	<u>273,977</u>
FUND BALANCES - JUNE 30	<u>\$ 2,720</u>	<u>\$ 307,960</u>	<u>\$ 310,680</u>

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

Special Revenue Funds

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

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

	Friends of Families Will/StG	Nellie Mae Ed Foundation	Rowland Foundation	CVU Misc Grants	Williston Misc Grants	Shelburne Misc Grants
ASSETS						
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	-
Due from other funds	3,752	11,868	-	23,505	-	-
TOTAL ASSETS	<u>\$ 3,752</u>	<u>\$ 11,868</u>	<u>\$ 25,000</u>	<u>\$ 23,505</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES						
Accounts payable	\$ -	\$ 2,852	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	-	-
Due to other funds	-	-	20,898	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>2,852</u>	<u>20,898</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	3,752	9,016	4,102	23,505	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,752</u>	<u>9,016</u>	<u>4,102</u>	<u>23,505</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 3,752</u>	<u>\$ 11,868</u>	<u>\$ 25,000</u>	<u>\$ 23,505</u>	<u>\$ -</u>	<u>\$ -</u>

CHAMPLAIN VALLEY SCHOOL DISTRICT

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

	Hinesburg Misc Grants	Charlotte Misc Grants	CVSD Misc Grants	VEHI VP3 Program	Vermont Children's Trust	Mobius VT Mentors Grant
ASSETS						
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	-
Due from other funds	6,878	2,764	74	12,808	1,644	3,200
TOTAL ASSETS	\$ 6,878	\$ 2,764	\$ 74	\$ 12,808	\$ 1,644	\$ 3,200
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25
Due to other governments	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	25
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	6,878	2,764	74	12,808	1,644	3,175
TOTAL DEFERRED INFLOWS OF RESOURCES	6,878	2,764	74	12,808	1,644	3,175
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	-	-	-	-	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 6,878	\$ 2,764	\$ 74	\$ 12,808	\$ 1,644	\$ 3,200

CHAMPLAIN VALLEY SCHOOL DISTRICT

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

	Northwest VT Reading Recovery	Joint Collective Bargaining	Wellness Initiative	Champlain Valley Sup Assoc	Stars	DOH Rev Prev Partnerships
ASSETS						
Accounts receivable (net of allowance for uncollectibles)	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	-
Due from other funds	27,358	29,586	1,037	473	5,860	-
TOTAL ASSETS	<u>\$ 27,858</u>	<u>\$ 29,586</u>	<u>\$ 1,037</u>	<u>\$ 473</u>	<u>\$ 5,860</u>	<u>\$ -</u>
LIABILITIES						
Accounts payable	\$ 644	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>644</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	27,214	29,586	1,037	473	5,860	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>27,214</u>	<u>29,586</u>	<u>1,037</u>	<u>473</u>	<u>5,860</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 27,858</u>	<u>\$ 29,586</u>	<u>\$ 1,037</u>	<u>\$ 473</u>	<u>\$ 5,860</u>	<u>\$ -</u>

CHAMPLAIN VALLEY SCHOOL DISTRICT

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

	Standards Board Grant	BEST/ ACT 230	BEST	EPSDT	SBSAS	Whole School Community Child
ASSETS						
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	16,419	-
Due from other funds	2,412	3,418	5,853	267,000	-	5,414
TOTAL ASSETS	<u>\$ 2,412</u>	<u>\$ 3,418</u>	<u>\$ 5,853</u>	<u>\$ 267,000</u>	<u>\$ 16,419</u>	<u>\$ 5,414</u>
LIABILITIES						
Accounts payable	\$ -	\$ 1,716	\$ 2,288	\$ -	\$ -	\$ -
Due to other governments	-	1,702	3,565	-	-	-
Due to other funds	-	-	-	-	16,419	-
TOTAL LIABILITIES	<u>-</u>	<u>3,418</u>	<u>5,853</u>	<u>-</u>	<u>16,419</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	2,412	-	-	267,000	-	5,414
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,412</u>	<u>-</u>	<u>-</u>	<u>267,000</u>	<u>-</u>	<u>5,414</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 2,412</u>	<u>\$ 3,418</u>	<u>\$ 5,853</u>	<u>\$ 267,000</u>	<u>\$ 16,419</u>	<u>\$ 5,414</u>

CHAMPLAIN VALLEY SCHOOL DISTRICT

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

	Sober Truth on Prevention	RTT Early MTSS	IDEA Formula Preschool	IDEA Preschool	IDEA Formula	Title I School Improvement
ASSETS						
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	56,283	-	-	-	-	-
Due from other funds	-	1,146	2,508	8,211	100,627	1,040
TOTAL ASSETS	<u>\$ 56,283</u>	<u>\$ 1,146</u>	<u>\$ 2,508</u>	<u>\$ 8,211</u>	<u>\$ 100,627</u>	<u>\$ 1,040</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 11,110	\$ -
Due to other governments	-	1,146	2,508	8,211	89,517	1,040
Due to other funds	56,283	-	-	-	-	-
TOTAL LIABILITIES	<u>56,283</u>	<u>1,146</u>	<u>2,508</u>	<u>8,211</u>	<u>100,627</u>	<u>1,040</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 56,283</u>	<u>\$ 1,146</u>	<u>\$ 2,508</u>	<u>\$ 8,211</u>	<u>\$ 100,627</u>	<u>\$ 1,040</u>

CHAMPLAIN VALLEY SCHOOL DISTRICT

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

	Title IV	Title III	Title II	Title I	Drug Free Schools Project	Totals
ASSETS						
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,500
Due from other governments	-	-	-	1,617	-	74,319
Due from other funds	912	7,465	5,140	1,839	3,533	547,325
TOTAL ASSETS	<u>\$ 912</u>	<u>\$ 7,465</u>	<u>\$ 5,140</u>	<u>\$ 3,456</u>	<u>\$ 3,533</u>	<u>\$ 647,144</u>
LIABILITIES						
Accounts payable	\$ 572	\$ 310	\$ -	\$ 3,456	\$ 813	\$ 23,786
Due to other governments	340	7,155	5,140	-	-	120,324
Due to other funds	-	-	-	-	-	93,600
TOTAL LIABILITIES	<u>912</u>	<u>7,465</u>	<u>5,140</u>	<u>3,456</u>	<u>813</u>	<u>237,710</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	-	406,714
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>406,714</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	2,720	2,720
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,720</u>	<u>2,720</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 912</u>	<u>\$ 7,465</u>	<u>\$ 5,140</u>	<u>\$ 3,456</u>	<u>\$ 3,533</u>	<u>\$ 647,144</u>

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

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

	Friends of Families Will/StG	Nellie Mae Ed Foundation	Rowland Foundation	CVU Misc Grants	Williston Misc Grants	Shelburne Misc Grants
REVENUES						
Intergovernmental	\$ -	\$ 5,984	\$ -	\$ -	\$ -	\$ -
Other	1,898	-	70,898	13,034	-	4,632
TOTAL REVENUES	<u>1,898</u>	<u>5,984</u>	<u>70,898</u>	<u>13,034</u>	<u>-</u>	<u>4,632</u>
EXPENDITURES						
Other	1,898	5,984	70,898	13,034	-	4,632
TOTAL EXPENDITURES	<u>1,898</u>	<u>5,984</u>	<u>70,898</u>	<u>13,034</u>	<u>-</u>	<u>4,632</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	(535)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(535)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	-	(535)	-
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>535</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHAMPLAIN VALLEY SCHOOL DISTRICT

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

	<u>Hinesburg Misc Grants</u>	<u>Charlotte Misc Grants</u>	<u>CVSD Misc Grants</u>	<u>VEHI VP3 Program</u>	<u>Vermont Children's Trust</u>	<u>Mobius VT Mentors Grant</u>
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	3,753	-	76	6,168	13,524	21,725
TOTAL REVENUES	<u>3,753</u>	<u>-</u>	<u>76</u>	<u>6,168</u>	<u>13,524</u>	<u>21,725</u>
EXPENDITURES						
Other	3,753	-	76	6,168	13,524	21,725
TOTAL EXPENDITURES	<u>3,753</u>	<u>-</u>	<u>76</u>	<u>6,168</u>	<u>13,524</u>	<u>21,725</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHAMPLAIN VALLEY SCHOOL DISTRICT

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

	Northwest VT Reading Recovery	Joint Collective Bargaining	Wellness Initiative	Champlain Valley Sup Assoc	Stars	DOH Rev Prev Partnerships
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 2,390	\$ -
Other	66,373	200	-	248	-	20,057
TOTAL REVENUES	<u>66,373</u>	<u>200</u>	<u>-</u>	<u>248</u>	<u>2,390</u>	<u>20,057</u>
EXPENDITURES						
Other	66,373	200	-	248	2,390	20,057
TOTAL EXPENDITURES	<u>66,373</u>	<u>200</u>	<u>-</u>	<u>248</u>	<u>2,390</u>	<u>20,057</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHAMPLAIN VALLEY SCHOOL DISTRICT

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

	Standards Board Grant	BEST/ ACT 230	BEST	EPSDT	SBSAS	Whole School Community Child
REVENUES						
Intergovernmental	\$ -	\$ 5,272	\$ 3,123	\$ 23,118	\$ 44,369	\$ 662
Other	661	-	-	-	-	-
TOTAL REVENUES	<u>661</u>	<u>5,272</u>	<u>3,123</u>	<u>23,118</u>	<u>44,369</u>	<u>662</u>
EXPENDITURES						
Other	661	5,272	3,123	759	44,369	662
TOTAL EXPENDITURES	<u>661</u>	<u>5,272</u>	<u>3,123</u>	<u>759</u>	<u>44,369</u>	<u>662</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,359</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	(22,359)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,359)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHAMPLAIN VALLEY SCHOOL DISTRICT

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

	Sober Truth on Prevention	RTT Early MTSS	IDEA Formula Preschool	IDEA Preschool	IDEA Formula	Title I School Improvement
REVENUES						
Intergovernmental	\$ 56,283	\$ 3,594	\$ 38,419	\$ 13,368	\$ 797,094	\$ 3,360
Other	-	-	-	-	-	-
TOTAL REVENUES	<u>56,283</u>	<u>3,594</u>	<u>38,419</u>	<u>13,368</u>	<u>797,094</u>	<u>3,360</u>
EXPENDITURES						
Other	<u>56,283</u>	<u>3,594</u>	<u>38,419</u>	<u>13,368</u>	<u>797,094</u>	<u>3,360</u>
TOTAL EXPENDITURES	<u>56,283</u>	<u>3,594</u>	<u>38,419</u>	<u>13,368</u>	<u>797,094</u>	<u>3,360</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHAMPLAIN VALLEY SCHOOL DISTRICT

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

	Title IV	Title III	Title II	Title I	Drug Free Schools Project	Total
REVENUES						
Intergovernmental	\$ 16,296	\$ 14,244	\$ 235,270	\$ 475,811	\$ -	\$ 1,738,657
Other	-	-	-	-	451	223,698
TOTAL REVENUES	<u>16,296</u>	<u>14,244</u>	<u>235,270</u>	<u>475,811</u>	<u>451</u>	<u>1,962,355</u>
EXPENDITURES						
Other	<u>16,296</u>	<u>14,244</u>	<u>235,270</u>	<u>475,811</u>	<u>9,494</u>	<u>1,949,039</u>
TOTAL EXPENDITURES	<u>16,296</u>	<u>14,244</u>	<u>235,270</u>	<u>475,811</u>	<u>9,494</u>	<u>1,949,039</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	(9,043)	13,316
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	(22,894)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,894)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	-	(9,043)	(9,578)
FUND BALANCES (DEFICITS) - JULY 1	-	-	-	-	11,763	12,298
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,720</u>	<u>\$ 2,720</u>

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

Capital Projects Fund

The capital projects funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

CHAMPLAIN VALLEY SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUND
JUNE 30, 2018

	Williston Impact Fees Fund	Total
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 145,680	\$ 145,680
Due from other governments	162,280	162,280
TOTAL ASSETS	<u>\$ 307,960</u>	<u>\$ 307,960</u>
LIABILITIES		
Accounts payable	<u>\$ -</u>	<u>\$ -</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	307,960	307,960
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>307,960</u>	<u>307,960</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 307,960</u>	<u>\$ 307,960</u>

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	Williston Impact Fees Fund	<u>Total</u>
REVENUES		
Interest income	\$ 388	\$ 388
Charges for services/fees	<u>229,893</u>	<u>229,893</u>
TOTAL REVENUES	<u>230,281</u>	<u>230,281</u>
EXPENDITURES		
Other	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>230,281</u>	<u>230,281</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers (out)	<u>(184,000)</u>	<u>(184,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(184,000)</u>	<u>(184,000)</u>
NET CHANGE IN FUND BALANCES	46,281	46,281
FUND BALANCES - JULY 1	<u>261,679</u>	<u>261,679</u>
FUND BALANCES - JUNE 30	<u>\$ 307,960</u>	<u>\$ 307,960</u>

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

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support the School District's programs.

CHAMPLAIN VALLEY SCHOOL DISTRICT

COMBINING SCHEDULE OF NET POSITION - FIDUCIARY FUNDS - PRIVATE-PURPOSE FUNDS
 JUNE 30, 2018

	<u>Charlotte</u>	<u>Hinesburg</u>	<u>Shelburne</u>	<u>Williston</u>	<u>CVU</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$ 6,415	\$ 14,374	\$ 90,158	\$ 5,574	\$ 255,073	\$ 371,594
TOTAL ASSETS	<u>\$ 6,415</u>	<u>\$ 14,374</u>	<u>\$ 90,158</u>	<u>\$ 5,574</u>	<u>\$ 255,073</u>	<u>\$ 371,594</u>
LIABILITIES						
Deposits held for others	\$ -	\$ -	\$ -	\$ -	\$ 260	\$ 260
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260</u>	<u>\$ 260</u>
NET POSITION						
Restricted - held in trust	\$ 6,415	\$ 14,374	\$ 90,158	\$ 5,574	\$ 254,813	\$ 371,334
TOTAL NET POSITION	<u>\$ 6,415</u>	<u>\$ 14,374</u>	<u>\$ 90,158</u>	<u>\$ 5,574</u>	<u>\$ 254,813</u>	<u>\$ 371,334</u>

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

COMBINING SCHEDULE OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
PRIVATE-PURPOSE FUNDS
JUNE 30, 2018

	<u>Charlotte</u>	<u>Hinesburg</u>	<u>Shelburne</u>	<u>Williston</u>	<u>CVU</u>	<u>Total</u>
ADDITIONS						
Contributions						
Donations	\$ -	\$ 38,000	\$ 16,735	\$ -	\$ 14,092	\$ 68,827
Total contributions	<u>-</u>	<u>38,000</u>	<u>16,735</u>	<u>-</u>	<u>14,092</u>	<u>68,827</u>
Investment earnings:						
Income earned	10	5	132	9	383	539
Total investment earnings, net	<u>10</u>	<u>5</u>	<u>132</u>	<u>9</u>	<u>383</u>	<u>539</u>
Total additions	<u>10</u>	<u>38,005</u>	<u>16,867</u>	<u>9</u>	<u>14,475</u>	<u>69,366</u>
DEDUCTIONS						
Scholarship awards	175	-	9,556	260	9,748	19,739
Transfer to other account	-	23,631	-	-	-	23,631
Administrative expenses	-	-	2	-	-	2
Total deductions	<u>175</u>	<u>23,631</u>	<u>9,558</u>	<u>260</u>	<u>9,748</u>	<u>43,372</u>
CHANGE IN NET POSITION	(165)	14,374	7,309	(251)	4,727	25,994
NET POSITION - JULY 1	<u>6,580</u>	<u>-</u>	<u>82,849</u>	<u>5,825</u>	<u>250,086</u>	<u>345,340</u>
NET POSITION - JUNE 30	<u>\$ 6,415</u>	<u>\$ 14,374</u>	<u>\$ 90,158</u>	<u>\$ 5,574</u>	<u>\$ 254,813</u>	<u>\$ 371,334</u>

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

CHAMPLAIN VALLEY SCHOOL DISTRICT

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

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal CFDA Number	Pass-through Grantor Number	Expenditures to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Passed-through State of Vermont - Agency of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	4452	\$ -	\$ 66,221
School Lunch Program	10.555	4450	-	294,571
Subtotal Child Nutrition Cluster			<u>-</u>	<u>360,792</u>
Commodity Supplemental Food Program	10.565	4456	-	95,000
Total U.S. Department of Agriculture			<u>-</u>	<u>455,792</u>
U.S. Department of Education				
Passed-through State of Vermont Agency of Education:				
Title I Grants to Local Educational Agencies	84.010	4250-01	-	475,811
Title I Grants to Local Educational Agencies	84.010	4255	-	3,360
Special Education Cluster:				
Special Education-Grants to States (IDEA, Part B)	84.027	4226	-	797,094
Special Education-Grants to States (IDEA, Part B)	84.027	4223	-	38,419
Special Education-Preschool Grants (IDEA Preschool)	84.173	4228	-	13,368
Subtotal Special Education Cluster			<u>-</u>	<u>848,881</u>
English Language Acquisition State Grants	84.365A	4375-16	-	14,244
Supporting Effective Instruction State Grant	84.367A	4651	-	235,270
Race to the Top - Early Learning Challenge	84.412		-	3,594
Student Support and Academic Enrichment Program	84.424A	4570	-	16,296
Total U.S. Department of Education			<u>-</u>	<u>1,597,456</u>
U.S. Forestry Service				
Passed-through State of Vermont Agency of Education:				
Outdoor Recreation Acquisition, Development and Planning	15.916		-	3,523
Total U.S. Forestry Service			<u>-</u>	<u>3,523</u>
U.S. Department of Health and Human Services Centers for Disease Control and Prevention				
Passed-through State of Vermont - Agency of Education:				
Substance Abuse and Mental Health Services-Projects of Regional and National Significance	93.243		-	20,057
Substance Abuse and Mental Health Services-Projects of Regional and National Significance	93.243		-	56,283
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758		-	662
Block Grants for Prevention and Treatment of Substance Abuse	93.959		-	44,369
Total U.S. Department of Health and Human Services for Disease Control and Prevention			<u>-</u>	<u>121,371</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ -</u>	<u>\$ 2,178,142</u>

CHAMPLAIN VALLEY SCHOOL DISTRICT

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

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Champlain Valley School District under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Champlain Valley School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Champlain Valley School District.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The U.S. Department of Education (USED) has delegated to the State of Vermont Agency of Education the authority to issue indirect cost rates to all Local Education Agencies (LEAs) based on a plan approved by the USED. Therefore, the Champlain Valley School District does not use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of School Directors
Champlain Valley School District
Shelburne, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Champlain Valley School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Champlain Valley School District's basic financial statements, and have issued our report thereon dated March 13, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the organization's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
March 13, 2019



Proven Expertise and Integrity

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

Board of School Directors
Champlain Valley School District
Shelburne, Vermont

Report on Compliance for Each Major Federal Program

We have audited Champlain Valley School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Champlain Valley School District's major federal programs for the year ended June 30, 2018. Champlain Valley School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Champlain Valley School District, complied in all material respects, with the type of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
March 13, 2019

CHAMPLAIN VALLEY SCHOOL DISTRICT

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported
In accordance with 2 CFR 200.516(a)? yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

None

Section III - Federal Awards Findings and Questioned Costs

None