

Federal Compliance Audit

Burlington School District

June 30, 2025



Proven Expertise & Integrity

BURLINGTON SCHOOL DISTRICT

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JUNE 30, 2025

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Proven Expertise & Integrity

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Burlington School District
Burlington, Vermont

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Burlington School District, a department of the City of Burlington, Vermont, as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Burlington School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Burlington School District as of June 30, 2025 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Burlington School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Burlington School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit 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 Burlington School District's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Burlington School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 5 through 13 and 82 through 92 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Burlington School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally

accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Emphasis of Matter

As discussed in Note 1 of Notes to Financial Statements, the financial statements of the Burlington School District are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Burlington, Vermont that is attributable to the transactions of the Burlington School District. They do not purport to and do not present fairly the financial position of the City of Burlington, Vermont as of June 30, 2025, the changes in its financial position or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2026, on our consideration of the Burlington School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely 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 effectiveness of the Burlington School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Burlington School District's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
January 20, 2026

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

(UNAUDITED)

The following management's discussion and analysis of the Burlington School District's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2025. Please read it in conjunction with the School District's financial statements.

Financial Statement Overview

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

- *Governmental activities* - The activities in this section are mostly supported by intergovernmental revenues (federal and state grants). Most of the School District's basic services are reported in regular instruction, special education instruction, other instruction programs, student support services, staff support services, general administration, school administration, centralized services, operations and maintenance, transportation services, employee benefits, program expenses and community services.
- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the School District include the aviation and continuing education funds.

Fund Financial Statements

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

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

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

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

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

For auditing purposes, the School District's general fund is an aggregation of a series of general funds. The most important and by far the largest of these funds is what the School District refers to as Fund 1001 General Fund. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for all of the aggregated general fund, not simply Fund 1001, for the current year.

Proprietary Funds: The School District maintains two proprietary funds, aviation and continuing education. 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 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, Schedule of Proportionate Share of the Net Pension

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

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining schedules provide information in regard to nonmajor funds.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in the net position of the School District's governmental activities. The School District's total net position for governmental activities increased by \$26,267,728 from \$47,065,654 to \$73,333,382. The School District's total net position for business-type activities remained unchanged from the prior year at \$0.

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 - decreased for governmental activities to a balance of \$1,064,722 at the end of this year. Unrestricted net position for business-type activities remained at a balance of \$0.

Table 1
Burlington School District
Net Position
June 30,

| | Governmental Activities | | Business-type Activities | |
|---------------------------------------|--------------------------------|----------------------------|---------------------------------|----------------------------|
| | 2025 | 2024 (Restated) | 2025 | 2024 (Restated) |
| Assets: | | | | |
| Current Assets | \$ 57,374,610 | \$ 43,944,890 | \$ 3,328 | \$ 1,687 |
| Restricted Cash | 51,590,128 | 106,048,104 | - | - |
| Noncurrent Assets - Capital Assets | 213,970,650 | 112,773,499 | - | - |
| Total Assets | <u>322,935,388</u> | <u>262,766,493</u> | <u>3,328</u> | <u>1,687</u> |
| Deferred Outflows of Resources | <u>2,986,909</u> | <u>3,637,866</u> | <u>-</u> | <u>-</u> |
| Liabilities: | | | | |
| Current Liabilities | 25,760,181 | 17,318,842 | 828 | 187 |
| Noncurrent Liabilities | <u>225,392,845</u> | <u>200,564,258</u> | <u>-</u> | <u>-</u> |
| Total Liabilities | <u>251,153,026</u> | <u>217,883,100</u> | <u>828</u> | <u>187</u> |
| Deferred Inflows of Resources | <u>1,435,889</u> | <u>1,455,605</u> | <u>2,500</u> | <u>1,500</u> |
| Net Position: | | | | |
| Net Investment in Capital Assets | 58,194,611 | 29,436,333 | - | - |
| Restricted | 14,074,049 | 13,713,961 | - | - |
| Unrestricted (deficit) | <u>1,064,722</u> | <u>3,915,360</u> | <u>-</u> | <u>-</u> |
| Total Net Position | <u>\$ 73,333,382</u> | <u>\$ 47,065,654</u> | <u>\$ -</u> | <u>\$ -</u> |

Revenues and Expenses

Revenues for the Burlington School District's governmental activities increased by 9.85%, while total expenses increased by 7.31%. The increase in revenues was primarily due to general state support. The largest increase in expenses was in regular instruction.

Revenues for the School District's business-type activities decreased by 97.14%, while total expenses decreased by 92.58%. This decrease in revenues and expenses was a result of food service moving to governmental activities.

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

| | Governmental Activities | | Business-type Activities | |
|---|--------------------------------|----------------------|---------------------------------|-------------------|
| | 2025 | 2024 | 2025 | 2024 |
| Revenues | | | | |
| <i>Program Revenues:</i> | | | | |
| Charges for services | \$ 2,780,866 | \$ 3,024,772 | \$ - | \$ 53,964 |
| Operating grants and contributions | 64,117,807 | 63,941,067 | 10,562 | 2,754,084 |
| <i>General Revenues:</i> | | | | |
| General state support | 93,706,625 | 78,190,176 | - | - |
| Investment income | 4,497,828 | 4,847,072 | - | - |
| Gains/(losses) on capital assets | - | 7,392 | - | - |
| Miscellaneous | 674,141 | 899,717 | 71,912 | 75,766 |
| Total Revenues | <u>165,777,267</u> | <u>150,910,196</u> | <u>82,474</u> | <u>2,883,814</u> |
| Expenses | | | | |
| Regular instruction | 40,580,322 | 28,378,850 | - | - |
| Special education instruction | 17,955,162 | 16,022,651 | - | - |
| Other instructional programs | 1,278,835 | 1,226,338 | - | - |
| Student support services | 8,979,248 | 7,132,341 | - | - |
| Staff support services | 5,563,782 | 5,242,376 | - | - |
| General administration | 834,145 | 772,270 | - | - |
| School administration | 4,769,303 | 4,253,319 | - | - |
| Centralized services | 1,994,790 | 2,209,022 | - | - |
| Operations and maintenance | 7,363,681 | 8,233,751 | - | - |
| Transportation services | 1,881,529 | 1,382,272 | - | - |
| Employee benefits | 546,857 | 598,736 | - | - |
| On-behalf payments | 19,953,719 | 25,435,387 | - | - |
| Program expenses | 13,255,324 | 18,409,670 | 270,714 | 236,712 |
| Community services | - | - | - | - |
| Unallocated depreciation | 5,004,102 | 4,214,981 | - | - |
| Interest on long-term debt | 9,360,500 | 6,323,311 | - | - |
| Food service | - | - | - | 3,411,598 |
| Total Expenses | <u>139,321,299</u> | <u>129,835,275</u> | <u>270,714</u> | <u>3,648,310</u> |
| Special items: | | | | |
| Transfers | <u>(188,240)</u> | <u>(150,392)</u> | <u>188,240</u> | <u>150,392</u> |
| Total Special items | <u>(188,240)</u> | <u>(150,392)</u> | <u>188,240</u> | <u>150,392</u> |
| Change in Net Position | <u>26,267,728</u> | <u>20,924,529</u> | <u>-</u> | <u>(614,104)</u> |
| Net Position - July 1, As Previously Reported | 43,710,047 | 22,785,518 | 661,340 | 1,275,444 |
| Net Position Corrections | 2,694,267 | - | - | - |
| Change Within Financial Reporting Entity | <u>661,340</u> | <u>-</u> | <u>(661,340)</u> | <u>-</u> |
| Net Position - July 1, As Restated | <u>47,065,654</u> | <u>22,785,518</u> | <u>-</u> | <u>1,275,444</u> |
| Net Position - June 30 | <u>\$ 73,333,382</u> | <u>\$ 43,710,047</u> | <u>\$ -</u> | <u>\$ 661,340</u> |

Financial Analysis of the School District's Fund Statements

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

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

| | <u>2025</u> | <u>2024</u> (Restated) | <u>Increase/ (Decrease)</u> |
|-----------------------------|----------------------|---------------------------|---------------------------------|
| Major Funds: | | | |
| General Fund: | | | |
| Nonspendable | \$ 725,199 | \$ 359,578 | \$ 365,621 |
| Restricted | 750,000 | - | 750,000 |
| Committed | 13,312,246 | 14,626,500 | (1,314,254) |
| Unassigned | 2,400,005 | 2,400,000 | 5 |
| Total General Fund | <u>\$ 17,187,450</u> | <u>\$ 17,386,078</u> | <u>\$ (198,628)</u> |
| Debt Service Fund: | | | |
| Restricted | <u>\$ 12,364,255</u> | <u>\$ 12,045,763</u> | <u>\$ 318,492</u> |
| Total Debt Service Fund | <u>\$ 12,364,255</u> | <u>\$ 12,045,763</u> | <u>\$ 318,492</u> |
| Capital Projects Fund: | | | |
| Restricted | <u>\$ 63,915,844</u> | <u>\$ 108,805,570</u> | <u>\$ (44,889,726)</u> |
| Total Capital Projects Fund | <u>\$ 63,915,844</u> | <u>\$ 108,805,570</u> | <u>\$ (44,889,726)</u> |
| Nonmajor Funds: | | | |
| Special Revenue Funds: | | | |
| Nonspendable | \$ 21,392 | \$ - | \$ 21,392 |
| Restricted | 933,907 | 1,060,517 | (126,610) |
| Assigned | 402,439 | 964,777 | (562,338) |
| Unassigned (deficit) | (791,819) | - | (791,819) |
| Permanent Funds: | | | |
| Restricted | <u>25,887</u> | <u>25,880</u> | <u>7</u> |
| Total Nonmajor Funds | <u>\$ 591,806</u> | <u>\$ 2,051,174</u> | <u>\$ (1,459,368)</u> |

The changes in total fund balances for the general fund, debt service fund, and the aggregate nonmajor funds occurred due to the regular activity of operations. The change in total fund balance for the capital project fund is due to expenses associated with the construction of a new high school and technical center.

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

The proprietary funds had an operating deficit of \$188,240 for the year ended June 30, 2025 compared with \$764,496 of a deficit in the prior year.

Budgetary Highlights

The differences between the original and final budget for the general fund were due to the use of committed fund balances for planned projects.

For auditing purposes, the School District's general fund is an aggregation of a series of general funds. The most important and by far the largest of these funds is what the School District refers to as Fund 1001 General Fund.

Actual revenues to Fund 1001 General Fund were above budgeted amounts and actual expenditures from Fund 1001 General Fund were below budgeted amounts. Consequently, the School District produced a surplus in Fiscal Year 2025. This surplus is reflected in the School District's fund balance. For the year ended June 30, 2025, the unassigned fund balance is \$2,400,005. The unassigned fund balance is available for use in future budgets.

Capital Asset and Long-Term Debt Activity

Capital Assets

As of June 30, 2025, the School District capital assets increased by \$101,197,151. This increase was due to capital additions of \$106,380,934, less net disposals of \$179,681 and current year depreciation expense of \$5,004,102.

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

| | 2025 | 2024 (Restated) |
|-----------------------------------|-----------------------|----------------------------|
| Land | \$ 2,251,677 | \$ 2,251,677 |
| Construction in progress | 161,203,248 | 66,791,447 |
| Buildings and improvements | 41,715,696 | 41,341,571 |
| Furniture, fixtures and equipment | 766,149 | 832,348 |
| Vehicles | 429,086 | 410,588 |
| Right of use lease assets | 7,690,598 | 1,145,868 |
| Total | <u>\$ 214,056,454</u> | <u>\$ 112,773,499</u> |

Debt

At June 30, 2025, the School District had \$219,691,883 in bonds, bond premiums payable and lease liabilities versus \$192,142,736 in the prior fiscal year. Refer to Note 6 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions or Conditions

The School District has noted subsequent events in Note 21 of Notes to Financial Statements.

Economic Factors and Next Year's Budgets and Rates

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School District at 150 Colchester Avenue, Burlington, Vermont 05401.

BURLINGTON SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2025

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|-----------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 34,072,991 | \$ - | \$ 34,072,991 |
| Investments | 25,412 | - | 25,412 |
| Accounts receivable (net of allowance for uncollectibles): | | | |
| Other | 27,756 | - | 27,756 |
| Due from other governments | 22,505,188 | - | 22,505,188 |
| Prepaid items | 728,093 | - | 728,093 |
| Inventory | 18,498 | - | 18,498 |
| Internal balances | (3,328) | 3,328 | - |
| Total current assets | <u>57,374,610</u> | <u>3,328</u> | <u>57,377,938</u> |
| Noncurrent assets: | | | |
| Restricted cash | 51,590,128 | - | 51,590,128 |
| Land and other assets not being depreciated | 163,454,925 | - | 163,454,925 |
| Buildings, building improvements and other assets, net of accumulated depreciation | 42,910,931 | - | 42,910,931 |
| Right of use lease assets, net of accumulated depreciation | 7,604,794 | - | 7,604,794 |
| Total noncurrent assets | <u>265,560,778</u> | <u>-</u> | <u>265,560,778</u> |
| TOTAL ASSETS | <u>322,935,388</u> | <u>3,328</u> | <u>322,938,716</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to pensions | 1,503,583 | - | 1,503,583 |
| Deferred outflows related to OPEB | 1,483,326 | - | 1,483,326 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>2,986,909</u> | <u>-</u> | <u>2,986,909</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 325,922,297</u> | <u>\$ 3,328</u> | <u>\$ 325,925,625</u> |

STATEMENT A (CONTINUED)

BURLINGTON SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2025

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|-----------------------|
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 11,402,734 | \$ 828 | \$ 11,403,562 |
| Accrued wages and benefits | 3,468,642 | - | 3,468,642 |
| Due to other governments | 454 | - | 454 |
| Current portion of long-term obligations | 10,876,199 | - | 10,876,199 |
| Total current liabilities | <u>25,760,181</u> | <u>828</u> | <u>25,761,009</u> |
| Noncurrent liabilities: | | | |
| Noncurrent portion of long-term obligations: | | | |
| Bonds payable | 204,096,202 | - | 204,096,202 |
| Lease liabilities | 4,796,522 | - | 4,796,522 |
| Accrued compensated absences | 436,559 | - | 436,559 |
| Net pension liability | 11,443,041 | - | 11,443,041 |
| Net OPEB liability | 4,620,521 | - | 4,620,521 |
| Total noncurrent liabilities | <u>225,392,845</u> | <u>-</u> | <u>225,392,845</u> |
| TOTAL LIABILITIES | <u>251,153,026</u> | <u>828</u> | <u>251,153,854</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred revenue | 21,401 | 2,500 | 23,901 |
| Deferred inflows related to pensions | 371,484 | - | 371,484 |
| Deferred inflows related to OPEB | 1,043,004 | - | 1,043,004 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>1,435,889</u> | <u>2,500</u> | <u>1,438,389</u> |
| NET POSITION | | | |
| Net investment in capital assets | 58,194,611 | - | 58,194,611 |
| Restricted | 14,074,049 | - | 14,074,049 |
| Unrestricted (deficit) | 1,064,722 | - | 1,064,722 |
| TOTAL NET POSITION | <u>73,333,382</u> | <u>-</u> | <u>73,333,382</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | <u>\$ 325,922,297</u> | <u>\$ 3,328</u> | <u>\$ 325,925,625</u> |

See accompanying independent auditor's report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|------------------------------------|----------------|-------------------------|---------------------------------------|-------------------------------------|--|--------------------|----------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business- | Total |
| | | | | | | type Activities | |
| Governmental activities: | | | | | | | |
| Regular instruction | \$ 40,580,322 | \$2,780,866 | \$ 20,136,309 | \$ - | \$(17,663,147) | \$ - | \$(17,663,147) |
| Special education instruction | 17,955,162 | - | - | - | (17,955,162) | - | (17,955,162) |
| Other instructional programs | 1,278,835 | - | - | - | (1,278,835) | - | (1,278,835) |
| Student support services | 8,979,248 | - | - | - | (8,979,248) | - | (8,979,248) |
| Staff support services | 5,563,782 | - | - | - | (5,563,782) | - | (5,563,782) |
| General administration | 834,145 | - | - | - | (834,145) | - | (834,145) |
| School administration | 4,769,303 | - | - | - | (4,769,303) | - | (4,769,303) |
| Centralized services | 1,994,790 | - | - | - | (1,994,790) | - | (1,994,790) |
| Operations and maintenance | 7,363,681 | - | - | - | (7,363,681) | - | (7,363,681) |
| Transportation services | 1,881,529 | - | - | - | (1,881,529) | - | (1,881,529) |
| Employee benefits | 546,857 | - | - | - | (546,857) | - | (546,857) |
| On-behalf payments | 19,953,719 | - | 19,953,719 | - | - | - | - |
| Program expenses | 13,255,324 | - | 24,027,779 | - | 10,772,455 | - | 10,772,455 |
| Unallocated depreciation (Note 5)* | 5,004,102 | - | - | - | (5,004,102) | - | (5,004,102) |
| Interest on long-term debt | 9,360,500 | - | - | - | (9,360,500) | - | (9,360,500) |
| Total governmental activities | 139,321,299 | 2,780,866 | 64,117,807 | - | (72,422,626) | - | (72,422,626) |
| Business-type activities: | | | | | | | |
| A&P post-secondary | 173,285 | - | - | - | - | (173,285) | (173,285) |
| Continuing ed night | 97,429 | - | 10,562 | - | - | (86,867) | (86,867) |
| Total business-type activities | 270,714 | - | 10,562 | - | - | (260,152) | (260,152) |
| Total government | \$ 139,592,013 | \$2,780,866 | \$ 64,128,369 | \$ - | (72,422,626) | (260,152) | (72,682,778) |

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

STATEMENT B (CONTINUED)

BURLINGTON SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

| | Governmental Activities | Business-type Activities | Total |
|---|-----------------------------|-----------------------------|-----------------------------|
| Changes in net position: | | | |
| Net (expense) revenue | <u>(72,422,626)</u> | <u>(260,152)</u> | <u>(72,682,778)</u> |
| General revenues: | | | |
| General state support | 93,706,625 | - | 93,706,625 |
| Investment income | 4,497,828 | - | 4,497,828 |
| Miscellaneous | 674,141 | 71,912 | 746,053 |
| Total general revenues | <u>98,878,594</u> | <u>71,912</u> | <u>98,950,506</u> |
| Transfers | <u>(188,240)</u> | <u>188,240</u> | <u>-</u> |
| Change in net position | <u>26,267,728</u> | <u>-</u> | <u>26,267,728</u> |
| NET POSITION - JULY 1, AS PREVIOUSLY REPORTED | 43,710,047 | 661,340 | 44,371,387 |
| NET POSITION CORRECTIONS | 2,694,267 | - | 2,694,267 |
| CHANGE WITHIN FINANCIAL REPORTING ENTITY | <u>661,340</u> | <u>(661,340)</u> | <u>-</u> |
| NET POSITION - JULY 1, AS RESTATED | <u>47,065,654</u> | <u>-</u> | <u>47,065,654</u> |
| NET POSITION - JUNE 30 | <u><u>\$ 73,333,382</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 73,333,382</u></u> |

See accompanying independent auditor's report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

| | General Fund | Debt Service Fund | Capital Projects Fund | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|-------------------------|-----------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 33,670,552 | \$ - | \$ - | \$ 402,439 | \$ 34,072,991 |
| Restricted cash | - | 12,364,255 | 39,225,873 | - | 51,590,128 |
| Investments | - | - | - | 25,412 | 25,412 |
| Accounts receivable (net of allowance for allowance for uncollectibles) | 15,486 | - | - | 12,270 | 27,756 |
| Due from other governments | 12,217,516 | - | - | 10,287,672 | 22,505,188 |
| Prepaid items | 725,199 | - | - | 2,894 | 728,093 |
| Inventory | - | - | - | 18,498 | 18,498 |
| Due from other funds | 9,278,736 | - | 33,368,768 | 843,182 | 43,490,686 |
| TOTAL ASSETS | <u>\$ 55,907,489</u> | <u>\$ 12,364,255</u> | <u>\$ 72,594,641</u> | <u>\$11,592,367</u> | <u>\$152,458,752</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ 1,014,264 | \$ - | \$ 8,678,797 | \$ 1,709,673 | \$ 11,402,734 |
| Accrued wages and benefits | 3,468,642 | - | - | - | 3,468,642 |
| Accrued expenses | - | - | - | 12,152 | 12,152 |
| Due to other governments | 454 | - | - | - | 454 |
| Due to other funds | 34,215,278 | - | - | 9,278,736 | 43,494,014 |
| TOTAL LIABILITIES | <u>38,698,638</u> | <u>-</u> | <u>8,678,797</u> | <u>11,000,561</u> | <u>58,377,996</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred revenue | 21,401 | - | - | - | 21,401 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>21,401</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>21,401</u> |
| FUND BALANCES (DEFICITS) | | | | | |
| Nonspendable | 725,199 | - | - | 21,392 | 746,591 |
| Restricted | 750,000 | 12,364,255 | 63,915,844 | 959,794 | 77,989,893 |
| Committed | 13,312,246 | - | - | - | 13,312,246 |
| Assigned | - | - | - | 402,439 | 402,439 |
| Unassigned | 2,400,005 | - | - | (791,819) | 1,608,186 |
| TOTAL FUND BALANCES (DEFICITS) | <u>17,187,450</u> | <u>12,364,255</u> | <u>63,915,844</u> | <u>591,806</u> | <u>94,059,355</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS) | <u>\$ 55,907,489</u> | <u>\$ 12,364,255</u> | <u>\$ 72,594,641</u> | <u>\$11,592,367</u> | <u>\$152,458,752</u> |

See accompanying independent auditor's report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

| | Total Governmental Funds |
|---|--------------------------------|
| | <hr/> |
| Total Fund Balances | \$ 94,059,355 |
| 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 | 213,970,650 |
| Deferred outflows of resources are not available to pay for current-period expenditures and therefore are deferred in the funds shown above: | |
| Deferred outflows related to pensions | 1,503,583 |
| Deferred outflows related to OPEB | 1,483,326 |
| Long-term obligations are not due and payable in the current period and therefore are not reported in the funds: | |
| Bonds payable | (212,042,017) |
| Lease liabilities | (7,649,866) |
| Accrued compensated absences | (513,599) |
| Net pension liability | (11,443,041) |
| Net OPEB obligation | (4,620,521) |
| Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds: | |
| Deferred inflows related to pensions | (371,484) |
| Deferred inflows related to OPEB | <u>(1,043,004)</u> |
| Net position of governmental activities | <u><u>\$ 73,333,382</u></u> |

See accompanying independent auditor's report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

| | General Fund | Debt Service Fund | Capital Projects Fund | Other Governmental Funds | Total Governmental Funds |
|---|-----------------|-------------------------|-----------------------------|--------------------------------|--------------------------------|
| REVENUES | | | | | |
| General state support | \$ 93,706,625 | \$ - | \$ - | \$ - | \$ 93,706,625 |
| Intergovernmental revenues | 25,745,794 | - | 5,131,457 | 24,027,779 | 54,905,030 |
| Charges for services | 2,725,900 | - | - | 54,966 | 2,780,866 |
| Investment income | 1,863,630 | 318,492 | 2,315,699 | 7 | 4,497,828 |
| Miscellaneous revenues | 30,548 | - | - | 643,593 | 674,141 |
| TOTAL REVENUES | 124,072,497 | 318,492 | 7,447,156 | 24,726,345 | 156,564,490 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Regular instruction | 39,429,276 | - | - | - | 39,429,276 |
| Special education instruction | 17,955,162 | - | - | - | 17,955,162 |
| Other instructional programs | 1,278,835 | - | - | - | 1,278,835 |
| Student support services | 8,979,248 | - | - | - | 8,979,248 |
| Staff support services | 5,563,782 | - | - | - | 5,563,782 |
| General administration | 834,145 | - | - | - | 834,145 |
| School administration | 4,769,303 | - | - | - | 4,769,303 |
| Centralized services | 1,994,790 | - | - | - | 1,994,790 |
| Operations and maintenance | 7,363,681 | - | - | - | 7,363,681 |
| Transportation services | 1,881,529 | - | - | - | 1,881,529 |
| Employee benefits | 546,857 | - | - | - | 546,857 |
| On-behalf payments | 10,740,942 | - | - | - | 10,740,942 |
| Program expenses | 4,785,525 | - | - | 26,193,831 | 30,979,356 |
| Debt service: | | | | | |
| Principal | 6,045,000 | - | - | - | 6,045,000 |
| Interest | 9,360,500 | - | - | - | 9,360,500 |
| Capital outlay | 2,546,192 | - | 80,342,630 | - | 82,888,822 |
| TOTAL EXPENDITURES | 124,074,767 | - | 80,342,630 | 26,193,831 | 230,611,228 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (2,270) | 318,492 | (72,895,474) | (1,467,486) | (74,046,738) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds from bond issuance | - | - | 24,700,000 | - | 24,700,000 |
| Bond issuance costs | - | - | 3,305,748 | - | 3,305,748 |
| Transfers in | 537,116 | - | - | 2,123,246 | 2,660,362 |
| Transfers (out) | (733,474) | - | - | (2,115,128) | (2,848,602) |
| TOTAL OTHER FINANCING SOURCES (USES) | (196,358) | - | 28,005,748 | 8,118 | 27,817,508 |
| NET CHANGE IN FUND BALANCES (DEFICITS) | (198,628) | 318,492 | (44,889,726) | (1,459,368) | (46,229,230) |
| FUND BALANCES - JULY 1, AS PREVIOUSLY REPORTED | 17,386,078 | 12,045,763 | 108,805,570 | 1,469,373 | 139,706,784 |
| FUND BALANCE CORRECTIONS | - | - | - | (79,539) | (79,539) |
| CHANGE WITHIN FINANCIAL REPORTING ENTITY | - | - | - | 661,340 | 661,340 |
| FUND BALANCES - JULY 1, AS RESTATED | 17,386,078 | 12,045,763 | 108,805,570 | 2,051,174 | 140,288,585 |
| FUND BALANCES - JUNE 30 | \$ 17,187,450 | \$ 12,364,255 | \$ 63,915,844 | \$ 591,806 | \$ 94,059,355 |

See accompanying independent auditor's report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

| | |
|---|-----------------------------|
| Net change in fund balances - total governmental funds (Statement E) | <u>\$ (46,229,230)</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 | 106,380,934 |
| Capital asset disposals | (179,681) |
| Depreciation expense | <u>(5,004,102)</u> |
| | <u>101,197,151</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. | |
| Pension | (927,520) |
| OPEB | <u>276,563</u> |
| | <u>(650,957)</u> |
| Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position | <u>(37,227,118)</u> |
| Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position | <u>9,677,971</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. | |
| Pension | (313,347) |
| OPEB | <u>332,725</u> |
| | <u>19,378</u> |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds: | |
| Accrued compensated absences | (59,555) |
| Net pension liability | 338,838 |
| Net OPEB liability | <u>(798,750)</u> |
| | <u>(519,467)</u> |
| Change in net position of governmental activities (Statement B) | <u><u>\$ 26,267,728</u></u> |

See accompanying independent auditor's report and notes to financial statements.

STATEMENT G

BURLINGTON SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2025

| | Enterprise Funds | | | |
|--|------------------|----------|-------------------------|----------|
| | Food Service | Aviation | Continuing Education | Total |
| ASSETS | | | | |
| Current assets: | | | | |
| Due from other funds | \$ - | \$ 3,328 | \$ - | \$ 3,328 |
| Total current assets | - | 3,328 | - | 3,328 |
| TOTAL ASSETS | \$ - | \$ 3,328 | \$ - | \$ 3,328 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ - | \$ 828 | \$ - | \$ 828 |
| Total current liabilities | - | 828 | - | 828 |
| TOTAL LIABILITIES | - | 828 | - | 828 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred revenue | - | 2,500 | - | 2,500 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | - | 2,500 | - | 2,500 |
| NET POSITION | | | | |
| Unrestricted | - | - | - | - |
| TOTAL NET POSITION | - | - | - | - |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | \$ - | \$ 3,328 | \$ - | \$ 3,328 |

See accompanying independent auditor's report and notes to financial statements.

STATEMENT H

BURLINGTON SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

| | Enterprise Funds | | | |
|---|------------------|-----------|-------------------------|-----------|
| | Food Service | Aviation | Continuing Education | Total |
| OPERATING REVENUES | | | | |
| Intergovernmental revenue | \$ - | \$ - | \$ 10,562 | \$ 10,562 |
| Miscellaneous revenue | - | 50,451 | 21,461 | 71,912 |
| TOTAL OPERATING REVENUES | - | 50,451 | 32,023 | 82,474 |
| OPERATING EXPENSES | | | | |
| Program expenses | - | 173,285 | 97,429 | 270,714 |
| TOTAL OPERATING EXPENSES | - | 173,285 | 97,429 | 270,714 |
| OPERATING INCOME (LOSS) | - | (122,834) | (65,406) | (188,240) |
| NONOPERATING REVENUE (EXPENSES) | | | | |
| Transfers from other funds | - | 122,834 | 65,406 | 188,240 |
| TOTAL NONOPERATING REVENUE (EXPENSES) | - | 122,834 | 65,406 | 188,240 |
| CHANGE IN NET POSITION (DEFICIT) | - | - | - | - |
| NET POSITION (DEFICIT) - JULY 1, AS PREVIOUSLY REPORTED | 661,340 | - | - | 661,340 |
| CHANGE WITHIN FINANCIAL REPORTING ENTITY | (661,340) | - | - | (661,340) |
| NET POSITION (DEFICIT) - JULY 1, AS RESTATED | - | - | - | - |
| NET POSITION (DEFICIT) - JUNE 30 | \$ - | \$ - | \$ - | \$ - |

See accompanying independent auditor's report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

| | Enterprise Funds | | | |
|---|------------------|--------------|-------------------------|--------------|
| | Food Service | Aviation | Continuing Education | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | \$ - | \$ 51,951 | \$ 20,961 | \$ 72,912 |
| Intergovernmental receipts | - | - | 10,562 | 10,562 |
| Interfund activity | - | (2,141) | 500 | (1,641) |
| Payments to suppliers | - | (172,644) | (97,429) | (270,073) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | - | (122,834) | (65,406) | (188,240) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Transfer from the general fund | - | 122,834 | 65,406 | 188,240 |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | - | 122,834 | 65,406 | 188,240 |
| 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) | \$ - | \$ (122,834) | \$ (65,406) | \$ (188,240) |
| Changes in operating assets and liabilities: | | | | |
| (Increase) decrease in due from other funds | - | (2,141) | 500 | (1,641) |
| Increase (decrease) in accounts payable | - | 641 | - | 641 |
| Increase (decrease) in deferred revenues | - | 1,500 | (500) | 1,000 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ - | \$ (122,834) | \$ (65,406) | \$ (188,240) |

See accompanying independent auditor's report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2025

| | Total Private-Purpose Trust Funds |
|------------------------------------|---|
| ASSETS | |
| Investments | \$ 163,593 |
| Due from other governments | 454 |
| TOTAL ASSETS | <u>\$ 164,047</u> |
| LIABILITIES | |
| Deposits held for others | \$ - |
| TOTAL LIABILITIES | <u>-</u> |
| NET POSITION | |
| Restricted | <u>164,047</u> |
| TOTAL NET POSITION | <u>164,047</u> |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 164,047</u> |

See accompanying independent auditor's report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

| | Total Private-Purpose Trust Funds |
|------------------------|---|
| ADDITIONS | |
| Interest income | \$ 39 |
| Other income | 350 |
| TOTAL REVENUES | <u>389</u> |
| DEDUCTIONS | |
| Distributions | <u>1,700</u> |
| TOTAL DEDUCTIONS | <u>1,700</u> |
| Change in net position | (1,311) |
| NET POSITION - JULY 1 | <u>165,358</u> |
| NET POSITION - JUNE 30 | <u>\$ 164,047</u> |

See accompanying independent auditor's report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Burlington School District was formed by the Burlington City Charter and operates as a department of the City of Burlington, Vermont, the financial statements of which have been issued in a separate report for the year ended June 30, 2025. Therefore, the financial statements that follow present only the operations for the School District and are not intended to present fairly the financial position and results of operations of the City of Burlington, Vermont in accordance with generally accepted accounting principles (GAAP). Certain disclosures relevant to both the City of Burlington, Vermont and the Burlington School District have been omitted from these financial statements and have been disclosed in the City's financial statements.

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

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

Implementation of New Accounting Standards

During the year ended June 30, 2025, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 101 "Compensated Absences". The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Management has determined the impact of this Statement is material to the financial statements.

Statement No. 102 "Certain Risk Disclosures". The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. A disclosure should be made in the notes to financial statements if a government determines that those criteria for disclosures have been met for a concentration or constraint. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as governmental. The School District's aviation and continuing education funds are categorized as a business-type activity. 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) 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, restricted net position and unrestricted net position. The School District first utilizes restricted resources to finance qualifying activities.

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

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

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and Fund Financial Statements

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

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:

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. The Debt Service Fund is used to account for and report the accumulation of required bond sinking funds. The primary source of revenues is transfers from other funds.
- c. The Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment. Primary revenue sources are from proceeds from bonds.

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.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- f. Permanent Funds are used to account for assets held by the School District that are legally restricted and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the School District or its students. These funds have been established for the provision and/or maintenance of various funds.

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 and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e., interest income. The following is a description of the proprietary funds of the School District:

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

3. Fiduciary Funds:

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

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

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

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Revenue Recognition

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose and

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on long-term debt which has not matured are recognized when paid. Allocation of costs, such as depreciation, is not recognized in the governmental funds.

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 | \$ 113,868,671 |
| Add: On-behalf payments | <u>10,740,942</u> |
| Total GAAP basis | <u>\$ 124,609,613</u> |
| | |
| Expenditures per budgetary basis | \$ 114,067,299 |
| Add: On-behalf payments | <u>10,740,942</u> |
| Total GAAP basis | <u>\$ 124,808,241</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 Commissioners and general public.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. The budget document itself is based upon the most current funding information available along with the projection of current revenues and expenditures for the next year. At the conclusion of the budget process, a final budget is approved by the Board of Commissioners.

Deposits and Investments

The 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 District's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be a cash equivalent. The District Treasurer is authorized by State Statutes to invest all excess funds in the following:

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

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

Restricted Cash

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

Receivables

Receivables include amounts due for instruction and food service. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2025. Accounts receivable netted with allowances for uncollectible accounts were \$22,532,944 for the year ended June 30, 2025.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories and Prepaid Items

Inventories of supplies are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet. The food service fund inventory consists of food service supplies and food on hand at the end of the year, valued at cost. The cost value is determined using the first-in, first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain 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. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

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

A right of use lease asset is required to be reported at the present value of payments expected to be made during the lease term including and any/all other required

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

financial lease obligations in accordance with the terms of the lease and excluding interest. A lease asset will be amortized in a straight-line basis over the lease term or the useful life of the underlying asset (whichever is shorter).

Estimated useful lives are as follows:

| | |
|----------------------------|---------------|
| Buildings and improvements | 20 - 50 years |
| Furniture and equipment | 3 - 50 years |
| Vehicles | 3 - 25 years |

Long-term Obligations

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

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of bonds and bond premiums payable, lease liabilities, accrued compensated absences, net pension liability and net OPEB liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary 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) Plan and the Burlington Employees' Retirement System (the System) and additions to/deductions from the VSTRS and the System Plans' fiduciary net position have been determined on the same basis as they are reported by the VSTRS and System Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OPEB

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. As of June 30, 2025, the District has two types of this item, deferred outflows related to pensions and deferred outflows related to OPEB. These items are reported in the statement of net position.

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the 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

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Board of Commissioners 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 will be guidelines for accumulating and maintaining an operating position in certain budgeted governmental funds such that annual expenditures shall not exceed annual resources, including fund balances. Other funds shall be fully self-supporting to the extent that the fund balance or retained earnings of each fund shall be zero or greater.

Program Revenues

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

Operating/Nonoperating Proprietary Fund Revenues

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

Encumbrance Accounting

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

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.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits:

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

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

At June 30, 2025, the School District's cash balance of \$85,663,119 was comprised of bank deposits of \$94,948,065. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the School District's cash balance. Of these bank deposits, \$503,868 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$94,295,624 of bank deposits was collateralized with an irrevocable standby letter of credit in the School District's name. The remaining deposits of \$148,573 were uninsured and uncollateralized.

| <u>Account Type</u> | <u>Bank Balance</u> |
|----------------------|-------------------------|
| Checking accounts | \$ 43,357,937 |
| Money market account | 51,590,128 |
| | <u>\$ 94,948,065</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 the possession of an outside party. Currently, the School District does not have a policy for custodial credit risk for investments.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The 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.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Certificates of deposit held with local financial institutions for \$189,005 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At June 30, 2025, the District's investments of \$189,005 in certificates of deposit were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

Credit risk - Statutes for the State of Vermont authorize the 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 District invests excess funds in savings accounts and various insured certificates of deposit.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2025 consisted of the following individual fund receivables and payables:

| | Receivables (Due from) | Payables (Due to) |
|-----------------------|---------------------------|----------------------|
| General Fund | \$ 9,278,736 | \$ 34,215,278 |
| Capital Projects Fund | 33,368,768 | - |
| Enterprise Funds | 3,328 | - |
| Nonmajor Funds | 843,182 | 9,278,736 |
| | <u>\$ 43,494,014</u> | <u>\$ 43,494,014</u> |

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

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2025 consisted of the following:

| | Transfers In | Transfers Out |
|------------------|---------------------|---------------------|
| General Fund | \$ 537,116 | \$ 733,474 |
| Enterprise Funds | 188,240 | - |
| Nonmajor Funds | 2,123,246 | 2,115,128 |
| | <u>\$ 2,848,602</u> | <u>\$ 2,848,602</u> |

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

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2025:

| | Balance, 7/1/24 (Restated) | Additions | Disposals/ Transfers | Balance, 6/30/25 |
|---------------------------------|----------------------------------|-----------------------|-------------------------|-----------------------|
| <u>Governmental activities:</u> | | | | |
| Non-depreciated assets: | | | | |
| Land | \$ 2,251,677 | \$ - | \$ - | \$ 2,251,677 |
| Construction in progress | 66,791,447 | 94,537,787 | (125,986) | 161,203,248 |
| | <u>69,043,124</u> | <u>94,537,787</u> | <u>(125,986)</u> | <u>163,454,925</u> |
| Depreciated assets: | | | | |
| Buildings and improvements | 62,460,474 | 2,455,386 | (930,924) | 63,984,936 |
| Furniture and equipment | 4,774,366 | 154,819 | (19,178) | 4,910,007 |
| Vehicles | 1,212,960 | 137,558 | (38,595) | 1,311,923 |
| Right of use lease asset | 7,330,320 | 9,221,370 | - | 16,551,690 |
| | <u>75,778,120</u> | <u>11,969,133</u> | <u>(988,697)</u> | <u>86,758,556</u> |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | (21,118,903) | (1,909,799) | 759,462 | (22,269,240) |
| Furniture and equipment | (3,942,018) | (212,799) | 10,959 | (4,143,858) |
| Vehicles | (802,372) | (119,060) | 38,595 | (882,837) |
| Right of use lease asset | (6,184,452) | (2,676,640) | - | (8,861,092) |
| | <u>(32,047,745)</u> | <u>(4,918,298)</u> | <u>809,016</u> | <u>(36,157,027)</u> |
| Net depreciated assets | <u>43,730,375</u> | <u>7,050,835</u> | <u>(179,681)</u> | <u>50,601,529</u> |
| Net governmental capital assets | <u>\$ 112,773,499</u> | <u>\$ 101,588,622</u> | <u>\$ (305,667)</u> | <u>\$ 214,056,454</u> |
| <u>Depreciation expense:</u> | | | | |
| Education | | | | <u>\$ 4,918,298</u> |

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 - LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2025:

| | Balance, 7/1/24 (Restated) | Additions | Deletions | Balance, 6/30/25 | Current Portion |
|---------------------------------|----------------------------------|----------------------|-----------------------|-----------------------|----------------------|
| <u>Governmental activities:</u> | | | | | |
| Bonds and bond | | | | | |
| premium payable | \$ 190,951,796 | \$ 28,005,748 | \$ (6,915,527) | \$ 212,042,017 | \$ 7,945,815 |
| Lease liabilities | 1,190,940 | 9,221,370 | (2,762,444) | 7,649,866 | 2,853,344 |
| | <u>\$ 192,142,736</u> | <u>\$ 37,227,118</u> | <u>\$ (9,677,971)</u> | <u>\$ 219,691,883</u> | <u>\$ 10,799,159</u> |

The following is a summary of bonds and bond premiums payable:

| <u>Governmental activities:</u> | <u>Principal</u> | <u>Premium</u> | <u>Total</u> |
|--|------------------|----------------|--------------|
| \$9,700,000, 2010 Qualified School Construction Bond (QSCB) due in semi-annual interest installments through November 2026. Interest is charged at a fixed rate of 6.50% per annum. Semiannual interest installments are \$315,250. | \$ 9,700,000 | \$ - | \$ 9,700,000 |
| \$2,000,000, 2010 Qualified School Construction Bond (QSCB) due in semi-annual interest installments through November 2026. Interest is charged at a fixed rate of 6.50% per annum. Semi-annual interest installments are \$65,000. | 2,000,000 | - | 2,000,000 |
| \$2,000,000, 2011 General Obligation Bond due in annual installments and semi-annual interest installments through November 2031. Interest is charged at a fixed rate varying from 2.00% to 4.75% per annum. Annual principal installments vary from \$60,000 to \$145,000. | 880,000 | - | 880,000 |
| \$440,000, 2012 General Obligation Bond unrefunded amount of refunded 2012 bonds due in annual installments and semi-annual interest installments through June 2023. Interest is charged at a fixed rate of 5.00% per annum. Annual principal installments vary from \$140,000 to \$155,000. | - | 92,434 | 92,434 |
| \$2,000,000, 2013 General Obligation Bond due in annual installments and semi-annual interest installments through November 2033. Interest is charged at a fixed rate varying from 4.00% to 6.75% per annum. Annual principal installments vary from \$52,857 to \$170,000. | - | 2,460 | 2,460 |
| \$2,000,000, 2014 General Obligation Bond due in annual installments and semi-annual interest installments through November 2034. Interest is charged at a fixed rate varying from 0.513% to 3.993% per annum. Annual principal installments are \$100,000. | 1,000,000 | - | 1,000,000 |

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 - LONG TERM DEBT (CONTINUED)

| <u>Governmental activities (continued):</u> | <u>Principal</u> | <u>Premium</u> | <u>Total</u> |
|---|------------------|----------------|--------------|
| \$4,005,000, 2016 General Obligation Bond due in annual installments and semiannual interest installments through June 2028. Interest is charged at a fixed rate varying from 2% to 5% per annum. Annual principal installments vary from \$85,000 to \$365,000. | 765,000 | 151,542 | 916,542 |
| \$2,000,000, 2016 General Obligation Bond due in annual installments and semi-annual interest installments through June 2037. Interest is charged at a fixed rate varying from 4% to 5% per annum. Annual principal installments vary from \$60,000 to \$150,000. | 1,420,000 | 170,693 | 1,590,693 |
| \$1,650,000, 2016 General Obligation Bond due in annual installments and semi-annual interest installments through June 2030. Interest is charged at a fixed rate varying from 2% to 5% per annum. Annual principal installments vary from \$60,000 to \$150,000. | 845,000 | 78,570 | 923,570 |
| \$2,300,000, 2017 General Obligation Bond due in annual installments and semi annual interest installments through November 2037. Interest is charged at a fixed rate varying from 2% to 5% per annum. Annual payments vary from \$75,000 to | 1,715,000 | - | 1,715,000 |
| \$8,000,000, 2018 General Obligation Bond due in annual installments and semi-annual interest installments through November 2038. Interest is charged at a fixed rate of 5% per annum. Annual payments vary from \$240,000 to \$615,000. | 6,370,000 | 519,445 | 6,889,445 |
| \$6,000,000, 2019 General Obligation Bond due in annual installments and semi-annual interest installments through June 2040. Interest is charged at a fixed rate of 4% per annum. Annual principal payments vary from \$170,000 to \$440,000. | 4,995,000 | - | 4,995,000 |
| \$5,495,000, 2019 General Obligation Bond due in annual installments and semi-annual interest installments through November 2035. Interest is charged at a fixed rate ranging from 1.844% to 3.031% per annum. Annual payments vary from \$100,000 to \$505,000. | 4,390,000 | - | 4,390,000 |

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 - LONG TERM DEBT (CONTINUED)

| <u>Governmental activities (continued):</u> | <u>Principal</u> | <u>Premium</u> | <u>Total</u> |
|---|-----------------------|----------------------|-----------------------|
| \$1,750,000, 2021 General Obligation Bond due in annual installments and semi-annual interest installments through November 2041. Interest is charged at a fixed rate varying from 3% to 5% per annum. Annual payments vary from \$50,000 to \$120,000. | 1,580,000 | 212,500 | 1,792,500 |
| \$2,000,000, 2022 General Obligation Bond due in annual principal installments of \$50,000 to \$135,000 and semi-annual interest installments through November 2042. Interest is charged at a fixed rate of 5% per annum. | 1,660,000 | 211,500 | 1,871,500 |
| \$130,000,000, 2023 General Obligation Bond due in annual principal installments of \$3,900,000 to \$9,950,000 and semi-annual interest installments through November 2043. Interest is charged at a fixed rate of 5% per annum. | 126,100,000 | 12,950,543 | 139,050,543 |
| \$1,860,000, 2023 General Obligation Bond due in annual principal installments of \$55,000 to \$145,000 and semi-annual interest installments through November 2043. Interest is charged at a fixed rate of 5% per annum. | 1,805,000 | 133,000 | 1,938,000 |
| \$4,000,000, 2023 General Obligation Bond due in annual principal installments of \$120,000 to \$305,000 and semi-annual interest installments through November 2043. Interest is charged at a fixed rate of 5% per annum. | 3,880,000 | 408,582 | 4,288,582 |
| \$2,000,000, 2024 General Obligation Bond due in annual principal installments of \$55,000 to \$155,000 and semi-annual interest installments through November 2044. Interest is charged at a fixed rate of 5% per annum. | 2,000,000 | 267,802 | 2,267,802 |
| \$15,000,000, 2024 General Obligation Bond due in annual principal installments of \$410,000 to \$1,150,000 and semi-annual interest installments through November 2044. Interest is charged at a fixed rate of 5% per annum. | 15,000,000 | 2,007,508 | 17,007,508 |
| \$7,700,000, 2024 General Obligation Bond due in annual principal installments of \$210,000 to \$590,000 and semi-annual interest installments through November 2044. Interest is charged at a fixed rate of 5% per annum. | 7,700,000 | 1,030,438 | 8,730,438 |
| Total bonds and bond premium payable | <u>\$ 193,805,000</u> | <u>\$ 18,237,017</u> | <u>\$ 212,042,017</u> |

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 - LONG TERM DEBT (CONTINUED)

The following is a summary of the lease liabilities outstanding:

| | |
|--|---------------------|
| The School District leases a building under a non-cancelable lease agreement with Parallax Partners, LLC, dated June 1, 2021. The term of the lease is for a 37 month period ending June 30, 2024. Monthly payments begin at \$8,500 for the first year and increase by 3% annually until the end of the lease period. There is also a \$3,000 per month maintenance/operating cost charge for the life of the agreement. | \$ 38,268 |
| The School District leases a building under a non-cancelable lease agreement with Lawrence and Cynthia Caron, dated January 2, 2022. The term of the lease is for a 36 month period beginning July 1, 2022 and ending August 1, 2025. Monthly payments are \$14,500. | 29,000 |
| The School District leases a building under a non-cancelable lease agreement with Saint Mark Parish Charitable Trust, dated July 1, 2023. The term of the lease is for a 36 month period ending June 30, 2028. Monthly payments are \$7,500. | 270,000 |
| The School District leases a building under a non-cancelable lease agreement with Devonwood Cherry Street Associates, dated June 24, 2024. The term of the lease is for a 36 month period ending June 30, 2027. Monthly payments start at \$137,500 for the first year, \$162,500 for the second year and \$183,333 the third year. | 4,150,000 |
| The School District leases a building under a non-cancelable lease agreement with Nick & Morrissey Development, LLC, dated July 1, 2024. The term of the lease is for a 36 month period ending June 30, 2027. Monthly payments are \$29,343. | 762,767 |
| The School District leases copiers under a non-cancelable lease agreement with Canon Financial Services, Inc., dated November 1, 2020. The term of the lease is for a 63 month period ending June 30, 2026. Monthly payments are \$8,700. Note the first three months of the contract there were at no contract charges. | 97,200 |
| The School District leases food service offices and storage space under a non-cancelable lease agreement with Redstone Development Group, LLC, dated October 1, 2022. The term of the lease is for a three year period ending September 30, 2025 with the option to extend the lease for two additional one year terms. Annual rent varies from \$65,280 to \$73,473 per year with an additional \$3,876 due per month for real estate, insurance and maintenance costs. | 277,631 |
| The School District leases a building under a non-cancelable lease agreement with Episcopal Diocese of Vermont Inc dated November 27, 2023. The term of the lease is for approximately 15 years period beginning January 1, 2024 ending December 31, 2038. Yearly payments of \$150,000 for the first year, increasing between 1-3% each year. | 2,025,000 |
| Total lease liabilities | <u>\$ 7,649,866</u> |

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 - LONG TERM DEBT (CONTINUED)

The right to use lease assets associated with these lease liabilities (including amortization/depreciation applicable to the same) are presented as a separate category of Capital Assets and are grouped accordingly on the Statement of Net Position.

The annual principal and interest requirements to amortize the bonds, bond premiums and lease liabilities are as follows:

| Year | Bond Principal | Bond Premium | Interest | Lease Liability Principal | Total Debt Service |
|-----------|-----------------------|----------------------|----------------------|---------------------------------|-----------------------|
| 2026 | \$ 6,910,000 | \$ 1,035,815 | \$ 9,477,297 | \$ 2,822,076 | \$ 20,245,188 |
| 2027 | 18,975,000 | 1,035,815 | 8,752,337 | 2,986,066 | 31,749,218 |
| 2028 | 7,320,000 | 1,035,815 | 8,022,737 | 307,456 | 16,686,008 |
| 2029 | 7,600,000 | 985,301 | 7,641,193 | 150,000 | 16,376,494 |
| 2030 | 8,015,000 | 965,659 | 7,242,344 | 150,000 | 16,373,003 |
| 2031-2035 | 43,870,000 | 4,804,911 | 30,099,704 | 750,000 | 79,524,615 |
| 2036-2040 | 53,165,000 | 4,646,567 | 19,077,371 | 525,000 | 77,413,938 |
| 2041-2045 | 47,950,000 | 3,727,134 | 5,144,500 | - | 56,821,634 |
| | <u>\$ 193,805,000</u> | <u>\$ 18,237,017</u> | <u>\$ 95,457,483</u> | <u>\$ 7,690,598</u> | <u>\$ 315,190,098</u> |

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

These bonds are also eligible for federal interest subsidy payments equal to 92.9% of the true interest cost of the bond as provided in the American Recovery and Reinvestment Act (ARRA) and the Hiring Incentives to Restore Employment (HIRE) Act.

Due to mandatory federal spending cuts that went into effect March 1, 2013, with sequestration, the federal interest subsidy payments are being adjusted downward. The current sequestration reduction rate is 5.7% and is subject to change at any time. The total financial impact to the School District is unknown.

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

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in the other long-term obligations for the year ended June 30, 2025:

| | Balance, 7/1/24 (Restated) | Additions | Deletions | Balance, 6/30/25 | Current Portion |
|---------------------------------|----------------------------------|-------------------|---------------------|---------------------|--------------------|
| Accrued compensated absences | \$ 454,044 | \$ 59,555 | \$ - | \$ 513,599 | \$ 77,040 |
| Net pension liability | 11,781,879 | - | (338,838) | 11,443,041 | - |
| Net OPEB liability | 3,821,771 | 798,750 | - | 4,620,521 | - |
| | <u>16,057,694</u> | <u>\$ 858,305</u> | <u>\$ (338,838)</u> | <u>16,577,161</u> | <u>\$ 77,040</u> |

Please see Notes 8, 16 and 17 for more detailed information on each of these long-term obligations.

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The School District's policies regarding sick leave does permit employees to accumulate earned but unused sick leave. The liability for these compensated absences is recorded as a long-term obligation in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2025, the District's liability for compensated absences is \$513,599, which represents a net increase of \$59,555 from the prior year.

NOTE 9 - LETTER OF CREDIT

At June 30, 2025, the District had an outstanding irrevocable standby letter of credit issued by the Federal Home Loan Bank of Pittsburgh serving as collateral for its deposits held at TD, Bank, N.A. The letter of credit, which expires at the close of business on August 13, 2025, authorizes one draw only, up to the amount of \$150,000,000. There were no draws for the year ended June 30, 2025.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Burlington School District at June 30, 2025:

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Invested in capital assets | \$250,213,481 |
| Accumulated depreciation | (36,242,831) |
| Outstanding capital related debt | (212,042,017) |
| Other non-debt capital related liabilities | (7,649,866) |
| Significant unspent debt proceeds | 63,915,844 |
| | <u>\$ 58,194,611</u> |

NOTE 11 - RESTRICTED NET POSITION

At June 30, 2025, the District had the following restricted net position:

| | |
|---------------------------------|----------------------|
| General fund: | |
| Grant expenses | \$ 750,000 |
| Debt service fund | 12,364,255 |
| Nonmajor special revenue funds: | |
| RTT - PK development | 102,751 |
| Medicaid EPSDT | 143,533 |
| Food service | 216,295 |
| Small grant fund | 142,395 |
| Nellie May grant | 3,644 |
| Rowland foundation | 6,824 |
| Digital promise grant | 101,027 |
| The Verizon foundation | 24,866 |
| Youthbuild HOEHL | 7,150 |
| EMS teach tolerance | 2,402 |
| BTC new build | 8,802 |
| G. Munson estate | 174,218 |
| Nonmajor permanent funds: | |
| Margot E. Reed fund | 4,854 |
| Raymond E. Tracy estate fund | 20,558 |
| School land rent Glebe fund | 475 |
| | <u>\$ 14,074,049</u> |

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12 - NONSPENDABLE FUND BALANCE

At June 30, 2025, the District had the following nonspendable fund balance:

| | |
|---------------------------------|-------------------|
| General fund: | |
| Prepaid items | \$ 725,199 |
| Nonmajor special revenue funds: | |
| Food service - inventory | 21,392 |
| | <u>\$ 746,591</u> |

NOTE 13 - RESTRICTED FUND BALANCES

At June 30, 2025, the District had the following restricted fund balance:

| | |
|---|----------------------|
| General fund | \$ 750,000 |
| Debt service fund | 12,364,255 |
| Capital projects fund | 63,915,844 |
| Nonmajor special revenue funds (Schedule C) | 933,907 |
| Nonmajor permanent funds (Schedule E) | 25,887 |
| | <u>\$ 77,989,893</u> |

NOTE 14 - COMMITTED FUND BALANCES

At June 30, 2025, the District had the following committed fund balances:

| | |
|----------------------------|----------------------|
| General fund: | |
| BAS afterschool fees | \$ 763,544 |
| E-rate | 336,228 |
| String program | 23,907 |
| Programming and facilities | 3,238,316 |
| Driver Education | 87,224 |
| Taft building lease | 71,636 |
| BTC at airport | 2,258,528 |
| BHS/BTC new building | 3,752,863 |
| Summer programs | 20,000 |
| Public meeting room | 60,000 |
| Social work services | 300,000 |
| Use for FY 26 budget | 2,400,000 |
| | <u>\$ 13,312,246</u> |

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 15 - ASSIGNED FUND BALANCE

At June 30, 2025, the District had the following assigned fund balance:

| | |
|---------------------------------|-------------------|
| Nonmajor special revenue funds: | |
| Student activities | <u>\$ 402,439</u> |

NOTE 16 - 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, 2023 (the most recent period available), the retirement system consisted of 25,214 participating members.

The plan was established effective July 1, 1947 and is governed by *Title 16, V.S.A. Chapter 55*. Subsequent Vermont state legislation, *Act 74*, which became effective on July 1, 2010 and updated to reflect Act 114 and Act 173, effective on July 1, 2022 and contained numerous changes to the plan benefits available to current and future members, as well as a change in access to health care coverage after retirement, resulting from a multi-party agreement to provide sustainability of quality pension and retiree health benefits for Vermont teachers.

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

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service. The Vermont State Agency of Administration issues a publicly available Annual Comprehensive Financial Report that includes financial

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

statements and required supplementary information for the VSTRS. That report may be viewed on the State's Department of Finance and Management website at: Annual Comprehensive Financial Report | Department of Finance and Management (vermont.gov).

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 | Grandfathered: Age 62 or with 30 years of service | Non-grandfathered: Age 65 or when the sum of age and service equals 90 |
| Average Final Compensation (AFC) | Highest 3 consecutive years, including unused annual leave, sick leave and bonus/incentives | Highest 3 consecutive years, excluding all payments for anything other than service actually performed | Highest 3 consecutive years, excluding all payments for anything other than service actually performed |
| Benefit formula – normal service retirement | 1.67% x creditable service x AFC | 1.25% x service prior to 7/1/90 x AFC + 1.67% x service after 7/1/90 x AFC | 1.25% x service prior to 7/1/90 x AFC + 1.67% x service after 7/1/90 x AFC, 2.0% after attaining 20 years |
| Maximum Benefit Payable | 100% of AFC | 53.34% of AFC | 60% of AFC |

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

| VSTRS | Group A | Group C – Group # 1 | Group C – Group # 2 |
|------------------------------|--|--|--|
| Post-Retirement COLA | Full CPI, up to a maximum of 5% after 12 months of retirement; minimum of 1% | 50% CPI, up to a maximum of 5% after 12 months of retirement or with 30 years; minimum of 1% | 50% CPI, up to a maximum of 5%, minimum of 1% after 12 months of normal retirement or age 65 |
| Early Retirement Eligibility | Age 55 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 pay full premium | Members pay full premium | Members pay full premium |

Contributions

VSTRS is a cost-sharing public employee retirement system with one exception: all risks and costs are not shared by the School District but are the liability of the State of Vermont. VSTRS is funded through State and employee contributions and trust fund investment earnings; and the School District has no legal obligation to pay 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 \$10,740,942 or 25.64% of total payroll for employees covered under the plan.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16 - 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 earnable compensation; contributions stop after 25 years of creditable service | 5.0% of gross salary | Based on earnable compensation \$0-\$40K is 6.15%, \$40K-\$50K is 6.20%, \$50K-\$60K is 6.30%, \$60K-\$70K is 6.40%, \$70K-\$80K is 6.55%, \$80K-\$90K is 6.80%, \$90K-\$100K is 7.10%, \$100K+ is 7.35% |

Employee contributions totaled \$2,928,212 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 \$41,865,739 for the year ended June 30, 2025. Beginning in 2016, school districts that pay for teachers with federal dollars are required to include costs of pensions in the federal grant, lowering the liability for the State. Federally funded pension costs reimbursed to the State by the School District for the fiscal year ending June 30, 2025 were \$524,659. The School District's total payroll for all federally funded employees covered under this plan was \$2,046,251 for the year ended June 30, 2025.

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, 2025. The State's portion of the collective net pension liability that was associated with the School District was as follows:

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

| | |
|--|-----------------------------|
| School District's proportionate share of the net pension liability | \$ - |
| State's proportionate share of the net pension liability associated with the School District | <u>83,764,481</u> |
| Total | <u><u>\$ 83,764,481</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, 2024, 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, 2023, the School District's proportion was 4.77799% which was an increase of 0.02361% from its proportion measured as of June 30, 2023.

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

For the year ended June 30, 2025, the School District recognized total pension expense of \$8,409,105 and revenue of \$8,409,105 for support provided by the State of Vermont for the VSTRS plan. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

| | VSTRS Plan |
|--------------------------|---------------|
| Plan year ended June 30: | |
| 2025 | \$ - |
| 2026 | - |
| 2027 | - |
| 2028 | - |
| 2029 | - |
| Thereafter | - |

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using the actuarial assumptions outlined below.

Investment Rate of Return: 7.00%, net of pension plan investment expenses, including inflation

Inflation: 2.30%

Projected Salary Increases: Ranging from 3.30% to 10.50%

Deaths After Retirement:

- *Pre-Retirement:* PubT-2010 Teacher Employee Amount-Weighted Table with generational projection using scale MP-2021.
- *Retiree Healthy Post-Retirement:* PubT-2010 Teacher Healthy Retiree Amount-Weighted Table, with credibility adjustments of 103% and 93% for the Male and Female tables, respectively, with generational projection using scale MP-2021.
- *Retiree Healthy Post-Retirement Beneficiaries:* Pub-2010 Contingent Survivor Amount-Weighted Table with generational projection using scale MP-2021.

The mortality rates were based on historical and current demographic data, adjusted to reflect health characteristics of the underlying groups and estimated future experience and professional judgment. The mortality tables were then adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Inactive Members: Valuation liability for the VSTRS plan equals 100% of accumulated contributions. Inactive members who are vested immediately become Deferred Members and the liabilities for all Deferred Members are based on accrued benefit.

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

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

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

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

Cost-of-Living Adjustments:

For active Group C members who are first eligible for normal retirement on or after July 1, 2022:

- Assumed to occur on January 1 following two years of retirement at the rate of 1.20% per annum (beginning two years after the attainment of age 62 for members who elect reduced early retirement). The January 1, 2025, COLA is expected to be 1.90%*. The January 1, 2024, COLA was 1.10%.

*This amount was required to be calculated in 2023 as a result of Act 114 and Act 173; however, it will not be applied to any members in 2023.

For all other members:

- Group A - Assumed to occur on January 1 following one year of retirement at the rate of 1.20% per annum. The January 1, 2023, COLA was 1.35%. The January 1, 2025, COLA is expected to be 3.80%*. The January 1, 2024, COLA was 2.20%.
- Group B/C – Assumed to occur on January 1 following one year of retirement at the rate of 1.20% per annum (beginning one year after the attainment of age 62 or Group C members who elect reduced early retirement). The January 1, 2025, COLA is expected to be 1.90%*. The January 1, 2024, COLA was 1.10%.

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Amortization method: Amortization payments calculated to fully fund unfunded actuarial accrued liability with annual increases of 3% over a closed period. The amortization of unfunded actuarial accrued liability (UAAL) within the actuarially determined contribution rate calculation is based on the level percentage of pay required to amortize the UAAL over the 30-year closed period that began on July 1, 2008. As of July 1, 2022, the remaining amortization period is 16 years.

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

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

The *long-term expected rate of return* on the VSTRS plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class. These best estimate ranges were combined to produce the long-term expected rate of return by weighing 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, 2024 are summarized in the following table:

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|--|-------------------|--|
| US Agg Fixed Income | 19.00% | 1.70% |
| TIPS | 2.00% | 1.70% |
| Large/Mid Cap US Equity | 4.00% | 4.20% |
| Small Cap US Equity | 3.00% | 4.70% |
| Developed Large/Mid Cap International Equity | 5.00% | 5.95% |
| Global Equity | 32.00% | 5.25% |
| Core Real Estate | 3.00% | 3.45% |
| Non-Core Real Estate | 4.00% | 5.70% |
| Private Credit | 11.00% | 5.70% |
| Private Equity | 11.00% | 7.45% |
| Private Core Infrastructure | 4.00% | 4.95% |
| Agriculture/Farmland | 2.00% | 3.95% |

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for the VSTRS plan. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy which exceeds the actuarially determined contribution rate. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

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

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.00% for the VSTRS plan, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

| | 1% Decrease | Discount Rate | 1% Increase |
|---|----------------|------------------|----------------|
| <u>VSTRS:</u> | | | |
| Discount rate | 6.00% | 7.00% | 8.00% |
| School District's proportionate share of the net pension liability | \$ - | \$ - | \$ - |

Pension Plan Fiduciary Net Position

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

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

BURLINGTON EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Burlington Employees' Retirement System (the System) is a cost sharing, single employer defined benefit pension plan which provides retirement benefits to the City of Burlington, Vermont (the City). Because of the significance of its operational and financial relationship with the City, the System is included as a pension trust fund in the City's basic financial statements. For further financial and actuarial information about the System, refer to the City's financial statements, which may be obtained online at www.burlingtonvt.gov or by contacting the City at (802) 865-7000.

Substantially all employees of the City (except elective officials, other than the mayor and the majority of the public school teachers who are eligible for the Vermont State Teacher's Retirement System) are members of the System. Eligible employees must participate in the System. The plan is broken down into Class A participants and Class B participants. Class A participants are composed of firemen and policemen not including clerical employees. Class B participants include all other covered City employees.

The System is governed by an eight-member board. The eight members include three appointed by the City Council, two Class A members of the system selected by the

Class A membership, two Class B members of the system elected by the Class B membership and the City Treasurer as an ex officio member. Of the Class A and Class B board members, no two shall be employed in the same department.

The City Council has the authority to amend the benefit terms of the System by enacting ordinances and sending them to the Mayor for approval.

The following is a summary of the System participants as of June 30, 2023:

| | |
|--|--------------|
| Inactive members or beneficiaries currently receiving Benefits | 894 |
| Active members | 922 |
| Inactive members or beneficiaries entitled to but not yet receiving benefits | <u>807</u> |
| Total | <u>2,623</u> |

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Benefits Provided

Benefits available to Group B, in which certain School District employees participate, are based on average final compensation (AFC) and years of creditable service and are summarized below:

Average Final Compensation (AFC):

For Class A Police non-union employees, Class A Police employees hired after January 10, 2011, Class A Fire employees hired after October 7, 2011 or Class B AFSCME Local 1343 employees hired after June 7, 2011, Class B IBEW Local 300 employees hired after October 30, 2012 or any employees hired on or after January 1, 2018, it is the average earnable compensation during the highest 5 non-overlapping 12-month periods. For all others, it is the average earnable compensation during the highest 3 non-overlapping 12-month periods.

Eligibility:

Class B: Age 55 and 5 years of creditable service.

Amount of Benefit:

Class B:

For employees hired prior to July 1, 2006: Age 65 and older, the greater of (i) 1.60% of AFC (at age 65) times creditable service not in excess of 25 years plus 0.50% of AFC (at age 65) times creditable service in excess of 25 years or (ii) the actuarial equivalent of the benefit determined at age 65. This benefit will be increased by the Cost of Living Adjustment detailed below.

In lieu of this benefit, at the time of retirement, a member may choose (i) an accrual rate of 1.90% for all years of service prior to June 30, 2006 for the first 25 years, an accrual rate of 1.80% for all years of service commencing July 1, 2006 for the first 25 years, plus an accrual of 0.50% for creditable service in excess of 25 years and a Cost of Living Adjustment equal to one-half of the Cost of Living Adjustment detailed below or (ii) an accrual rate of 2.20% for all years of service prior to June 30, 2006 for the first 25 years, an accrual rate of 2.00% for all years of service commencing July 1, 2006 for the first 25 years, plus an accrual of 0.50% for creditable service in excess of 25 years and no Cost of Living Adjustment.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

For employees hired on or after July 1, 2006: Age 65 and older, the greater of (i) 1.40% of AFC (at age 65) times creditable service not in excess of 25 years plus 0.50% of AFC (at age 65) times creditable service in excess of 25 years or (ii) the actuarial equivalent of the benefit determined at age 65. This benefit will be increased by the Cost of Living Adjustment detailed below.

An employee hired on or after July 1, 2006 may only select a benefit with a full Cost of Living Adjustment.

Except for employees detailed below, prior to age 65, the above benefit based on AFC and creditable service at retirement reduced by 2% for each year that retirement precedes age 65. For Class B IBEW employees hired before May 4, 2008, who elect a contribution rate of 4% is elected the early reduction factor is 2% for each year the retirement precedes age 65.

For Class B AFSCME Local 1343 employees hired before January 1, 2006 that meet the Rule of 82 by December 7, 2011 but retire later than December 7, 2011, the reduction is 4% per year at ages 55 to 59 for each year under age 65 and the standard 2% per year reduction for ages 60 to 65. For other Class B AFSCME Local 1343 employees retiring after December 7, 2011, there will be full actuarial reduction from ages 55 to 59 and the standard 2% per year reduction for ages 60 to 65.

Cost of Living Adjustment:

Benefits increase annually by changes in the Consumer Price Index for more than 1%. For Class A Fire employees retiring after October 5, 2015, Class A Police employees retiring after August 29, 2016, Class B AFSCME employees retiring after October 30, 2015, Class B IBEW employees retiring after March 19, 2016 and all other employees retiring after July 1, 2017, the maximum annual increase is 2.75%. For all other members, the maximum annual increase is 5%. Increases are not applicable to deferred vested benefits prior to commencement, survivor income benefit, disability benefit prior to normal retirement age or members who choose to have no cost of living adjustment. For Class B employees that retire after July 1, 2018, the retirement COLA will be determined annually by the BERS Board equal to that of CPI-U Northeast Region, with a maximum COLA increase of 2.75%, except that if the funding level of the BERS falls below 81% the BERS Board may reduce or vote for no COLA for payees prior to age 65 for the upcoming year.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Contributions

Participants contribute a set percentage of their gross regular compensation annually.

Member contributions for Class B employees, who elected to continue to be eligible for early retirement benefits at 2% per year deduction between ages 55 and 65, in accordance with the 2006-2009 collective bargaining agreement will be 4.2% beginning with fiscal year 2017-2018.

Effective July 1, 2022, employees shall contribute a percentage so that all employees are contributing 30% (and the City is contributing 70%) of the total contribution required.

Notwithstanding the above, an individual Class B employee's contribution shall not exceed 7% of their eligible wages in Fiscal Years 2023, 2024, 2025 and 2026.

Such withholdings for the year ended June 30, 2025 totaled \$554,449.

The Board establishes employer contributions based on an actuarially determined contribution recommended by an independent actuary. The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by the System members during the year, with an additional amount to finance a portion of any unfunded accrued liability. The calculation of the actuarially determined contribution is governed by the applicable provisions of the Retirement Code. The School District contributed \$1,128,153 for the year ended June 30, 2025. The School District's total payroll for the year ended June 30, 2025 for all employees covered under this plan was \$12,822,765.

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

At June 30, 2025, the District reported a liability of \$11,443,041 for its proportionate share of the net pension liability for the System. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability is equal to the total net pension liability multiplied by each employer's proportionate share of the total contributions made to the System for the year ended June 30, 2023.

At June 30, 2025, the District's proportion was 9.5340% for the System, which was a decrease of 0.00140% from its proportion measured as of June 30, 2023 for the System.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

For the year ended June 30, 2025, the District recognized total pension expense of \$339,411. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 831,216 | \$ - |
| Changes of assumptions | 101,410 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 293,142 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 16,508 | 78,342 |
| Contributions subsequent to the measurement date | <u>554,449</u> | <u>-</u> |
| Total | <u>\$ 1,503,583</u> | <u>\$ 371,484</u> |

\$554,449 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|--------------------------|------------|
| Plan year ended June 30: | |
| 2026 | \$ 376,999 |
| 2027 | 808,415 |
| 2028 | (366,466) |
| 2029 | (241,298) |
| 2030 | 577,650 |
| Thereafter | - |

Significant Actuarial Assumptions and Methods

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of the most recent actuarial experience study for the five-year period ending June 30, 2023.

The net pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2023 using the actuarial assumptions outlined below:

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

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Investment Rate of Return: 7.10%

Inflation Rate: 2.70%

Post-Employment Cost-of-Living Adjustment: Increases averaging 3.60% - 11.00% (including inflation) per year were assumed.

Assumed Annual Rates of Salary Increases: 3.60% - 11.00% including inflation

Mortality Rates:

- Class B (Non-Disabled): Pub-2010 Public Retirement Plans Amount-Weighted Morality Tables for General Employees, for non-annuitants and annuitants, projected to the valuation date with Scale MP-2021, set forward 2 years.
- Class B (Disabled): Pub-2010 Public Retirement Plans Amount-Weighted Morality Tables for General Disabled Retirees, projected to the valuation date with Scale MP-2021, set forward 3 years.

Asset Valuation Method: Invested assets are reported at fair value.

Actuarial valuation of the ongoing System involves estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major class are summarized in the following table:

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

| Asset Class | Target Asset Allocation | Long-term Expected Real Rate of Return |
|---------------------------------------|-------------------------------|---|
| Core Fixed Income | 20.00% | 5.90% |
| U.S. Bonds - Dynamic | 7.00% | 6.80% |
| U.S. Large Cap Equity | 33.00% | 7.30% |
| U.S. Small Cap Equity | 9.50% | 6.80% |
| International Developed Equity | 19.00% | 8.20% |
| International Emerging Markets Equity | 7.00% | 10.10% |
| Private Equity | 0.50% | 10.30% |
| Real Estate | 4.00% | 7.80% |
| Total | 100.00% | |
| Long-term Return Assumption | 7.10% | |

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current System members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the System's net pension liability calculated using the discount rate of 7.10%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.10%) or 1 percentage-point higher (8.10%) than the current rate:

| | 1% Decrease | Discount Rate | 1% Increase |
|---|----------------|------------------|----------------|
| Discount rate | 6.10% | 7.10% | 8.10% |
| School District's proportionate share of the net pension liability | \$ 15,600,318 | \$ 11,443,041 | \$ 8,597,748 |

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Pension Plan Fiduciary Net Position

The schedules of employer allocations and schedules of pension amounts by employer (the Schedules) are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The Schedules present amounts that are elements of the financial statements of Burlington Employees' Retirement System or its participating departments. Accordingly, they do not purport to be a complete presentation of the net position or changes in net position of Burlington Employees' Retirement System or its participating departments. The System does not issue stand-alone financial reports, but instead are included as part of the City of Burlington, Vermont's Annual Comprehensive Financial Report (ACFR). The ACFR can be viewed on the City's website at: www.burlingtonvt.gov.

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

Plan Description

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

The plan covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2023, the plan consisted of 7,369 retired members or beneficiaries currently receiving benefits and 10,618 active members.

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

All assets of the Plan are held in a single trust and are available to pay OPEB benefits to all members. The Vermont State Agency of Administration issues a publicly available Annual Comprehensive Financial Report that includes financial statements and

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

required supplementary information for the VSTRS. That report may be viewed on the State's Department of Finance and Management website at: Annual Comprehensive Financial Report | Department of Finance and Management (vermont.gov).

Benefits Provided

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

Contributions

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

| | Retiree Subsidy | | Spouse Subsidy* | |
|------------------------------|--|----------------|--|--|
| Retired before June 30, 2010 | At least ten years of service - 80% of premium Less than ten years of service - 0% of premium | | 0% of premium | |
| Retired after June 30, 2010 | 10 years or more of service at June 30, 2010-80% of premium | | Years of service at June 30, 2010 80% of premium if meet the following years of service at retirement requirement: | |
| | Less than 10 years of service at June 30, 2010: | | | |
| | Less than 15 years at retirement | 0% of premium | Less than 10 years | 25 years at retirement |
| | 15-19.99 years at retirement | 60% of premium | 10-14.99 years | 25 years at retirement |
| | 20-24.99 years at retirement | 70% of premium | 15-24.99 years | 10 additional years from June 30, 2010 |
| | 25 years or more at retirement | 80% of premium | 25-29.99 years | 35 years at retirement |
| | | | 30 or more years | 5 additional years from June 30, 2010 |

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

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

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

Retirees pay full cost of dental benefits.

OPEB Liabilities

The State is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of member employers. Therefore, these employers are considered to be in a special funding situation as defined in GASB No. 75 and the State is treated as a nonemployer to VSTRS. Since the District does not contribute directly to VSTRS, no net OPEB liability was recorded at June 30, 2025. The State's portion of the collective net OPEB liability that was associated with the District was as follows:

| | | |
|---|----|--------------------------|
| School District's proportionate share of the net OPEB liability | \$ | - |
| State's proportionate share of the net OPEB liability associated with the School District | | <u>35,160,989</u> |
| Total | \$ | <u><u>35,160,989</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, 2024, 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, 2024, the District's proportion was 4.08216% which was an increase of 0.01287% from its proportion measured as of June 30, 2023.

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

For the year ended June 30, 2023, the District recognized total OPEB expense of \$803,672 and revenue of \$803,672 for support provided by the State of Vermont for the Plan. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

| | <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 | - | - |
| Total | <u>\$ -</u> | <u>\$ -</u> |

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

| | <u>VSTRS OPEB Plan</u> |
|--------------------------|------------------------|
| Plan year ended June 30: | |
| 2025 | \$ - |
| 2026 | - |
| 2027 | - |
| 2028 | - |
| 2029 | - |
| 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:

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

| | <u>1% Decrease</u> | <u>Discount Rate</u> | <u>1% Increase</u> |
|--|------------------------|--------------------------|------------------------|
| VSTRS OPEB Plan: | | | |
| Discount rate | 6.00% | 7.00% | 8.00% |
| 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 2024 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:

| | <u>1% Decrease</u> | <u>Healthcare Trend Rates</u> | <u>1% Increase</u> |
|--|------------------------|-----------------------------------|------------------------|
| 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, 2024, 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 a closed 30-year period. The amortization method is a level percent of payroll method. As of July 1, 2024, there are 24 years remaining in the amortization period.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Asset Valuation Method

The Asset Valuation Method used is market value as of the measurement date.

The long-term expected rate of return on OPEB plan investments is developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation, long-term expected rates of return for each major asset class and expected inflation, as of June 30, 2024, are summarized below:

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|------------------------------|----------------------|---|
| Global Equity | 43.00% | 5.25% |
| US Aggregate Fixed Income | 19.00% | 1.70% |
| Emerging Markets Debt (Hard) | 2.00% | 4.70% |
| TIPS | 3.00% | 1.70% |
| Private Credit | 12.00% | 5.70% |
| Real Estate | 11.00% | 3.45% |
| Private Equity | 10.00% | 8.45% |
| | <u>100.00%</u> | |

Assumptions

The actuarial assumptions used to calculate the actuarially determined contribution rates can be found in the Report on the Actuarial Valuation of Post-Retirement Benefits of the Vermont State Teachers' Retirement System Prepared as of June 30, 2016 completed by Buck Consulting. As of June 30, 2024, they are as follows:

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

| | |
|--|---|
| Discount Rate | 7.00% |
| Salary Increase Rate | Varies by age |
| Non-Medicare | 8.10% graded to 4.50% over 12 years |
| Medicare \$300 Comprehensive and JY Plan | 8.44% graded to 4.50% over 12 years |
| Medicare VSTRS 65 | 5.50% |
| Retiree Contributions | Equal to health trend |
| Pre-retirement Mortality | PubT-2010 Teacher Employee Headcount-Weighted Table with generational projection using scale MP-2021 |
| Post-retirement Mortality | Retirees: 103% for males and 93% for females of PubT-2010 Teacher Healthy Retiree Headcount-Weighted Table with generational projection using scale MP-2021 Spouses: Pub-2010 Contingent Survivor Headcount-Weighted Table, both Retirees and Spouses with generational projection using scale MP-2021 |
| Disabled Mortality | PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table with generational projection using scale MP-2021 |

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2024 with the following exceptions:

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period remaining was twenty-four years as of July 1, 2024.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

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 Annual Comprehensive Financial Report. That report can be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](#).

BURLINGTON EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Burlington Employees' Retirement System (the System) is a cost sharing, single employer defined benefit pension plan which provides retirement benefits to the City of Burlington, Vermont (the City). Because of the significance of its operational and financial relationship with the City, the System is included as a pension trust fund in the City's basic financial statements. For further financial and actuarial information about the System, refer to the City's financial statements, which may be obtained online at www.burlingtonvt.gov or by contacting the City at (802) 865-7000.

The City Council has the authority to amend the benefit terms of the System by enacting ordinances and sending them to the Mayor for approval.

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

Benefits Provided

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

The School District provides life insurance benefits to certain classes of employees. Office personnel retired on/before June 30, 2018 and AFSCME (Bus, Food, Technology Services and Maintenance) employees are eligible to obtain \$10,000 in life insurance at normal, disability or termination retirement with the premiums being paid by the School District.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Eligibility

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

Teachers

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

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

Paraeducators

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

Teachers and Paraeducator employees are eligible to retire after termination with the School District if the employee is age 50 with 15 years of service at the time of termination. Retiree health benefits will commence at age 55 for these terminated employees. Retiree health benefits are only available to Teachers and Paraeducators.

Office, Food, Maintenance, Bus, Technology Services

Office, Food, Maintenance, Technology Services and Bus personnel retired on or before June 30, 2017 are eligible to obtain \$10,000 in life insurance at normal, disability or termination retirement with the premiums being paid by the School District.

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

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Employees Covered by Benefit Terms

At June 30, 2025, the following employees were covered by the benefit terms:

| | |
|----------------------|-------------------|
| Active members | 364 |
| Retirees and spouses | <u>38</u> |
| Total | <u><u>402</u></u> |

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

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

At June 30, 2025, the District reported a liability of \$4,620,521 for its total OPEB liability for this Plan. The total OPEB liability was measured as of June 30, 2025 and was determined by an actuarial valuation as of that date.

For the year ended June 30, 2025, the District recognized OPEB revenue of \$189,462. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | System OPEB Plan | |
|--|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 1,099,546 | \$ 756,628 |
| Changes of assumptions | 383,780 | 286,376 |
| Net difference between projected and actual earnings on OPEB plan investments | - | - |
| Changes in proportion and differences between contributions and proportionate share of contributions | - | - |
| Contributions subsequent to the measurement date | - | - |
| Total | <u><u>\$ 1,483,326</u></u> | <u><u>\$ 1,043,004</u></u> |

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

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

| | <u>System OPEB Plan</u> |
|--------------------------|-------------------------|
| Plan year ended June 30: | |
| 2026 | \$ 67,056 |
| 2027 | 67,056 |
| 2028 | 67,059 |
| 2029 | 29,018 |
| 2030 | 128,405 |
| Thereafter | 81,728 |

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of June 30, 2025. The discount rate determination is based on the yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The rate of 5.20% per annum for June 30, 2025 was based upon a measurement date of June 30, 2025. The sensitivity of total and net OPEB liability to changes in discount rate are as follows:

| | <u>1% Decrease</u> | <u>Discount Rate</u> | <u>1% Increase</u> |
|--|------------------------|--------------------------|------------------------|
| | 4.20% | 5.20% | 6.20% |
| Total OPEB liability | \$ 4,864,437 | \$ 4,620,521 | \$ 4,381,657 |
| Plan fiduciary net position | - | - | - |
| Net OPEB liability | <u>\$ 4,864,437</u> | <u>\$ 4,620,521</u> | <u>\$ 4,381,657</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.00% | 0.00% | 0.00% |

Healthcare Trend

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

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

| | 1% Decrease | Healthcare Trend Rates | 1% Increase |
|--|---------------------|---------------------------|---------------------|
| Total OPEB liability | \$ 4,178,635 | \$ 4,620,521 | \$ 5,129,833 |
| Plan fiduciary net position | - | - | - |
| Net OPEB liability | <u>\$ 4,178,635</u> | <u>\$ 4,620,521</u> | <u>\$ 5,129,833</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.00% | 0.00% | 0.00% |

Actuarial Methods, Inputs and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

The total OPEB liability for the Plan was determined as of June 30, 2025 based on an actuarial valuation date of July 1, 2024. Liabilities as of July 1, 2024 are based on an actuarial valuation date of July 1, 2024 projected to June 30, 2024 on a rolled forward basis with adjustments for actual premium, healthcare trend and discount rate changes.

Discount rate: 5.20% as of June 30, 2025 and 4.21% for June 30, 2024.

Experience study

Best actuarial practices call for a periodic assumption review and Nyhart recommends the School District to complete an actuarial assumption review (also referred to as an experience study) in the future.

Health care trend rates

| <u>FYE</u> | <u>Rates</u> | <u>FYE</u> | <u>Rates</u> |
|------------|--------------|------------|--------------|
| 2025 | Actual% | 2029 | 7.25% |
| 2026 | 8.0% | 2030 | 7.0% |
| 2027 | 7.75% | 2031 | 6.75% |
| 2028 | 7.5% | 2032+ | 6.5% |

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Inflation rate: 2.3% per year

Mortality: Teachers employees and retirees: SOA Pub-2010 Teacher Headcount Weighted Mortality Table fully generational using Scale MP-2021.

Non-Teacher employees and retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021.

Surviving Spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021.

The plan does not have sufficient data to have credible experience. Therefore, mortality assumptions are set to reflect general population trends based upon Pub-2010 Mortality tables and the most recent generational projection scale MP-2021 released by the Society of Actuaries (SOA) for future mortality improvements.

Payroll growth:

Payroll growth rates including general wage inflation of 2.3% plus merit/productivity increases as shown below. Rates are based on the assumptions used in the City of Burlington actuarial valuation as of June 30, 2023 for Paraeducators and Vermont State Teachers Retirement System (VSTRS) OPEB actuarial valuation as of June 30, 2023 for Teachers. The assumptions from these state-wide valuations provide reasonable estimates of experience for municipal employers such as Burlington School District.

| Age | Teachers / Admin | YOS | Non-Teachers |
|------------|-----------------------------|------------|---------------------|
| 20 | 8.20% | 0 | 4.20% |
| 30 | 4.20% | 5 | 2.50% |
| 40 | 3.00% | 10 | 2.00% |
| 50 | 1.90% | 15 | 1.60% |
| 60 | 1.25% | 20+ | 1.30% |
| 70+ | 1.00% | | |

Benefit changes

There have been no substantive plan provision changes since the last full valuation, which was for the fiscal year ending June 30, 2024.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

OPEB Plan Fiduciary Net Position

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

NOTE 18 - RISK MANAGEMENT

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

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

NOTE 19 - CONTINGENCIES

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

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

NOTE 20 - RESTATEMENTS

In fiscal year 2025, a restatement to the governmental activities net position and governmental fund balances were required. The capital asset balance was restated to move the food service fund capital assets to governmental activities. The lease liabilities were restated to record a lease liability from the prior year. Accrued compensated absences were also restated for GASB 101 - Accrued Compensated Absences. In addition, the food service fund was moved to the nonmajor special revenue funds from the business-type activities due to a change in the State of Vermont's change in the Uniform Chart of Accounts. The capital asset balance was increased to record prior year capital assets. The changes to net position and fund balances are shown below:

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 20 - RESTATEMENTS (CONTINUED)

| | 6/30/24 As Previously Reported | Net Position/ Fund Balance Corrections | Change Within Financial Reporting Entity | 6/30/24 As Restated |
|--------------------------|--------------------------------------|--|--|------------------------|
| Governmental Activities | \$ 43,710,047 | \$ 2,694,267 | \$ 661,340 | \$ 47,065,654 |
| Business-Type Activities | 661,340 | - | (661,340) | - |
| | <u>\$ 44,371,387</u> | <u>\$ 2,694,267</u> | <u>\$ -</u> | <u>\$ 47,065,654</u> |
| Governmental Funds | | | | |
| Major Funds: | | | | |
| General Fund | \$ 17,386,078 | \$ - | \$ - | \$ 17,386,078 |
| Debt Service Fund | 12,045,763 | - | - | 12,045,763 |
| Capital Projects Fund | 108,805,570 | - | - | 108,805,570 |
| Other Governmental Funds | 1,469,373 | (79,539) | 661,340 | 2,051,174 |
| | <u>\$ 139,706,784</u> | <u>\$ (79,539)</u> | <u>\$ 661,340</u> | <u>\$ 140,288,585</u> |
| Enterprise Funds: | | | | |
| Food Service | \$ 661,340 | \$ - | \$ (661,340) | \$ - |
| Aviation | - | - | - | - |
| Continuing Education | - | - | - | - |
| | <u>\$ 661,340</u> | <u>\$ -</u> | <u>\$ (661,340)</u> | <u>\$ -</u> |

NOTE 21 - SUBSEQUENT EVENTS

In December of 2025, the School District issued a \$14,000,000 bond for high school and technical center building construction. The bond was issued at a fixed rate of 5.0% per annum with a maturity date of November 1, 2045.

In December of 2025, the School District also issued a \$3,000,000 bond for high school and technical center building construction. The bond was issued at a fixed rate of 5.0% per annum with a maturity date of November 1, 2045.

In December of 2025, the School District also issued a \$2,000,000 bond to provide financing for capital projects. The bond was issued at a fixed rate of 5.0% per annum with a maturity date of November 1, 2045.

Required Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability - VSTRS
- Schedule of Contributions - VSTRS
- Schedule of Changes in Net Pension Liability and Related Ratios - Burlington Employees' Retirement System
- Schedule of Contributions - Burlington Employees' Retirement System
- Schedule of Investment Returns - Burlington Employees' Retirement System
- Schedule of Proportionate Share of the Net OPEB Liability - VSTRS
- Schedule of Contributions - VSTRS OPEB
- Schedule of Changes in Net OPEB Liability - Burlington Employees' Retirement System OPEB Plan
- Schedule of Changes in Net OPEB Liability and Related Ratios - Burlington Employees' Retirement System OPEB Plan
- Notes to Required Supplementary Information

BURLINGTON SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

| | Budgeted Amounts | | Actual | Variance |
|---------------------------------------|----------------------|----------------------|----------------------|------------------------|
| | Original | Final | Amounts | Positive (Negative) |
| Budgetary Fund Balance, July 1 | \$ 17,386,078 | \$ 17,386,078 | \$ 17,386,078 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental: | | | | |
| General state support | 93,706,625 | 93,706,625 | 93,706,625 | - |
| Other | 10,452,988 | 10,452,988 | 15,004,852 | 4,551,864 |
| Charges for services | 335,000 | 335,000 | 2,725,900 | 2,390,900 |
| Interest income | 950,000 | 950,000 | 1,863,630 | 913,630 |
| Miscellaneous | 51,000 | 51,000 | 29,792 | (21,208) |
| Non-Fund 1001 Revenue | 3,818,598 | 5,231,986 | 756 | (5,231,230) |
| Transfers from other funds | 350,000 | 350,000 | 537,116 | 187,116 |
| Amounts Available for Appropriation | <u>127,050,289</u> | <u>128,463,677</u> | <u>131,254,749</u> | <u>2,791,072</u> |
| Charges to Appropriations (Outflows): | | | | |
| Current: | | | | |
| Regular instruction | 39,712,965 | 39,712,965 | 39,429,276 | 283,689 |
| Special education instruction | 17,351,912 | 17,351,912 | 17,955,162 | (603,250) |
| Other instructional programs | 1,356,794 | 1,356,794 | 1,278,835 | 77,959 |
| Student support services | 8,543,114 | 8,543,114 | 8,979,248 | (436,134) |
| Staff support services | 6,065,989 | 6,065,989 | 5,563,782 | 502,207 |
| General administration | 884,228 | 884,228 | 834,145 | 50,083 |
| School administration | 4,994,619 | 4,994,619 | 4,769,303 | 225,316 |
| Centralized services | 2,463,453 | 2,463,453 | 1,994,790 | 468,663 |
| Operations and maintenance | 8,690,098 | 8,690,098 | 7,363,681 | 1,326,417 |
| Transportation services | 1,836,273 | 1,836,273 | 1,881,529 | (45,256) |
| Employee benefits | 673,572 | 673,572 | 546,857 | 126,715 |
| Community services | 4,457 | 4,457 | - | 4,457 |
| Debt service: | | | | |
| Principal | 6,217,062 | 6,217,062 | 6,045,000 | 172,062 |
| Interest | 9,360,371 | 9,360,371 | 9,360,500 | (129) |
| Capital outlay | 55,242 | 4,076,242 | 2,546,192 | 1,530,050 |
| Transfers to other funds | 35,464 | 35,464 | 733,474 | (698,010) |
| Total General Fund Expenditures | <u>108,245,613</u> | <u>112,266,613</u> | <u>109,281,774</u> | <u>2,984,839</u> |
| Non-Fund 1001 expenditures | <u>3,818,598</u> | <u>5,231,986</u> | <u>4,785,525</u> | <u>446,461</u> |
| Total Charges to Appropriations | <u>112,064,211</u> | <u>117,498,599</u> | <u>114,067,299</u> | <u>3,431,300</u> |
| Budgetary Fund Balance, June 30 | <u>\$ 14,986,078</u> | <u>\$ 10,965,078</u> | <u>\$ 17,187,450</u> | <u>\$ 6,222,372</u> |
| Utilization of fund balance | <u>\$ 2,400,000</u> | <u>\$ 6,421,000</u> | <u>\$ -</u> | <u>\$ (6,421,000)</u> |

See accompanying independent auditor's report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

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

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <u>VSTRS:</u> | | | | | | | | | | |
| Proportion of the net pension liability | 4.78% | 4.75% | 4.70% | 4.71% | 4.61% | 4.59% | 4.49% | 4.55% | 4.66% | 4.80% |
| School District's proportionate share of the net pension liability | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State's proportionate share of the net pension liability associated with the School District | 83,764,481 | 88,909,736 | 90,587,205 | 79,841,269 | 89,906,447 | 71,563,284 | 67,882,065 | 67,400,147 | 60,991,444 | 56,961,562 |
| Total | <u>\$83,764,481</u> | <u>\$88,909,736</u> | <u>\$90,587,205</u> | <u>\$79,841,269</u> | <u>\$89,906,447</u> | <u>\$71,563,284</u> | <u>\$67,882,065</u> | <u>\$67,400,147</u> | <u>\$60,991,444</u> | <u>\$56,961,562</u> |
| Covered payroll | \$39,637,514 | \$37,487,467 | \$35,307,041 | \$37,335,924 | \$32,780,844 | \$31,498,868 | \$30,377,299 | \$30,171,373 | \$30,171,373 | \$26,774,383 |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Plan fiduciary net position as a percentage of the total pension liability | 61.65% | 57.48% | 54.81% | 58.83% | 50.00% | 54.96% | 54.81% | 53.98% | 55.31% | 58.22% |

See accompanying independent auditor's report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - VSTRS
LAST 10 FISCAL YEARS

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <u>VSTRS:</u> | | | | | | | | | | |
| Contractually required contribution | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the contractually required contribution | - | - | - | - | - | - | - | - | - | - |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 41,865,739 | \$ 39,637,514 | \$ 37,487,467 | \$ 35,307,041 | \$ 37,335,924 | \$ 32,780,844 | \$ 31,498,868 | \$ 30,377,299 | \$ 30,079,258 | \$ 30,171,373 |
| Contributions as a percentage of covered payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

See accompanying independent auditor's report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

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

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|----------------------|----------------------|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| Total pension liability | | | | | | | | | | |
| Service cost | \$ 705,789 | \$ 623,967 | \$ 644,728 | \$ 648,732 | \$ 647,339 | \$ 632,897 | \$ 647,457 | \$ 589,104 | \$ 738,866 | \$ 796,849 |
| Interest | 2,327,237 | 2,178,361 | 2,105,998 | 2,062,866 | 2,030,985 | 1,957,652 | 1,937,547 | 1,941,074 | 2,533,671 | 2,348,193 |
| Changes in benefit terms | - | - | 5,969 | 377,908 | - | - | (13,447) | - | (57,459) | (426,731) |
| Difference between actual and expected experience | 682,889 | 448,937 | 267,994 | (865,988) | 8,435 | 73,418 | 131,657 | (711,518) | 963,221 | 2,070,219 |
| Net difference between projected and actual earnings on pension plan investments | (93,638) | 232,900 | 290,691 | - | 321,187 | 397,778 | 146,461 | (1,605,291) | 2,092,725 | - |
| Changes of assumptions | 208,951 | 324,003 | 344,129 | 59,442 | 198,493 | 124,347 | 69,450 | 257,146 | - | 144,790 |
| Change in proportional share of contributions | - | 1,063,163 | 4,088,380 | (1,361,304) | (1,415,341) | (1,393,270) | (1,286,990) | (1,848,089) | 234,479 | 991,329 |
| Benefit payments, including refunds of employee contributions | (2,926,409) | (2,769,184) | (2,994,698) | (1,337,036) | (1,309,390) | (1,305,315) | (2,002,116) | (6,669,665) | (3,361,904) | (1,112,837) |
| Net change in total pension liability | 904,819 | 2,102,147 | 4,753,191 | (415,380) | 481,708 | 487,507 | (369,981) | (8,047,239) | 3,143,599 | 4,811,812 |
| Total pension liability - beginning | 33,101,946 | 30,999,799 | 26,246,608 | 26,661,988 | 26,180,280 | 25,692,773 | 26,062,754 | 34,109,993 | 30,966,394 | 26,154,582 |
| Total pension liability - ending (a) | \$34,006,765 | \$33,101,946 | \$30,999,799 | \$26,246,608 | \$26,661,988 | \$ 26,180,280 | \$25,692,773 | \$26,062,754 | \$34,109,993 | \$30,966,394 |
| Plan fiduciary net position | | | | | | | | | | |
| Contributions - employer | \$ 1,117,067 | \$ 1,072,865 | \$ 1,029,627 | \$ 1,074,750 | \$ 785,161 | \$ 176,033 | \$ 152,707 | \$ 152,707 | \$ 1,268,901 | \$ 1,190,910 |
| Contributions - employee | 380,620 | 388,534 | 376,514 | 342,279 | 343,757 | 360,472 | 351,855 | 269,058 | 319,678 | 291,997 |
| Net investment income | 1,490,588 | 1,394,266 | 1,682,345 | 1,361,304 | 1,415,341 | 1,393,270 | 1,286,990 | 1,231,579 | 1,778,835 | 1,758,985 |
| Benefit payments, including refunds of member contributions | (1,117,067) | (1,072,865) | (1,029,632) | (1,021,012) | (965,633) | (944,843) | (1,650,261) | (6,669,665) | (3,361,904) | (1,112,837) |
| Change in proportional share of contributions | - | (388,355) | (2,464,025) | 1,536,627 | (2,656,865) | (1,473,221) | 710,287 | 710,287 | - | - |
| Administrative expense | - | - | 89,026 | 74,066 | 40,945 | 38,535 | (39,368) | (35,884) | (44,507) | (41,327) |
| Other | - | - | 4,767 | 4,868 | 4,868 | - | 130,809 | - | - | - |
| Net change in plan fiduciary net position | 1,871,208 | 1,394,445 | (311,378) | 3,372,882 | (1,032,426) | (449,754) | 943,019 | (4,341,918) | (38,997) | 2,087,728 |
| Plan fiduciary net position - beginning | 21,320,067 | 19,925,622 | 20,237,000 | 16,864,118 | 17,896,544 | 18,346,298 | 17,403,279 | 21,745,197 | 21,784,194 | 19,696,466 |
| Plan fiduciary net position - ending (b) | \$23,191,275 | \$21,320,067 | \$19,925,622 | \$20,237,000 | \$16,864,118 | \$ 17,896,544 | \$18,346,298 | \$17,403,279 | \$21,745,197 | \$21,784,194 |
| Net pension liability - ending (a) - (b) | \$10,815,490 | \$11,781,879 | \$11,074,177 | \$ 6,009,608 | \$ 9,797,870 | \$ 8,283,736 | \$ 7,346,475 | \$ 8,659,475 | \$12,364,796 | \$ 9,182,200 |
| Plan fiduciary net position as a percentage of the total pension liability | 67.11% | 64.41% | 64.28% | 77.10% | 63.25% | 68.36% | 71.41% | 66.77% | 63.75% | 70.35% |
| Covered payroll | \$ 11,358,398 | \$ 10,608,608 | \$ 9,827,083 | \$ 9,652,091 | \$ 9,284,363 | \$ 9,329,571 | \$ 9,329,571 | \$ 8,631,859 | \$ 8,791,814 | \$ 9,019,495 |
| Net pension liability as a percentage of its covered payroll | 95.22% | 111.06% | 112.69% | 62.26% | 105.53% | 88.79% | 78.74% | 100.32% | 140.64% | 101.80% |

See accompanying independent auditor's report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

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

| | 2025 | 2024 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|--------------------|--------------------|--------------------|
| Actuarially determined contribution | \$ 1,117,067 | \$ 1,102,512 | \$ 1,119,077 | \$ 1,164,942 | \$ 1,242,218 | \$ 1,161,827 | \$ 890,362 | \$ 1,293,261 | \$ 1,268,901 | \$ 1,190,910 |
| Contributions in relation to the actuarially determined contribution | <u>(1,117,067)</u> | <u>(1,102,512)</u> | <u>(1,119,077)</u> | <u>(1,164,942)</u> | <u>(1,242,218)</u> | <u>(1,161,827)</u> | <u>(890,362)</u> | <u>(1,293,261)</u> | <u>(1,268,901)</u> | <u>(1,190,910)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 12,822,765 | \$ 11,358,398 | \$ 10,608,608 | \$ 9,827,083 | \$ 9,652,091 | \$ 9,284,363 | \$ 9,329,571 | \$ 8,631,859 | \$ 8,791,814 | \$ 9,019,495 |
| Contributions as a percentage of covered payroll | 8.71% | 9.71% | 10.55% | 11.85% | 12.87% | 12.51% | 9.54% | 14.98% | 14.43% | 13.20% |

Notes to schedule:

Valuation date: June 30, 2023
Actuarial cost method: Entry Age Normal - Level Percentage of Salary.

Actuarial assumptions

Investment rate of return: 7.10%
Discount rate: 7.10%
Inflation rate: 2.70%
Assumed annual rate of salary increases: 3.60% - 11% includes inflation

See accompanying independent auditor's report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

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

| | 2025 | 2024 | 2022 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|-------|--------|---------|--------|-------|-------|-------|--------|--------|--------|
| Annual money-weighted rate of return, net of investment expense | 0.00% | 10.30% | -13.20% | 31.10% | 0.80% | 5.20% | 9.80% | 10.25% | -1.30% | -0.15% |

Notes to schedule:

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

See accompanying independent auditor's report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

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

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <u>VSTRS OPEB Plan:</u> | | | | | | | | |
| Proportion of the net OPEB liability | 4.08% | 4.07% | 4.02% | 4.07% | 4.00% | 3.99% | 3.95% | 3.89% |
| School District's proportionate share of the net OPEB liability | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State's proportionate share of the net OPEB liability associated with the School District | 35,160,989 | 31,721,505 | 28,878,522 | 51,875,317 | 50,334,572 | 41,513,836 | 37,672,211 | 36,310,605 |
| Total | <u>\$ 35,160,989</u> | <u>\$ 31,721,505</u> | <u>\$ 28,878,522</u> | <u>\$ 51,875,317</u> | <u>\$ 50,334,572</u> | <u>\$ 41,513,836</u> | <u>\$ 37,672,211</u> | <u>\$ 36,310,605</u> |
| Covered payroll | \$ 39,637,514 | \$ 37,487,467 | \$ 35,307,041 | \$ 37,335,924 | \$ 32,780,844 | \$ 31,498,868 | \$ 30,377,299 | \$ 30,171,373 |
| Proportionate share of the net OPEB liability as a percentage of its covered payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 11.62% | 8.48% | 5.34% | 1.13% | 0.69% | 0.03% | -2.85% | -2.94% |

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

See accompanying independent auditor's report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - VSTRS OPEB
LAST 10 FISCAL YEARS*

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <u>VSTRS OPEB Plan:</u> | | | | | | | | |
| Contractually required contribution | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the contractually required contribution | - | - | - | - | - | - | - | - |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 41,865,739 | \$ 39,637,514 | \$ 37,487,467 | \$ 35,307,041 | \$ 37,335,924 | \$ 32,780,844 | \$ 31,498,868 | \$ 30,377,299 |
| Contributions as a percentage of covered payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

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

See accompanying independent auditor's report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
 BURLINGTON EMPLOYEES' RETIREMENT SYSTEM OPEB PLAN
 FOR THE YEAR ENDED JUNE 30, 2025

| | Increase (Decrease) | | |
|--|------------------------------|--|------------------------------------|
| | Net OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| Balances at 6/30/24 | \$ 3,821,771 | \$ - | \$ 3,821,771 |
| Changes for the year: | | | |
| Service cost | 281,717 | - | 281,717 |
| Interest | 168,101 | - | 168,101 |
| Changes of benefits | - | - | - |
| Changes of assumptions | 184,223 | - | 184,223 |
| Differences between expected and actual experience | 387,873 | - | 387,873 |
| Contributions - employer | - | - | - |
| Contributions - member | - | - | - |
| Net investment income | - | - | - |
| Benefit payments | (223,164) | - | (223,164) |
| Administrative expense | - | - | - |
| Net changes | 798,750 | - | 798,750 |
| Balances at 6/30/25 | <u>\$ 4,620,521</u> | <u>\$ -</u> | <u>\$ 4,620,521</u> |

See accompanying independent auditor's report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

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

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---------------|----------------|---------------|---------------|---------------|---------------|---------------|
| <u>Total OPEB liability</u> | | | | | | | |
| Service cost (BOY) | \$ 281,717 | \$ 561,228 | \$ 480,686 | \$ 627,827 | \$ 564,340 | \$ 352,070 | \$ 315,649 |
| Interest | 168,101 | 345,586 | 275,954 | 156,245 | 165,143 | 217,893 | 213,029 |
| Changes of benefit terms | - | (4,002,323) | - | - | - | - | - |
| Changes of assumptions | 184,223 | 222,360 | (18,248) | (549,939) | 178,792 | (547,751) | 164,085 |
| Differences between expected and actual experience | 387,873 | (887,665) | 1,152,040 | (245,161) | 125,483 | (77,737) | 112,870 |
| Benefit payments, including refunds of member contributions | (223,164) | (443,277) | (259,271) | (200,786) | (141,645) | (170,085) | (108,152) |
| Net change in total OPEB liability | \$ 798,750 | \$ (4,204,091) | \$ 1,631,161 | \$ (211,814) | \$ 892,113 | \$ (225,610) | \$ 697,481 |
| Total OPEB liability - beginning | \$ 3,821,771 | \$ 8,025,862 | \$ 6,394,701 | \$ 6,606,515 | \$ 5,714,402 | \$ 5,940,012 | \$ 5,242,531 |
| Total OPEB liability - ending | \$ 4,620,521 | \$ 3,821,771 | \$ 8,025,862 | \$ 6,394,701 | \$ 6,606,515 | \$ 5,714,402 | \$ 5,940,012 |
| <u>Plan fiduciary net position</u> | | | | | | | |
| Contributions - employer | 223,164 | 443,277 | 259,271 | 200,786 | 141,645 | 170,085 | 108,152 |
| Contributions - member | - | - | - | - | - | - | - |
| Net investment income | - | - | - | - | - | - | - |
| Benefit payments, including refunds of member contributions | (223,164) | (443,277) | (259,271) | (200,786) | (141,645) | (170,085) | (108,152) |
| Administrative expense | - | - | - | - | - | - | - |
| Net change in fiduciary net position | - | - | - | - | - | - | - |
| Plan fiduciary net position - beginning | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Plan fiduciary net position - ending | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net OPEB liability - ending | \$ 4,620,521 | \$ 3,821,771 | \$ 8,025,862 | \$ 6,394,701 | \$ 6,606,515 | \$ 5,714,402 | \$ 5,940,012 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Covered payroll | \$ 40,973,933 | \$ 39,176,740 | \$ 39,759,711 | \$ 37,376,385 | \$ 37,609,262 | \$ 38,782,212 | \$ 33,983,834 |
| Net OPEB liability as a percentage of covered payroll | 11.3% | 9.8% | 20.2% | 17.1% | 17.6% | 14.7% | 17.5% |

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

See accompanying independent auditor's report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025

Changes of Assumptions

VSTRS Pension Plan:

No changes in actuarial assumptions/methods effective for the June 30, 2024, actuarial valuation that impact GASB.

VSTRS OPEB Plan:

- The per capita valuation-year claims and retiree contribution rates were updated.
- The assumed health trend rates were modified
-

Burlington Employees' Retirement System Plan:

There were no changes to actuarial assumptions.

Burlington Employees' OPEB System Plan:

The discount rate has been updated from 4.21% as of July 1, 2024 to 5.20% as of June 30, 2025 based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

See accompanying independent auditor's report and notes to financial statements.

Other Supplementary Information

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

- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Combining Balance Sheet - Nonmajor Fiduciary Funds - Private-Purpose Trusts
- Combining Schedule of Changes in Net Position - Nonmajor Fiduciary Funds - Private-Purpose Trusts

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

| | Special Revenue Funds | Permanent Funds | Total Nonmajor Governmental Funds |
|--|-----------------------------|--------------------|---|
| ASSETS | | | |
| Cash and cash equivalents | \$ 402,439 | \$ - | \$ 402,439 |
| Investments | - | 25,412 | 25,412 |
| Accounts receivable (net of allowance for uncollectibles) | 12,270 | - | 12,270 |
| Due from other governments | 10,287,672 | - | 10,287,672 |
| Prepaid items | 2,894 | - | 2,894 |
| Inventory | 18,498 | - | 18,498 |
| Due from other funds | 842,707 | 475 | 843,182 |
| TOTAL ASSETS | <u>\$ 11,566,480</u> | <u>\$ 25,887</u> | <u>\$ 11,592,367</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 1,709,673 | \$ - | \$ 1,709,673 |
| Accrued expenses | 12,152 | - | 12,152 |
| Due to other funds | 9,278,736 | - | 9,278,736 |
| TOTAL LIABILITIES | <u>11,000,561</u> | <u>-</u> | <u>11,000,561</u> |
| FUND BALANCES | | | |
| Nonspendable | 21,392 | - | 21,392 |
| Restricted | 933,907 | 25,887 | 959,794 |
| Committed | - | - | - |
| Assigned | 402,439 | - | 402,439 |
| Unassigned (deficits) | (791,819) | - | (791,819) |
| TOTAL FUND BALANCES | <u>565,919</u> | <u>25,887</u> | <u>591,806</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 11,566,480</u> | <u>\$ 25,887</u> | <u>\$ 11,592,367</u> |

See accompanying independent auditor's report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

| | Special Revenue Funds | Permanent Funds | Total Nonmajor Governmental Funds |
|---|-----------------------------|-------------------------|---|
| REVENUES | | | |
| Intergovernmental | \$ 24,027,779 | \$ - | \$ 24,027,779 |
| Charges for services | 54,966 | - | 54,966 |
| Interest | - | 7 | 7 |
| Other income | 643,593 | - | 643,593 |
| TOTAL REVENUES | <u>24,726,338</u> | <u>7</u> | <u>24,726,345</u> |
| EXPENDITURES | | | |
| Program expenses | 26,193,831 | - | 26,193,831 |
| TOTAL EXPENDITURES | <u>26,193,831</u> | <u>-</u> | <u>26,193,831</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>(1,467,493)</u> | <u>7</u> | <u>(1,467,486)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 2,123,246 | - | 2,123,246 |
| Transfers (out) | (2,115,128) | - | (2,115,128) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>8,118</u> | <u>-</u> | <u>8,118</u> |
| NET CHANGE IN FUND BALANCES | <u>(1,459,375)</u> | <u>7</u> | <u>(1,459,368)</u> |
| FUND BALANCES - JULY 1, AS PREVIOUSLY REPORTED | 1,443,493 | 25,880 | 1,469,373 |
| FUND BALANCE CORRECTION | (79,539) | - | (79,539) |
| CHANGE WITHIN FINANCIAL REPORTING ENTITY | <u>661,340</u> | <u>-</u> | <u>661,340</u> |
| FUND BALANCES - JULY 1, AS RESTATED | <u>2,025,294</u> | <u>25,880</u> | <u>2,051,174</u> |
| FUND BALANCES - JUNE 30 | <u><u>\$ 565,919</u></u> | <u><u>\$ 25,887</u></u> | <u><u>\$ 591,806</u></u> |

See accompanying independent auditor's report and notes to financial statements.

Special Revenue Funds

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

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2025

| | Fund 2012 Tech Ed Pilot Time Grant | Fund 2006 Special Ed Act 230 | Fund 2012 Tech Ed Pilot Time Grant | Fund 2028 Community School Grant | Fund 2101 IDEA-B Flow Thru | Fund 2102 IDEA-B PK Flow Thru | Fund 2106 Title I Grant | Fund 2109 Title I School Improv | Fund 2112 Perkins Basic Grant | Fund 2115 Title III English Lang |
|--|--|------------------------------------|--|--|----------------------------------|-------------------------------------|-------------------------------|---------------------------------------|-------------------------------------|--|
| ASSETS | | | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts receivable (net of allowance for uncollectibles) | - | - | - | - | - | - | - | - | - | - |
| Due from other governments | 2,460 | 11,702 | - | 80,038 | 410,953 | 11,295 | 914,593 | 325,125 | 109,064 | 50,012 |
| Prepaid expense | - | - | - | - | - | - | - | - | - | - |
| Inventory | - | - | - | - | - | - | - | - | - | - |
| Due from other funds | - | - | - | - | - | - | - | - | - | - |
| TOTAL ASSETS | <u>\$ 2,460</u> | <u>\$ 11,702</u> | <u>\$ -</u> | <u>\$ 80,038</u> | <u>\$ 410,953</u> | <u>\$ 11,295</u> | <u>\$ 914,593</u> | <u>\$ 325,125</u> | <u>\$ 109,064</u> | <u>\$ 50,012</u> |
| LIABILITIES | | | | | | | | | | |
| Accounts payable | \$ - | \$ 5,967 | \$ - | \$ 17,720 | \$ 28,997 | \$ 1,270 | \$ 2,841 | \$ 157,240 | \$ 10,197 | \$ 4,338 |
| Accrued expenses | - | - | - | - | - | - | - | - | - | - |
| Due to other funds | 2,460 | 5,735 | - | 62,318 | 381,956 | 10,025 | 911,752 | 167,885 | 98,867 | 45,674 |
| TOTAL LIABILITIES | <u>2,460</u> | <u>11,702</u> | <u>-</u> | <u>80,038</u> | <u>410,953</u> | <u>11,295</u> | <u>914,593</u> | <u>325,125</u> | <u>109,064</u> | <u>50,012</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> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL LIABILITIES AND FUND BALANCES (DEFICITS) | <u>\$ 2,460</u> | <u>\$ 11,702</u> | <u>\$ -</u> | <u>\$ 80,038</u> | <u>\$ 410,953</u> | <u>\$ 11,295</u> | <u>\$ 914,593</u> | <u>\$ 325,125</u> | <u>\$ 109,064</u> | <u>\$ 50,012</u> |

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2025

| | Fund 2116 NSLP Equipment | Fund 2119 RTT - PK Development | Fund 2122 Title IV SSAE | Fund 2124 21st Century Schools | Fund 2125 Title IIA | Fund 2127 CNP Fresh Fruits/Veg | Fund 2139 ESSER III | Fund 2145 ARP Homeless |
|--|--------------------------------|--------------------------------------|-------------------------------|--------------------------------------|------------------------|--------------------------------------|------------------------|------------------------------|
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts receivable (net of allowance for uncollectibles) | - | - | - | - | - | - | - | - |
| Due from other governments | 10,022 | - | 232,064 | 132,357 | 271,849 | 8,759 | 3,106,097 | - |
| Prepaid expense | - | - | - | - | - | - | - | - |
| Inventory | - | - | - | - | - | - | - | - |
| Due from other funds | - | 102,751 | - | - | - | - | - | - |
| TOTAL ASSETS | \$ 10,022 | \$ 102,751 | \$ 232,064 | \$ 132,357 | \$ 271,849 | \$ 8,759 | \$ 3,106,097 | \$ - |
| LIABILITIES | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 10,199 | \$ 9,537 | \$ 37,613 | \$ 1,089 | \$ 61,878 | \$ - |
| Accrued expenses | - | - | - | - | - | - | - | - |
| Due to other funds | 10,022 | - | 221,865 | 122,820 | 234,236 | 7,670 | 3,790,436 | - |
| TOTAL LIABILITIES | 10,022 | - | 232,064 | 132,357 | 271,849 | 8,759 | 3,852,314 | - |
| FUND BALANCES (DEFICITS) | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | - |
| Restricted | - | 102,751 | - | - | - | - | - | - |
| Committed | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - | (746,217) | - |
| TOTAL FUND BALANCES (DEFICITS) | - | 102,751 | - | - | - | - | (746,217) | - |
| TOTAL LIABILITIES AND FUND BALANCES (DEFICITS) | \$ 10,022 | \$ 102,751 | \$ 232,064 | \$ 132,357 | \$ 271,849 | \$ 8,759 | \$ 3,106,097 | \$ - |

SCHEDULE C (CONTINUED)

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2025

| | Fund 2151 | Fund 2153 | Fund 2157 | Fund 2158 | Fund 2160 | Fund 2351 | Fund 2353 | Fund 2354 | Fund 2357 | Fund 2360 | Fund 2370 |
|--|-----------------|--------------------------|---------------------|------------------|-------------------|-------------------------------|-------------------|-----------------------------|-------------------|----------------------|-------------------|
| | GEER | ESSER III Afterschool | ESSER III Summer | Title IV SCG | ESSER Lit/Math | Medicaid IEP Reimbursement | Medicaid EPSDT | Tobacco Litig Settlement | Licensing Fees | State Afterschool | Food Service |
| ASSETS | | | | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts receivable (net of allowance for uncollectibles) | - | - | - | - | - | - | - | - | - | - | 1,138 |
| Due from other governments | - | - | - | 25,268 | - | - | 34,444 | 6,166 | 1,176 | 39,469 | 674,153 |
| Prepaid expense | - | - | - | - | - | - | - | - | - | - | 2,894 |
| Inventory | - | - | - | - | - | - | - | - | - | - | 18,498 |
| Due from other funds | - | - | - | - | - | 61,479 | 109,089 | - | - | - | - |
| TOTAL ASSETS | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 25,268</u> | <u>\$ -</u> | <u>\$ 61,479</u> | <u>\$ 143,533</u> | <u>\$ 6,166</u> | <u>\$ 1,176</u> | <u>\$ 39,469</u> | <u>\$ 696,683</u> |
| LIABILITIES | | | | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 61,479 | \$ - | \$ - | \$ - | \$ - | \$ 47,951 |
| Accrued expenses | - | - | - | - | - | - | - | - | - | - | 12,152 |
| Due to other funds | 19,938 | - | - | 25,268 | 12,164 | - | - | 6,166 | 1,176 | 39,469 | 398,893 |
| TOTAL LIABILITIES | <u>19,938</u> | <u>-</u> | <u>-</u> | <u>25,268</u> | <u>12,164</u> | <u>61,479</u> | <u>-</u> | <u>6,166</u> | <u>1,176</u> | <u>39,469</u> | <u>458,996</u> |
| FUND BALANCES (DEFICITS) | | | | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | - | - | - | 21,392 |
| Restricted | - | - | - | - | - | - | 143,533 | - | - | - | 216,295 |
| Committed | - | - | - | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - | - | - | - | - |
| Unassigned | (19,938) | - | - | - | (12,164) | - | - | - | - | - | - |
| TOTAL FUND BALANCES (DEFICITS) | <u>(19,938)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(12,164)</u> | <u>-</u> | <u>143,533</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>237,687</u> |
| TOTAL LIABILITIES AND FUND BALANCES (DEFICITS) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 25,268</u> | <u>\$ -</u> | <u>\$ 61,479</u> | <u>\$ 143,533</u> | <u>\$ 6,166</u> | <u>\$ 1,176</u> | <u>\$ 39,469</u> | <u>\$ 696,683</u> |

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2025

| | Fund 2437 ARPA Indoor Air Quality | Fund 2598 Consolidated Admin | Fund 2599 School-wide Programs | Fund 2601 Small Grant Fund | Fund 2604 VT Refugee Children | Fund 2607 Nellie Mae Grant | Fund 2608 Rowland Foundation | Fund 2609 Digital Promise Grant | Fund 2610 The Verizon Foundation |
|--|---|------------------------------------|--------------------------------------|----------------------------------|-------------------------------------|----------------------------------|------------------------------------|---------------------------------------|--|
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts receivable (net of allowance for uncollectibles) | - | - | - | 11,132 | - | - | - | - | - |
| Due from other governments | - | - | - | 23,405 | 36,909 | - | - | - | - |
| Prepaid expense | - | - | - | - | - | - | - | - | - |
| Inventory | - | - | - | - | - | - | - | - | - |
| Due from other funds | - | 2,250 | 125,908 | 111,349 | - | 3,644 | 7,772 | 101,027 | 24,866 |
| TOTAL ASSETS | <u>\$ -</u> | <u>\$ 2,250</u> | <u>\$ 125,908</u> | <u>\$ 145,886</u> | <u>\$ 36,909</u> | <u>\$ 3,644</u> | <u>\$ 7,772</u> | <u>\$ 101,027</u> | <u>\$ 24,866</u> |
| LIABILITIES | | | | | | | | | |
| Accounts payable | \$ - | \$ 2,250 | \$ 125,908 | \$ 3,491 | \$ - | \$ - | \$ 948 | \$ - | \$ - |
| Accrued expenses | - | - | - | - | - | - | - | - | - |
| Due to other funds | - | - | - | - | 36,909 | - | - | - | - |
| TOTAL LIABILITIES | <u>-</u> | <u>2,250</u> | <u>125,908</u> | <u>3,491</u> | <u>36,909</u> | <u>-</u> | <u>948</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES (DEFICITS) | | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | - | - |
| Restricted | - | - | - | 142,395 | - | 3,644 | 6,824 | 101,027 | 24,866 |
| Committed | - | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - | - | - | - |
| TOTAL FUND BALANCES (DEFICITS) | <u>-</u> | <u>-</u> | <u>-</u> | <u>142,395</u> | <u>-</u> | <u>3,644</u> | <u>6,824</u> | <u>101,027</u> | <u>24,866</u> |
| TOTAL LIABILITIES AND FUND BALANCES (DEFICITS) | <u>\$ -</u> | <u>\$ 2,250</u> | <u>\$ 125,908</u> | <u>\$ 145,886</u> | <u>\$ 36,909</u> | <u>\$ 3,644</u> | <u>\$ 7,772</u> | <u>\$ 101,027</u> | <u>\$ 24,866</u> |

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2025

| | Fund 2619 VT DOL Adult Tech Ed | Fund 2622 Youthbuild (HOEHL) | Fund 2623 EMS Teach Tolerance | Fund 2625 Reducing Racial Disparity | Fund 2627 BTC New Build | Fund 2628 G. Munson Estate | Fund 2629 BTC Aviation Facility | Fund 2630 DPS Share | Student Activities | Total |
|--|--------------------------------------|------------------------------------|-------------------------------------|---|-------------------------------|----------------------------------|---------------------------------------|---------------------------|-----------------------|----------------------|
| ASSETS | | | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 402,439 | \$ 402,439 |
| Accounts receivable (net of allowance for uncollectibles) | - | - | - | - | - | - | - | - | - | 12,270 |
| Due from other governments | 9,060 | - | - | - | - | - | 3,761,232 | - | - | 10,287,672 |
| Prepaid expense | - | - | - | - | - | - | - | - | - | 2,894 |
| Inventory | - | - | - | - | - | - | - | - | - | 18,498 |
| Due from other funds | - | 7,150 | 2,402 | - | 8,802 | 174,218 | - | - | - | 842,707 |
| TOTAL ASSETS | \$ 9,060 | \$ 7,150 | \$ 2,402 | \$ - | \$ 8,802 | \$ 174,218 | \$ 3,761,232 | \$ - | \$ 402,439 | \$ 11,566,480 |
| LIABILITIES | | | | | | | | | | |
| Accounts payable | \$ 2,791 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,115,969 | \$ - | \$ - | \$ 1,709,673 |
| Accrued expenses | - | - | - | - | - | - | - | - | - | 12,152 |
| Due to other funds | 6,269 | - | - | - | - | - | 2,645,263 | 13,500 | - | 9,278,736 |
| TOTAL LIABILITIES | 9,060 | - | - | - | - | - | 3,761,232 | 13,500 | - | 11,000,561 |
| FUND BALANCES (DEFICITS) | | | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | - | - | 21,392 |
| Restricted | - | 7,150 | 2,402 | - | 8,802 | 174,218 | - | - | - | 933,907 |
| Committed | - | - | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - | - | 402,439 | 402,439 |
| Unassigned | - | - | - | - | - | - | - | (13,500) | - | (791,819) |
| TOTAL FUND BALANCES (DEFICITS) | - | 7,150 | 2,402 | - | 8,802 | 174,218 | - | (13,500) | 402,439 | 565,919 |
| TOTAL LIABILITIES AND FUND BALANCES (DEFICITS) | \$ 9,060 | \$ 7,150 | \$ 2,402 | \$ - | \$ 8,802 | \$ 174,218 | \$ 3,761,232 | \$ - | \$ 402,439 | \$ 11,566,480 |

See accompanying independent auditor's report and notes to financial statements.

SCHEDULE D

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

| | Fund 2005 BEST Grant | Fund 2006 Special Ed Act 230 | Fund 2012 Tech Ed Pilot Time Grant | Fund 2028 Community School Grant | Fund 2101 IDEA-B Flow Thru | Fund 2102 IDEA-B PK Flow Thru | Fund 2106 Title I Grant | Fund 2109 Title I School Improv | Fund 2112 Perkins Basic Grant | Fund 2115 Title III English Lang |
|--|----------------------------|------------------------------------|--|--|----------------------------------|-------------------------------------|-------------------------------|---------------------------------------|-------------------------------------|--|
| REVENUES | | | | | | | | | | |
| Intergovernmental | \$ 2,460 | \$ 11,702 | \$ 59,986 | \$ 97,641 | \$ 1,604,052 | \$ 43,804 | \$ 2,736,682 | \$ 415,253 | \$ 229,962 | \$ 134,812 |
| Charges for services | - | - | - | - | - | - | - | - | - | - |
| Other income | - | - | - | - | - | - | - | - | - | - |
| TOTAL REVENUES | 2,460 | 11,702 | 59,986 | 97,641 | 1,604,052 | 43,804 | 2,736,682 | 415,253 | 229,962 | 134,812 |
| EXPENDITURES | | | | | | | | | | |
| Program expenses | 2,460 | 11,702 | 59,986 | 97,641 | 1,604,052 | 43,804 | 779,232 | 415,253 | 229,962 | 134,812 |
| TOTAL EXPENDITURES | 2,460 | 11,702 | 59,986 | 97,641 | 1,604,052 | 43,804 | 779,232 | 415,253 | 229,962 | 134,812 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | - | - | - | - | - | - | 1,957,450 | - | - | - |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - | - | - |
| Transfers (out) | - | - | - | - | - | - | (1,957,450) | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | - | - | - | - | (1,957,450) | - | - | - |
| NET CHANGE IN FUND BALANCES (DEFICITS) | - | - | - | - | - | - | - | - | - | - |
| FUND BALANCES (DEFICITS) - JULY 1, AS PREVIOUSLY REPORTED | - | - | - | - | - | - | - | - | - | - |
| FUND BALANCE CORRECTION | - | - | - | - | - | - | - | - | - | - |
| CHANGE WITHIN FINANCIAL REPORTING ENTITY | - | - | - | - | - | - | - | - | - | - |
| FUND BALANCES (DEFICITS) - JULY 1, AS RESTATED | - | - | - | - | - | - | - | - | - | - |
| FUND BALANCES (DEFICITS) - JUNE 30 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

| | Fund 2116 NSLP Equipment | Fund 2119 RTT - PK Development | Fund 2122 Title IV SSAE | Fund 2124 21st Century Schools | Fund 2125 Title IIA | Fund 2127 CNP Fresh Fruits/Veg | Fund 2139 ESSER III | Fund 2145 ARP Homeless |
|---|--------------------------------|--------------------------------------|-------------------------------|--------------------------------------|------------------------|--------------------------------------|------------------------|------------------------------|
| REVENUES | | | | | | | | |
| Intergovernmental | \$ 10,022 | \$ - | \$ 389,383 | \$ 522,329 | \$ 616,815 | \$ 36,032 | \$ 6,879,544 | \$ 49,772 |
| Charges for services | - | - | - | - | - | - | - | - |
| Other income | - | - | - | - | - | - | - | - |
| TOTAL REVENUES | <u>10,022</u> | <u>-</u> | <u>389,383</u> | <u>522,329</u> | <u>616,815</u> | <u>36,032</u> | <u>6,879,544</u> | <u>49,772</u> |
| EXPENDITURES | | | | | | | | |
| Program expenses | <u>10,022</u> | <u>-</u> | <u>246,603</u> | <u>522,329</u> | <u>601,917</u> | <u>36,032</u> | <u>7,625,761</u> | <u>49,772</u> |
| TOTAL EXPENDITURES | <u>10,022</u> | <u>-</u> | <u>246,603</u> | <u>522,329</u> | <u>601,917</u> | <u>36,032</u> | <u>7,625,761</u> | <u>49,772</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>-</u> | <u>-</u> | <u>142,780</u> | <u>-</u> | <u>14,898</u> | <u>-</u> | <u>(746,217)</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers (out) | - | - | (142,780) | - | (14,898) | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>(142,780)</u> | <u>-</u> | <u>(14,898)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES (DEFICITS) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(746,217)</u> | <u>-</u> |
| FUND BALANCES (DEFICITS) - JULY 1, AS PREVIOUSLY REPORTED | - | 102,751 | - | - | - | - | - | - |
| FUND BALANCE CORRECTION CHANGE WITHIN FINANCIAL REPORTING ENTITY | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES (DEFICITS) - JULY 1, AS RESTATED | <u>-</u> | <u>102,751</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES (DEFICITS) - JUNE 30 | <u>\$ -</u> | <u>\$ 102,751</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (746,217)</u> | <u>\$ -</u> |

SCHEDULE D (CONTINUED)

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

| | Fund 2151 | Fund 2153 | Fund 2157 | Fund 2158 | Fund 2160 | Fund 2351 | Fund 2353 | Fund 2354 | Fund 2357 | Fund 2360 | Fund 2370 |
|--|--------------------|--------------------------|---------------------|-----------------|--------------------|-------------------------------|-------------------|-----------------------------|-------------------|----------------------|-------------------|
| | GEER | ESSER III Afterschool | ESSER III Summer | Title IV SCG | ESSER Lit/Math | Medicaid IEP Reimbursement | Medicaid EPSDT | Tobacco Litig Settlement | Licensing Fees | State Afterschool | Food Service |
| REVENUES | | | | | | | | | | | |
| Intergovernmental | \$ 56,881 | \$ 74,415 | \$ 149,144 | \$ 99,353 | \$ 108,101 | \$ 368,302 | \$ 102,923 | \$ 28,500 | \$ 1,176 | \$ 60,000 | \$ 2,802,538 |
| Charges for services | - | - | - | - | - | - | - | - | - | - | 54,966 |
| Other income | - | - | - | - | - | - | - | - | - | - | 16,614 |
| TOTAL REVENUES | <u>56,881</u> | <u>74,415</u> | <u>149,144</u> | <u>99,353</u> | <u>108,101</u> | <u>368,302</u> | <u>102,923</u> | <u>28,500</u> | <u>1,176</u> | <u>60,000</u> | <u>2,874,118</u> |
| EXPENDITURES | | | | | | | | | | | |
| Program expenses | <u>76,819</u> | <u>74,415</u> | <u>149,144</u> | <u>99,353</u> | <u>120,265</u> | <u>639,791</u> | <u>158,295</u> | <u>28,500</u> | <u>1,176</u> | <u>60,000</u> | <u>3,226,350</u> |
| TOTAL EXPENDITURES | <u>76,819</u> | <u>74,415</u> | <u>149,144</u> | <u>99,353</u> | <u>120,265</u> | <u>639,791</u> | <u>158,295</u> | <u>28,500</u> | <u>1,176</u> | <u>60,000</u> | <u>3,226,350</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>(19,938)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(12,164)</u> | <u>(271,489)</u> | <u>(55,372)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(352,232)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - | - | - | 8,118 |
| Transfers (out) | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>8,118</u> |
| NET CHANGE IN FUND BALANCES (DEFICITS) | <u>(19,938)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(12,164)</u> | <u>(271,489)</u> | <u>(55,372)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(344,114)</u> |
| FUND BALANCES (DEFICITS) - JULY 1, AS PREVIOUSLY REPORTED | - | - | - | - | - | 271,489 | 198,905 | - | - | - | - |
| FUND BALANCE CORRECTION | - | - | - | - | - | - | - | - | - | - | (79,539) |
| CHANGE WITHIN FINANCIAL REPORTING ENTITY | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>661,340</u> |
| FUND BALANCES (DEFICITS) - JULY 1, AS RESTATED | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>271,489</u> | <u>198,905</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>581,801</u> |
| FUND BALANCES (DEFICITS) - JUNE 30 | <u>\$ (19,938)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (12,164)</u> | <u>\$ -</u> | <u>\$ 143,533</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 237,687</u> |

SCHEDULE D (CONTINUED)

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

| | Fund 2437 ARPA Indoor Air Quality | Fund 2598 Consolidated Admin | Fund 2599 School-wide Programs | Fund 2601 Small Grant Fund | Fund 2604 VT Refugee Children | Fund 2607 Nellie Mae Grant | Fund 2608 Rowland Foundation | Fund 2609 Digital Promise Grant | Fund 2610 The Verizon Foundation |
|---|---|------------------------------------|--------------------------------------|----------------------------------|-------------------------------------|----------------------------------|------------------------------------|---------------------------------------|--|
| REVENUES | | | | | | | | | |
| Intergovernmental | \$ 380,838 | \$ - | \$ - | \$ 42,605 | \$ 117,617 | \$ - | \$ - | \$ - | \$ - |
| Charges for services | - | - | - | - | - | - | - | - | - |
| Other income | - | - | - | 107,874 | - | - | - | - | - |
| TOTAL REVENUES | <u>380,838</u> | <u>-</u> | <u>-</u> | <u>150,479</u> | <u>117,617</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| EXPENDITURES | | | | | | | | | |
| Program expenses | <u>380,838</u> | <u>14,998</u> | <u>2,100,130</u> | <u>157,087</u> | <u>117,617</u> | <u>-</u> | <u>9,436</u> | <u>-</u> | <u>-</u> |
| TOTAL EXPENDITURES | <u>380,838</u> | <u>14,998</u> | <u>2,100,130</u> | <u>157,087</u> | <u>117,617</u> | <u>-</u> | <u>9,436</u> | <u>-</u> | <u>-</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>-</u> | <u>(14,998)</u> | <u>(2,100,130)</u> | <u>(6,608)</u> | <u>-</u> | <u>-</u> | <u>(9,436)</u> | <u>-</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | |
| Transfers in | - | 14,998 | 2,100,130 | - | - | - | - | - | - |
| Transfers (out) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>14,998</u> | <u>2,100,130</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES (DEFICITS) | <u>-</u> | <u>-</u> | <u>-</u> | <u>(6,608)</u> | <u>-</u> | <u>-</u> | <u>(9,436)</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES (DEFICITS) - JULY 1, AS PREVIOUSLY REPORTED | - | - | - | 149,003 | - | 3,644 | 16,260 | 101,027 | 24,866 |
| FUND BALANCE CORRECTION CHANGE WITHIN FINANCIAL REPORTING ENTITY | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES (DEFICITS) - JULY 1, AS RESTATED | <u>-</u> | <u>-</u> | <u>-</u> | <u>149,003</u> | <u>-</u> | <u>3,644</u> | <u>16,260</u> | <u>101,027</u> | <u>24,866</u> |
| FUND BALANCES (DEFICITS) - JUNE 30 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 142,395</u> | <u>\$ -</u> | <u>\$ 3,644</u> | <u>\$ 6,824</u> | <u>\$ 101,027</u> | <u>\$ 24,866</u> |

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

| | Fund 2619 VT DOL Adult Tech Ed | Fund 2622 Youthbuild (HOEHL) | Fund 2623 EMS Teach Tolerance | Fund 2625 Reducing Racial Disparity | Fund 2627 BTC New Build | Fund 2628 G. Munson Estate | Fund 2629 BTC Aviation Facility | Fund 2630 DPS Share | Student Activities | Total |
|--|--------------------------------------|------------------------------------|-------------------------------------|---|-------------------------------|----------------------------------|---------------------------------------|---------------------------|-----------------------|--------------------|
| REVENUES | | | | | | | | | | |
| Intergovernmental | \$ 19,575 | \$ - | \$ - | \$ 3,518 | \$ - | \$ - | \$ 5,535,542 | \$ 236,500 | \$ - | \$ 24,027,779 |
| Charges for services | - | - | - | - | - | - | - | - | - | 54,966 |
| Other income | - | - | - | - | - | - | - | - | 519,105 | 643,593 |
| TOTAL REVENUES | <u>19,575</u> | <u>-</u> | <u>-</u> | <u>3,518</u> | <u>-</u> | <u>-</u> | <u>5,535,542</u> | <u>236,500</u> | <u>519,105</u> | <u>24,726,338</u> |
| EXPENDITURES | | | | | | | | | | |
| Program expenses | <u>19,575</u> | <u>-</u> | <u>-</u> | <u>3,518</u> | <u>-</u> | <u>-</u> | <u>5,535,542</u> | <u>250,000</u> | <u>499,642</u> | <u>26,193,831</u> |
| TOTAL EXPENDITURES | <u>19,575</u> | <u>-</u> | <u>-</u> | <u>3,518</u> | <u>-</u> | <u>-</u> | <u>5,535,542</u> | <u>250,000</u> | <u>499,642</u> | <u>26,193,831</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(13,500)</u> | <u>19,463</u> | <u>(1,467,493)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - | - | 2,123,246 |
| Transfers (out) | - | - | - | - | - | - | - | - | - | (2,115,128) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>8,118</u> |
| NET CHANGE IN FUND BALANCES (DEFICITS) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(13,500)</u> | <u>19,463</u> | <u>(1,459,375)</u> |
| FUND BALANCES (DEFICITS) - JULY 1, AS PREVIOUSLY REPORTED | - | 7,150 | 2,402 | - | 8,802 | 174,218 | - | - | 382,976 | 1,443,493 |
| FUND BALANCE CORRECTION | - | - | - | - | - | - | - | - | - | (79,539) |
| CHANGE WITHIN FINANCIAL REPORTING ENTITY | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>661,340</u> |
| FUND BALANCES (DEFICITS) - JULY 1, AS RESTATED | <u>-</u> | <u>7,150</u> | <u>2,402</u> | <u>-</u> | <u>8,802</u> | <u>174,218</u> | <u>-</u> | <u>-</u> | <u>382,976</u> | <u>2,025,294</u> |
| FUND BALANCES (DEFICITS) - JUNE 30 | <u>\$ -</u> | <u>\$ 7,150</u> | <u>\$ 2,402</u> | <u>\$ -</u> | <u>\$ 8,802</u> | <u>\$ 174,218</u> | <u>\$ -</u> | <u>\$ (13,500)</u> | <u>\$ 402,439</u> | <u>\$ 565,919</u> |

See accompanying independent auditor's report and notes to financial statements.

Permanent Funds

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

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2025

| | Margot E. Reed Fund | Raymond E. Tracy Estate Fund | School Land Rent Glebe Fund | Total |
|--|---------------------------|------------------------------------|-----------------------------------|------------------|
| ASSETS | | | | |
| Investments | \$ 4,854 | \$ 20,558 | \$ - | \$ 25,412 |
| Due from other funds | - | - | 475 | 475 |
| TOTAL ASSETS | <u>\$ 4,854</u> | <u>\$ 20,558</u> | <u>\$ 475</u> | <u>\$ 25,887</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| TOTAL LIABILITIES | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Nonspendable | - | - | - | - |
| Restricted | 4,854 | 20,558 | 475 | 25,887 |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| TOTAL FUND BALANCES | <u>4,854</u> | <u>20,558</u> | <u>475</u> | <u>25,887</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 4,854</u> | <u>\$ 20,558</u> | <u>\$ 475</u> | <u>\$ 25,887</u> |

See accompanying independent auditor's report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

| | Margot E. Reed Fund | Raymond E. Tracy Estate Fund | School Land Rent Glebe Fund | Total |
|-----------------------------|---------------------------|------------------------------------|-----------------------------------|------------------|
| REVENUES | | | | |
| Interest income | \$ 1 | \$ 6 | \$ - | \$ 7 |
| TOTAL REVENUES | <u>1</u> | <u>6</u> | <u>-</u> | <u>7</u> |
| EXPENDITURES | | | | |
| Program expenses | - | - | - | - |
| TOTAL EXPENDITURES | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 1 | 6 | - | 7 |
| FUND BALANCES - JULY 1 | <u>4,853</u> | <u>20,552</u> | <u>475</u> | <u>25,880</u> |
| FUND BALANCES - JUNE 30 | <u>\$ 4,854</u> | <u>\$ 20,558</u> | <u>\$ 475</u> | <u>\$ 25,887</u> |

See accompanying independent auditor's report and notes to financial statements.

Private-Purpose Trust Funds

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

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF NET POSITION - PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2025

| | Fund 8002 AFS Trust Fund | Fund 8003 Scholarship Trust Fund | Fund 9003 VT CTE SPED Coord | Total |
|---------------------------------------|--------------------------------|--|-----------------------------------|-------------------|
| ASSETS | | | | |
| Investments | \$ 18,828 | \$ 144,765 | \$ - | \$ 163,593 |
| Due from other governments | - | - | 454 | 454 |
| TOTAL ASSETS | <u>\$ 18,828</u> | <u>\$ 144,765</u> | <u>\$ 454</u> | <u>\$ 164,047</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| TOTAL LIABILITIES | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET POSITION | | | | |
| Restricted | <u>18,828</u> | <u>144,765</u> | <u>454</u> | <u>164,047</u> |
| TOTAL NET POSITION | <u>18,828</u> | <u>144,765</u> | <u>454</u> | <u>164,047</u> |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 18,828</u> | <u>\$ 144,765</u> | <u>\$ 454</u> | <u>\$ 164,047</u> |

See accompanying independent auditor's report and notes to financial statements.

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF CHANGES IN NET POSITION
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

| | Fund 8002 AFS Trust Fund | Fund 8003 Scholarship Trust Fund | Fund 9003 VT CTE SPED Coord | Total |
|----------------------------|--------------------------------|--|-----------------------------------|-------------------|
| ADDITIONS | | | | |
| Interest income | \$ 4 | \$ 35 | \$ - | \$ 39 |
| Other income | - | - | 350 | 350 |
| TOTAL REVENUES | <u>4</u> | <u>35</u> | <u>350</u> | <u>389</u> |
| DEDUCTIONS | | | | |
| Distributions | <u>250</u> | <u>1,450</u> | <u>-</u> | <u>1,700</u> |
| TOTAL DEDUCTIONS | <u>250</u> | <u>1,450</u> | <u>-</u> | <u>1,700</u> |
| NET CHANGE IN NET POSITION | (246) | (1,415) | 350 | (1,311) |
| NET POSITION - JULY 1 | <u>19,074</u> | <u>146,180</u> | <u>104</u> | <u>165,358</u> |
| NET POSITION - JUNE 30 | <u>\$ 18,828</u> | <u>\$ 144,765</u> | <u>\$ 454</u> | <u>\$ 164,047</u> |

See accompanying independent auditor's report and notes to financial statements.

Federal Compliance

Federal compliance includes financial information and reports that are required in accordance with *Government Auditing Standards* and/or the *Uniform Guidance* in accordance with 2 CFR § 515. Such financial information and reports included:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Independent Auditor's 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*
- Independent Auditor's Report on Compliance of Each Major Program and on Internal Control Over Compliance Required by the *Uniform Guidance*
- Schedule of Findings and Questioned Costs

BURLINGTON SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2025

| Federal Grantor Pass Through Grantor Program or Cluster Title | Federal AL Number | Pass Through Grantor Number | Federal Expenditures | Expenditures to Subrecipients |
|--|-------------------------|-----------------------------------|-------------------------|-------------------------------------|
| U.S. Department of Agriculture | | | | |
| Passed through State of Vermont - Agency of Education: | | | | |
| Child Nutrition Cluster: | | | | |
| School Breakfast Program | 10.553 | 4452T0372501 | \$ 501,806 | \$ - |
| National School Lunch Program | 10.555 | 4450T0372501 | 1,207,784 | - |
| Commodity Supplemental Food Program | 10.555 | 4456T0372501 | 156,204 | - |
| Summer Food Service Program for Children | 10.559 | 4455T0372501 | 129,808 | - |
| Fresh Fruit and Vegetable Program | 10.582 | 4449T0372501 | 36,032 | - |
| Subtotal Child Nutrition Cluster | | | <u>2,031,634</u> | <u>-</u> |
| Child and Adult Care Food Program | 10.558 | 4453T0372501 | 18,947 | - |
| Child and Adult Care Food Program | 10.558 | 4454T0372501 | 299,088 | - |
| | | | <u>318,035</u> | <u>-</u> |
| Child Nutrition Discretionary Grants Limited Availability | 10.579 | 4446T0372501 | 10,022 | - |
| Total U.S. Department of Agriculture | | | <u>2,359,691</u> | <u>-</u> |
| U.S. Department of Commerce | | | | |
| Passed through the National Institute of Standards and Technology Congressionally - Identified Projects | 11.617 | 6ONANB231D159 | 5,535,542 | - |
| Total U.S. Department of Commerce | | | <u>5,535,542</u> | <u>-</u> |
| U.S. Department of Treasury | | | | |
| Passed through State of Vermont - Agency of Public Service: | | | | |
| Coronavirus State and Local Fiscal Recovery Funds | 21.027 | 02440-FY23-Act74G600-017 | 250,000 | - |
| Passed through Efficiency Vermont: | | | | |
| Coronavirus State and Local Fiscal Recovery Funds | 21.027 | 6012-JS66 | 380,838 | - |
| Total U.S. Department of Treasury | | | <u>630,838</u> | <u>-</u> |
| U.S. Department of Education | | | | |
| Passed through State of Vermont - Agency of Education: | | | | |
| Title I Grants to Local Educational Agencies | 84.010A | 4250T0372501 | 2,736,682 | - |
| Title I Grants to Local Educational Agencies | 84.010A | 4255T0372501 | 415,253 | - |
| | | | <u>3,151,935</u> | <u>-</u> |
| Special Education Cluster (IDEA) | | | | |
| Special Education - Grants to States | 84.027A | 4226T0372501 | 1,604,052 | - |
| Special Education-Preschool Grants | 84.173A | 4228T0372501 | 43,804 | - |
| Subtotal Special Education Cluster (IDEA) | | | <u>1,647,856</u> | <u>-</u> |
| Career and Technical Education - Basic Grants to States | 84.048 | 4318T0372501 | 229,962 | - |

BURLINGTON SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

| Federal Grantor Pass Through Grantor Program or Cluster Title | Federal AL Number | Pass Through Grantor Number | Federal Expenditures | Expenditures to Subrecipients |
|--|-------------------------|-----------------------------------|-------------------------|-------------------------------------|
| Twenty-First Century Community Learning Centers | 84.287 | 4611T0372501 | 522,329 | - |
| English Language Acquisition State Grants | 84.365 | 4375T0372501 | 134,812 | - |
| Supporting Effective Instruction State Grants | 84.367A | 4651T0372501 | 616,815 | - |
| Student Support and Academic Enrichment Program | 84.424A | 4570T0372501 | 389,383 | - |
| Student Support and Academic Enrichment Program | 84.424F | 4571T0372501 | 99,353 | - |
| | | | 488,736 | - |
| Education Stabilization Fund | 84.425U | 462510372401 | 120,265 | - |
| Education Stabilization Fund | 84.425U | 4619T0372301 | 74,415 | - |
| Education Stabilization Fund | 84.425U | 4599T0372101 | 7,625,763 | - |
| Education Stabilization Fund | 84.425W | 4604T0372202 | 49,772 | - |
| Education Stabilization Fund | 84.425U | 4623T0372401 | 149,144 | - |
| Education Stabilization Fund | 84.425U | 4617T0372501 | 76,819 | - |
| | | | 8,096,178 | - |
| Total U.S. Department of Education | | | 14,888,623 | - |
| U.S. Department of Health and Human Services | | | | |
| Passed through State of Vermont - Agency of Human Services: | | | | |
| Refugee and Entrant Assistance State/Replacement Designee Administered Programs | 93.566 | 03400-BSD-RSI25-SS-FY24 | 81,679 | - |
| Refugee and Entrant Assistance State/Replacement Designee Administered Programs | 93.566 | 03400-BSD-ARSI25-SS-FY23 | 35,938 | - |
| Total U.S. Department of Health and Human Services | | | 117,617 | - |
| TOTAL FEDERAL ASSISTANCE | | | \$ 23,532,311 | \$ - |

BURLINGTON SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2025

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Burlington School District under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Burlington School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the Burlington School District.

2. Summary of Significant Accounting Policies

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

3. Noncash Awards

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



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

Board of Directors
Burlington School District
Burlington, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Burlington School District, as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise Burlington School District's basic financial statements and have issued our report thereon date January 20, 2026.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization'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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Burlington School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to the management of the Burlington School District in a separate letter dated January 20, 2026.

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
January 20, 2026



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

Board of Directors
Burlington School District
Burlington, Vermont

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Burlington School District's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Burlington School District's major federal programs for the year ended June 30, 2025. The Burlington School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Burlington School District complied, in all material respects, with the 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, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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)*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Burlington School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Burlington School District's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Burlington School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error and express an opinion on the Burlington School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Burlington School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Burlington School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Burlington School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Burlington School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



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BURLINGTON SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

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 | ___X___no |
| • Significant deficiency(ies) identified? | _____yes | ___X___no |
| • Noncompliance material to financial statements noted? | _____yes | ___X___no |

• *Federal Awards*

Internal control over major programs:

- | | | |
|---|----------|-----------|
| • Material weakness(es) identified? | _____yes | ___X___no |
| • Significant deficiency(ies) identified? | _____yes | ___X___no |

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

Unmodified

Any audit findings disclosed that are required to be reported
in accordance with §200.516 of Uniform Guidance?

_____yes ___X___no

Identification of major programs:

| | |
|-------------------|---|
| <u>AL Numbers</u> | <u>Name of Federal Program or Cluster</u> |
| 11.617 | Congressionally - Identified Projects |

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

Auditee qualified as low-risk auditee? ___X___yes _____no

Section II - Financial Statement Findings

None

Section III - Findings and Questioned Costs for Federal Awards

None