

City of Saint Albans, Department of Public Schools

**BASIC FINANCIAL STATEMENTS**

June 30, 2017

City of Saint Albans, Department of Public Schools  
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June 30, 2017

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**Kittell Branagan & Sargent**

*Certified Public Accountants*

Vermont License #167

## INDEPENDENT AUDITOR'S REPORT

Board of School Commissioners  
City of St. Albans, Department of Public Schools  
St. Albans, Vermont

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of St. Albans, Department of Public Schools as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the district's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of St. Albans, Department of Public Schools, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Budgetary Comparison Schedule – General Fund on pages 26-27, and Schedule of Proportionate Share of the Net Pension Liability – VSTRS on pages 28, 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.

### *Going Concern*

As disclosed in Note 12, the voters of Franklin Central Supervisory Union, St. Albans City School District, St. Albans Town School District, Bellows Free Academy Union High School District # 48, and Fairfield Town School District authorized the creation of a Unified School District, encompassing each of the districts. The pre-existing school districts will halt governance operations and cease to exist upon the close of business on June 30, 2017. All assets, debts, and liabilities of each district were transferred to the Unified School District as of June 30, 2017.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of St. Albans, Department of Public Schools basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2017 on our consideration of the City of St. Albans, Department of Public Schools internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 City of St. Albans, Department of Public Schools internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Kittell Branagan & Sargent". The signature is written in black ink and is positioned below the main body of text.

St. Albans, Vermont  
November 16, 2017

City of St. Albans, Department of Public Schools  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2017

Our discussion and analysis of the St. Albans City School District's financial performance is intended to provide a narrative introduction and overview of the District's financial activities for the fiscal year ended June 30, 2017. Please use it in conjunction with the District's financial statements.

#### Brief Explanation of the Basic Financial Statements

This annual report consists of financial presentations on all the various activities of the District. The District-Wide Financial Statements include presentations on the Statement of Net Position and a Statement of Activities. These statements provide a perspective of the District as whole and present information on a longer-term basis. The District-Wide Financials are followed by Fund Financial Statements for governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. Fund financial statements report the District's operations in more detail than the District-Wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefits of activities within the District.

#### Reporting the District-Wide Financials

One of the most important questions asked about the District's finances is, "is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. The Statements are prepared similar to private sector companies including all the assets and liabilities using the accrual basis of accounting. Under this basis of accounting all the current year's revenues and expenses are reported when earned or incurred regardless of when cash is paid or received.

The Statement of Net Position is used to report all that the entity owns (assets) and owes (liabilities). The difference between assets and liabilities is reported as Net Position. This classification of Net Position is broken into three categories, the first being the portion invested in capital assets net of the related debt to indicate that this amount is not really accessible for other purposes. A second portion of Net Position reflects resources not accessible for general use because their use is subject to restrictions enforceable by third parties. Any remaining Net Position are classified as unrestricted. The Statement of Activities is used to report all changes in a District's Net Position from one year to another. The Statement is presented using a net cost format designed to highlight the portion of each functional activity that must be financed from the District's own resources. The Statement first reports all direct costs associated with each functional activity, then reports dedicated outside resources (program revenues) as a direct reduction to arrive at the programs net cost to the District.

#### Reporting the District's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established, by State Law and by bond covenants. The District's Board of Directors may establish other funds to help them control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. This District uses only one type of fund – Governmental Funds.

Governmental Funds - Most of our operations are reported in the section on Governmental Funds, these funds place their focus on near-term financing needs. The Balance Sheet only reports financial assets associated with governmental activities. Financial Assets include cash as well as other assets that will convert to cash in the course of their ordinary lives. Governmental Funds do not report capital assets; because such assets will be used in operations rather than converted to cash and therefore are not spendable.

#### District as Trustee

The District serves as trustee or fiduciary for various Student Activities Accounts. These activities are reported in separate Statements of Net Position – Fiduciary Funds and Statement of Changes in Net Position – Fiduciary Funds. These activities are excluded from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

City of St. Albans, Department of Public Schools  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2017

Condensed Financial Information

District-Wide Statement of Net Position

The following analysis focuses on the Net Position, and the changes in Net Position of the District as a whole. The total assets of the District increased \$186,585 from \$5,042,147 to \$5,228,732.

Unrestricted Net Position, the portion of Net Position that can be used to finance day-to-day operation without constraints established by debt covenants, enabling legislation or other legal requirements, was zero at June 30, 2017. This is due to a vote to reserve any Net Position for future capital improvements to be used upon approval of the electorate.

The following is a schedule of our District-Wide Net Position:

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current and Other Assets	\$ 1,813,812	\$ 2,882,034
Capital Assets, net of depreciation	<u>7,923,537</u>	<u>7,728,320</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 9,737,349</u></b>	<b><u>\$ 10,610,354</u></b>
<b>LIABILITIES</b>		
Current Liabilities	\$ 1,045,777	\$ 1,620,522
Long-term Debt Outstanding	<u>3,462,840</u>	<u>3,947,685</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 4,508,617</u></b>	<b><u>\$ 5,568,207</u></b>
<b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	\$ 3,975,852	\$ 3,295,790
Restricted	28,883	46,220
Unrestricted	<u>1,223,997</u>	<u>1,700,137</u>
<b>TOTAL NET POSITION</b>	<b><u>\$ 5,228,732</u></b>	<b><u>\$ 5,042,147</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 9,737,349</u></b>	<b><u>\$ 10,610,354</u></b>

District-Wide Statement of Activities

Governmental Activities Expenses	\$ 13,460,630	\$ 12,648,518
Charges for Services	(33,244)	(41,001)
Operating Grants and Revenues	<u>(13,581,087)</u>	<u>(12,786,851)</u>
<b>Net (Expense) Revenue and Changes in Net Position</b>	<b><u>153,701</u></b>	<b><u>179,334</u></b>
<b>General Revenues</b>		
Unrestricted investment earnings	7,488	9,527
Miscellaneous	<u>25,396</u>	<u>7,679</u>
<b>Total General Revenues</b>	<b><u>32,884</u></b>	<b><u>17,206</u></b>
<b>Change in Net Position</b>	<b>186,585</b>	<b>196,540</b>
<b>Net Position, Beginning</b>	<b><u>5,042,147</u></b>	<b><u>4,845,607</u></b>
<b>Net Position, Ending</b>	<b><u>\$ 5,228,732</u></b>	<b><u>\$ 5,042,147</u></b>

City of St. Albans, Department of Public Schools  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2017

Governmental Fund Balances and Transactions

Most decisions involving governmental (education grant supported) activities are made in the context of the annual appropriated operating budget, where the focus is on meeting the near-term financing needs of a government. Governmental funds, with their distinctive emphasis on inflows and outflows of expendable resources provide information useful for making decisions in a budgetary context. The original budgeted amount was not amended during the year; however, transfers were made between individual line items.

The audited Revenues and Expenditures for the year resulted in a deficit of \$476,140. In fiscal year 2016-2017, the district used Reserved Capital Project Funds totaling \$527,047 as approved by voters, for capital improvement at no additional expense to the taxpayers. This spending is the reason for the deficit at year end.

A comparison of individual Budget and Actual Revenues and Expenditures including any variances can be found under Required Supplementary Information on page 26 of these Financial Statements.

Committed General Fund balance is \$1,223,997 at June 30, 2017. Of this amount, \$147,752 is for Technology Access, \$36,050 for Efficiency upgrades, \$26,602 from Toutant Estate to be used for buildings and grounds upgrades and the remaining amount of \$1,013,593 for future capital projects. This is due to a vote to reserve any Net Position for future capital improvements to be used upon approval.

FUND FINANCIAL STATEMENTS  
BALANCE SHEET – GOVERNMENTAL FUNDS

<u>ASSETS</u>	<u>General &amp; Special Revenue Fund</u>	
	<u>2017</u>	<u>2016</u>
TOTAL ASSETS	\$ 1,899,142	\$ 3,035,868
 <u>LIABILITIES AND FUND BALANCES</u>		
TOTAL LIABILITIES	\$ 646,262	\$ 1,289,511
TOTAL FUND BALANCES - Restricted	28,883	46,220
- Committed	<u>1,223,997</u>	<u>1,700,137</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,899,142</u>	<u>\$ 3,035,868</u>

FUND FINANCIAL STATEMENTS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – GOVERNMENTAL FUNDS

	<u>General &amp; Special Revenue Fund</u>	
	<u>2017</u>	<u>2016</u>
REVENUES	\$ 13,696,515	\$ 12,897,385
EXPENDITURES	<u>14,189,992</u>	<u>12,943,047</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(493,477)	(45,662)
FUND BALANCE – Beginning of year	<u>1,746,357</u>	<u>1,792,019</u>
FUND BALANCE – End of year	<u>\$ 1,252,880</u>	<u>\$ 1,746,357</u>

City of St. Albans, Department of Public Schools  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2017

Capital Assets

In compliance with the Governmental Financial Reporting Model (GASB 34) the District is reporting its Capital Assets as part of the Financial Statements. We have researched and documented the estimated historical costs of the various assets owned by the district, and applied appropriate charges against the cost to record depreciation. This information is presented below. As of June 30<sup>th</sup> the outstanding obligations against our Capital Assets are a Qualified School Construction Bond with a principal balance of \$3,568,685 and a Qualified Zone Academy Bond with a principal balance of \$379,000. You may view a schedule of payments and rates in Note 4 to the financial statements.

The following is a schedule of our Capital Assets:

<u>Description</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
29 Bellows Street Construction in Progress	\$ 49,056	\$ 0	\$ 49,056
Land & Land Improvements	926,714	249,341	677,373
Buildings	12,000,907	5,178,649	6,822,258
Furniture, Fixtures & Equipment	<u>1,446,686</u>	<u>1,071,836</u>	<u>374,850</u>
TOTAL	<u>\$ 14,423,363</u>	<u>\$ 6,499,826</u>	<u>\$ 7,923,537</u>

Retirement

In compliance with the Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions requires employers participating in a cost-sharing, multiple-employer defined benefit pension plan to recognize their proportional share of total pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. See Note 7, starting on page 17 for detailed information regarding City of St. Albans Department of Public Schools' proportional share of the overall amounts of the Vermont State Teachers' Retirement System (VSTRS). During the year ended June 30, 2017, the State of Vermont contributed \$498,727 on behalf of the St. Albans City School District.

Unified School District

On March 1, 2016, the voters of Franklin Central Supervisory Union, Bellows Free Academy Union High School District #48, Fairfield Town School District, St. Albans City School District, and St. Albans Town School District authorized the creation of a Unified School District, encompassing each of the districts. The pre-existing school districts halted governance operations and cease to exist upon the close of business on June 30, 2017. All assets, debts, and liabilities of each district were transferred to the Maple Run Unified School District upon the close of business on June 30, 2017.

Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all of its citizens, taxpayers, customers and creditors. Questions concerning any of the information provided in the report or requests for additional information should be sent to Maple Run Unified School District office, 28 Catherine St., St. Albans, VT 05478.

City of St. Albans, Department of Public Schools  
DISTRICT - WIDE FINANCIAL STATEMENTS  
STATEMENT OF NET POSITION  
June 30, 2017

ASSETS

Governmental  
Activities

CURRENT ASSETS

Cash	\$ 1,662,962
Accounts receivable	2,441
Due from State of Vermont	144,409
Prepaid expenses	<u>4,000</u>

TOTAL CURRENT ASSETS 1,813,812

CAPITAL ASSETS, net of depreciation 7,923,537

TOTAL ASSETS \$ 9,737,349

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	\$ 116,466
Due to other funds	1,776
Due to FCSU	401,057
Accrued salaries and taxes	7,747
Accrued interest	9,913
Unearned income	23,973
Current portion bonds and notes payable	<u>484,845</u>

TOTAL CURRENT LIABILITIES 1,045,777

BONDS AND NOTES PAYABLE 3,462,840

TOTAL LIABILITIES 4,508,617

NET POSITION

Net investment in capital assets	3,975,852
Restricted	28,883
Unrestricted	<u>1,223,997</u>

TOTAL NET POSITION 5,228,732

TOTAL LIABILITIES AND NET POSITION \$ 9,737,349

See Accompanying Notes to Basic Financial Statements.

City of Saint Albans, Department of Public Schools  
DISTRICT - WIDE FINANCIAL STATEMENTS  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenue Operating Grants and Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets Governmental Activities</u>
Governmental activities:				
Instruction	\$ 6,932,012	\$ -	\$ 10,962,575	\$ 4,030,563
Special Education	3,229,304	-	1,815,510	(1,413,794)
Student Support Services	568,453	-	119,086	(449,367)
Staff Support Services	80,900	-	-	(80,900)
Board of Education	47,635	-	-	(47,635)
Superintendent's Office	234,901	-	-	(234,901)
Debt Service	43,976	-	-	(43,976)
Operation and Maintenance	934,926	2,670	-	(932,256)
Transportation	272,427	-	126,973	(145,454)
Food Service	602,469	30,574	533,150	(38,745)
Other Grants	3,941	-	23,793	19,852
Unallocated:				
Depreciation	<u>509,686</u>	<u>-</u>	<u>-</u>	<u>(509,686)</u>
 Total governmental activities	 <u>\$ 13,460,630</u>	 <u>\$ 33,244</u>	 <u>\$ 13,581,087</u>	 <u>153,701</u>
 General revenues:				
Unrestricted investment earnings				7,488
Miscellaneous Revenue				<u>25,396</u>
Total general revenues				<u>32,884</u>
Change in net position				186,585
Net position, beginning				<u>5,042,147</u>
Net position, ending				<u>\$ 5,228,732</u>

See Accompanying Notes to Basic Financial Statements.

City of Saint Albans, Department of Public Schools  
 FUND FINANCIAL STATEMENTS  
 BALANCE SHEET - GOVERNMENTAL FUNDS  
 June 30, 2017

ASSETS

	Governmental Fund Types		
	General Fund	Special Revenue Fund	Total
ASSETS			
Cash	\$ 1,662,962	\$ -	\$ 1,662,962
Accounts receivable	2,441	-	2,441
Due from State of Vermont	144,409	-	144,409
Due from Other Funds	-	85,330	85,330
Prepaid expenses	4,000	-	4,000
TOTAL ASSETS	\$ 1,813,812	\$ 85,330	\$ 1,899,142

LIABILITIES AND FUND BALANCE

LIABILITIES			
Accounts payable	\$ 60,019	\$ 56,447	\$ 116,466
Due to other funds	87,106	-	87,106
Due to FCSU	401,057	-	401,057
Accrued salaries and taxes	7,747	-	7,747
Accrued interest	9,913	-	9,913
Unearned income	23,973	-	23,973
TOTAL LIABILITIES	589,815	56,447	646,262
FUND BALANCES			
Restricted	-	28,883	28,883
Committed	1,223,997	-	1,223,997
TOTAL FUND BALANCE	1,223,997	28,883	1,252,880
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,813,812	\$ 85,330	\$ 1,899,142

See Accompanying Notes to Basic Financial Statements.

City of Saint Albans, Department of Public Schools  
FUND FINANCIAL STATEMENTS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2017

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION

**Total fund balances - governmental funds** \$ 1,252,880

Amounts reported for governmental activities in the statement of net assets  
are different because:

Capital assets used in governmental activities are not financial resources  
and therefore are not reported as assets in governmental funds.

Capital Assets 14,423,363

Accumulated Depreciation (6,499,826)

Long-term liabilities, including bonds payable, are not due and payable in the  
current period and therefore are not reported as liabilities in the funds:

Notes and bonds payable (3,947,685)

**Total net position - governmental activities** \$ 5,228,732

See Accompanying Notes to Basic Financial Statements.

City of St. Albans, Department of Public Schools  
**FUND FINANCIAL STATEMENTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2017

	Governmental Fund Types		
	General Fund	Special Revenue Fund	Total
<b>REVENUES</b>			
Education Spending Grant	\$ 10,321,425	\$ -	\$ 10,321,425
Special Education Grant	1,830,008	-	1,830,008
Interest	7,488	-	7,488
Medicaid IEP	109,057	-	109,057
Medicaid EPSDT	10,029	-	10,029
School Wide Program	554,525	-	554,525
Early Childhood Program	62,663	-	62,663
PDG Revenue	150,935	-	150,935
Miscellaneous	28,066	-	28,066
Total Revenues Before Non-Budget Revenues	13,074,196	-	13,074,196
Non-Budgeted Grants	9,295	-	9,295
Food Service	-	613,024	613,024
<b>TOTAL REVENUES</b>	<b>13,083,491</b>	<b>613,024</b>	<b>13,696,515</b>
<b>EXPENDITURES</b>			
Instruction	6,008,892	-	6,008,892
Special Education	3,229,304	-	3,229,304
Board of Education	47,635	-	47,635
Superintendent's Office	349,705	-	349,705
Food Service Support	36,758	-	36,758
Debt Service	528,822	-	528,822
Operation and Maintenance	1,174,553	-	1,174,553
Transportation	271,369	-	271,369
Medicaid IEP	109,057	-	109,057
Medicaid EPSDT	10,029	-	10,029
School Wide Program	554,525	-	554,525

See Accompanying Notes to Basic Financial Statements.

City of St. Albans, Department of Public Schools  
**FUND FINANCIAL STATEMENTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2017

	Governmental Fund Types		
	General Fund	Special Revenue Fund	Total
EXPENDITURES (continued)			
PDG Grant	150,935	-	150,935
Early Childhood Program	555,703	-	555,703
Total Expenditures Before Non-Budget Expenses	13,027,287	-	13,027,287
Food Service	-	630,361	630,361
Nonbudget Capital Expenses	527,047	-	527,047
Grant Expenses	5,297	-	5,297
TOTAL EXPENDITURES	13,559,631	630,361	14,189,992
CHANGE IN FUND BALANCE	(476,140)	(17,337)	(493,477)
FUND BALANCE, Beginning of Year	1,700,137	46,220	1,746,357
FUND BALANCE, End of Year	\$ 1,223,997	\$ 28,883	\$ 1,252,880

See Accompanying Notes to Basic Financial Statements.

City of St. Albans, Department of Public Schools  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2017

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT  
 OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 TO THE STATEMENT OF ACTIVITIES

**Total net change in fund balances - governmental funds** \$ (493,477)

Amounts reported for governmental activities in the statement of activities  
 are different because:

Capital outlays are reported in governmental funds as expenditures. However,  
 in the statement of activities, the cost of those assets is allocated over  
 their estimated useful lives as depreciation expense.

Depreciation Expense	(509,686)
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Capital Outlays	704,903
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Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	484,845
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<b>Change in net position of governmental activities</b>	<b><u>\$ 186,585</u></b>
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See Accompanying Notes to Basic Financial Statements.

City of Saint Albans, Department of Public Schools  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
 June 30, 2017

	<u>Private- Purpose Trusts</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
ASSETS		
Cash	\$ 3,345	\$ 62,031
Due From Other Funds	<u>1,776</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 5,121</u>	<u>\$ 62,031</u>
 <u>LIABILITIES AND NET POSITION</u>		
LIABILITIES		
Due to Students for Activities	<u>\$ -</u>	<u>\$ 62,031</u>
NET POSITION		
Restricted	<u>5,121</u>	<u>-</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 5,121</u>	<u>\$ 62,031</u>

See Accompanying Notes to Basic Financial Statements.

City of Saint Albans, Department of Public Schools  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS  
 For the Year Ended June 30, 2017

	<u>Private- Purpose Trusts</u>
ADDITIONS	
Interest income	\$ 4
Donations	<u>1,200</u>
TOTAL ADDITIONS	<u>1,204</u>
DEDUCTIONS	
<u>Supplies</u>	166
Scholarships	<u>500</u>
TOTAL DEDUCTIONS	<u>666</u>
CHANGE IN NET POSITION	538
NET POSITION - Beginning of Year	<u>4,583</u>
NET POSITION - End of Year	<u>\$ 5,121</u>

See Accompanying Notes to Basic Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

All operations of the School District are controlled by a seven member Board of Commissioners, elected in City-wide elections, and responsible for all of the School District's activities. The financial statements include all of the School District's operations controlled by the Board of Commissioners. Based on criteria for determining the reporting entity (separate legal entity and fiscal or financial dependency on other governments), the School District is considered to be an independent reporting entity and has no component units.

District-wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the School District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expense of a given program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post-employment healthcare benefits, are recorded only when payment is due.

City of Saint Albans, Department of Public Schools  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property taxes (state education and local share) and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the School District receives cash.

The School District reports the following major governmental funds:

- \* The general fund is the School District's primary operating fund. It accounts for all financial resources of the School District, except those required to be accounted for in another fund.
- \* The special revenue fund accounts for special programs and grants that have been restricted.

The School District reports the following trust funds:

Private – Purpose Trust Funds

- \* Bessie Cushing Milk Fund – This trust fund is a savings account from which money is spent to supplement milk for hot lunch.
- \* Beth Geier Fund – This trust fund is used primarily for scholarships for lessons.
- \* Children's Centralized Health Fund – The function of the trust fund is to supplement the health needs of needy children.
- \* Diane Lunderville Memorial Fund – This trust fund is used for sports lessons and camps.

Agency Funds

- \* Agency Funds - Assets held for student activities for the benefit of students. Agency funds are custodial in nature and therefore their assets equal their liabilities.

Private-sector standards of accounting, and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes (state education and local share).

When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed.

City of Saint Albans, Department of Public Schools  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Data

Budgets are presented on the modified accrual basis of accounting for all governmental funds. Budgets are not adopted on a School District level for the fiduciary fund. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance reserve. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- \* Annual operating budgets are adopted each fiscal year through the passage of an annual budget ordinance and amended as required.

Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

Negative variances in total revenues and the positive variances in total expenditures are largely a result of federal and state program revenues and related expenditures that do not have a direct impact on the undesignated fund balance. Budgets generally assume the expenditure of all available resources. Therefore, when the budget is prepared, it is assumed these funds will not have a carryover of revenue to a subsequent year. Program revenue received but not spent is restricted and deferred to the subsequent fiscal year. As a result, overall fund revenues variances will be negative and overall fund expenditures variances will be positive.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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.

Investments are reported at fair value. Changes in the fair value of investments are recorded as investment income. The reported value is basically the same as the fair value of the Fund's shares.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., current portion of inter-fund loans) or "advances from/to other funds" (i.e., the non-current portion of inter-fund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets are property owned by the School District and include computers, computer equipment, software, and peripherals: equipment such as vehicles, machinery, copiers, and office equipment; buildings and land: and infrastructure such as roads, bridges, tunnels, rights of way, and culverts.

General capital assets should be capitalized and recorded when all of the following criteria are met:

- (1) The asset is tangible and complete.
- (2) The asset is used in the operation of the School District's activities.
- (3) The asset has a value of \$5,000 and useful life of one or more years.

All general capital assets must be recorded at either historical cost or estimated historical cost. Assets acquired through donation will be recorded at their estimated fair market value on the date of donation. In addition to purchase price or construction cost, costs of capitalization may include incidental costs, such as bond interest and issuance cost, insurance during transit, freight, duties, title search, title registration, installation, and breaking-in costs.

Depreciation is calculated using the straight line depreciation method over the useful life of the assets as recommended by the Association of School Business Officials (ASBO).

Long-term Obligations

In the district-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets.

Property Taxes

Property taxes are levied as of July 1 on property values assessed as of the same date. Taxes are due quarterly in August, November, February and May, and are delinquent if not paid on those dates.

Government Wide and Proprietary Fund Net Position

Government-wide and proprietary Fund Net Position are divided into the following components:

Invested in capital assets, net of related debt – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted net position – consist of net assets that are restricted by the District's creditors, by enabling legislation, by grantors (both federal and state), and/or by contributors.

Unrestricted – all other net assets reported in this category

City of St. Albans, Department of Public Schools  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts that can be spent only for specific purposes because of laws, regulations, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by a formal action by the School Board.

Assigned – Amounts that are designated by management for a particular purpose.

Unassigned – All amounts not included in other classifications.

Nonspendable – Amounts that cannot be spent because they are not spendable in form or are legally or contractually required to be maintained intact

NOTE 2 CASH DEPOSITS

At June 30, 2017 the carrying amount of cash deposits was \$1,728,338 and the bank balance was \$1,966,827. Of the bank balance \$566,513 was covered by federal deposit insurance and \$1,400,314 was covered under the terms of a collateralization agreement at June 30, 2017.

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 52,100	\$ -	\$ -	\$ 52,100
Construction in Progress	<u>72,413</u>	<u>49,055</u>	<u>(72,412)</u>	<u>49,056</u>
Total capital assets, not being depreciated	<u>124,513</u>	<u>49,055</u>	<u>(72,412)</u>	<u>101,156</u>
Capital assets, being depreciated:				
Land Improvements	677,231	197,383	-	874,614
Equipment	1,274,062	172,624	-	1,446,686
Buildings	<u>11,642,654</u>	<u>358,253</u>	<u>-</u>	<u>12,000,907</u>
Total capital assets, being depreciated	<u>13,593,947</u>	<u>728,260</u>	<u>-</u>	<u>14,322,207</u>

City of St. Albans, Department of Public Schools  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2017

NOTE 3 CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Accumulated depreciation for:				
Land Improvements	(203,471)	(45,870)	-	(249,341)
Equipment	(1,033,552)	(38,284)	-	(1,071,836)
Buildings	<u>(4,753,117)</u>	<u>(425,532)</u>	-	<u>(5,178,649)</u>
Total accumulated depreciation	<u>(5,990,140)</u>	<u>(509,686)</u>	-	<u>(6,499,826)</u>
Total capital assets, being depreciated	<u>7,603,807</u>	<u>218,574</u>	-	<u>7,822,381</u>
Governmental activities capital assets, net	<u>\$7,728,320</u>	<u>\$ 267,629</u>	<u>\$ (72,412)</u>	<u>\$7,923,537</u>

NOTE 4 LONG-TERM DEBT

Long-term debt consists of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Principal Reduction</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Qualified School Construction Bond, payable in varying amounts each May 15 and November 15 through 2025, with interest of \$8,260.	\$3,988,530	\$ -	\$ (419,845)	\$3,568,685	\$ 419,845
Qualified Zone Academy Bond, payable \$65,000 installments each May 15 and November 15 through 2023, interest rate 1.25%	<u>444,000</u>	-	<u>(65,000)</u>	<u>379,000</u>	<u>65,000</u>
	<u>\$4,432,530</u>	<u>\$ -</u>	<u>\$ (484,845)</u>	<u>\$3,947,685</u>	<u>\$ 484,845</u>

The annual debt service requirements to maturity, including principle and interest, for long-term debt as of June 30, 2017, are as follows:

City of St. Albans, Department of Public Schools  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2017

NOTE 4 LONG-TERM DEBT (continued)

Year Ending June 30,	Principal	Interest	Total
2018	\$ 484,845	\$ 21,258	\$ 506,103
2019	484,845	20,445	505,290
2020	484,845	19,633	504,478
2021	484,845	18,820	503,665
2022	484,845	18,007	502,852
2023-2026	<u>1,523,460</u>	<u>58,495</u>	<u>1,581,955</u>
	<u>\$3,947,685</u>	<u>\$ 156,658</u>	<u>\$4,104,343</u>

NOTE 5 RESTRICTED/COMMITTED FUND BALANCES – GOVERNMENTAL FUNDS

Restricted Fund Balances at June 30, 2017 are as follows:

Special Revenue Fund:

Restricted for – Hot Lunch Program \$ 28,883

Committed Fund Balances at June 30, 2017 are as follows:

General Fund:

Committed for – Future Capital Use \$ 1,013,593  
 Committed for – Toutant 26,602  
 Committed for – Efficiency 36,050  
 Committed for – Tech Access 147,752

\$ 1,223,997

When restricted and committed amounts of fund balance are available for use for expenditures incurred, the City of St. Albans, Department of Public Schools board of directors determines the amounts to be expended on an annual basis based on the City of St. Albans, Department of Public Schools required capital needs for the fiscal year.

NOTE 6 RESTRICTED NET POSITION – FIDUCIARY FUNDS

At June 30, 2017, the School District had \$5,121 appropriated for use in accordance with various trust agreements.

City of St. Albans, Department of Public Schools  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2017

NOTE 7 TEACHERS RETIREMENT – VSTRS

**Information Required Under GASB Statement No. 68**

Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions requires employers participating in a cost sharing, multiple employer defined benefit pension plan to recognize their proportional share of total pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The schedules below have been prepared to provide City of St. Albans, Department of Public Schools proportional share of the overall amounts of the Vermont State Teachers' Retirement System (VSTRS) plan. City of St. Albans, Department of Public Schools portion has been allocated based on its proportional share of employer contributions to the total contributions to VSTRS during the fiscal year.

**Reporting Date, Measurement Date, and Valuation Date**

Net pension liabilities, deferred pension outflows of resources, deferred pension inflows of resources, and pension expense are all presented as of the City of St. Albans, Department of Public Schools reporting date (June 30th) and for the City of St. Albans, Department of Public Schools reporting period June 30, 2017. These amounts are measured as of the measurement date and for the measurement period (the period between the prior and current measurement dates). GASB Statement No. 68 requires that the current measurement date be no earlier than the end of the employer's prior fiscal year. For the reporting date of June 30, 2017, the State has chosen to use the end of the prior fiscal year (June 30, 2016) as the measurement date, and the year ended June 30, 2016 as the measurement period.

The total pension liability is determined by an actuarial valuation performed as of the measurement date, or by the use of update procedures to roll forward to the measurement date amounts from an actuarial valuation as of a date no more than 30 months and 1 day earlier than the employer's most recent fiscal year-end. The State has elected to apply update procedures to roll forward amounts from an actuarial valuation performed as of June 30, 2015, to the measurement date of June 30, 2016.

**Schedule A – Employers' Allocation as of June 30, 2015**

Fiscal Year Ended June 30, 2015					
Reported Salaries	Employer Proportion	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Deferred Outflows
\$ 610,757	.83770%	\$ 23,787,490	\$ 13,848,146	\$ 9,939,344	\$ 1,050,518
Fiscal Year Ended June 30, 2015					
Total Deferred Inflows	Net Pension Liability 1% Decrease (7.15% Discount Rate)	Net Pension Liability 1% Increase (9.15% Discount Rate)			
\$ -	\$ 12,621,176	\$ 7,689,527			

City of St. Albans, Department of Public Schools  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2017

NOTE 7 TEACHERS RETIREMENT – VSTRS (continued)

**Schedule B – Employers’ Allocation as of June 30, 2016**

Fiscal Year Ended June 30, 2016					
Portion of State Contribution	Employer Proportion	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Deferred Outflows
\$ 474,759	.64836%	\$ 18,999,583	\$ 10,509,206	\$ 8,490,378	\$ 1,194,266
Fiscal Year Ended June 30, 2016					
Total Deferred Inflows	Net Pension Liability 1% Decrease (6.95% Discount Rate)	Net Pension Liability 1% Increase (8.95% Discount Rate)			
\$ (1,574,814)	\$ 10,624,278	\$ 6,699,479			

**Schedule C – Employers’ Allocation of Pension Amounts as of June 30, 2016**

Deferred Outflows of Resources							
Employer Proportion	Net Pension Liability	Difference Between Expected and Actual Experience	Changes in Assumptions	Changes in Benefits	Differences Between Projected and Actual Investment Earnings	Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows
.64836%	\$ 8,490,378	\$ 82,413	\$ 186,366	\$ -	\$ 820,702	\$ 104,785	\$ 1,194,266

Deferred Inflows of Resources						
Difference Between Expected and Actual Experience	Changes in Assumptions	Changes in Benefits	Differences Between Projected and Actual Investment Earnings	Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows	
\$ -	\$ (35,127)	\$ -	\$ -	\$ (1,539,687)	\$ (1,574,814)	

City of St. Albans, Department of Public Schools  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2017

NOTE 7 TEACHERS RETIREMENT – VSTRS (continued)

Pension Expense Recognized		
Proportionate Share of Pension Plan Expense	Net Amortization of Deferred Amounts from Change in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total
\$ 881,105	\$ (424,245)	\$ 456,860

**Schedule D – Employers’ Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 2016**

Fiscal Year					
2017	2018	2019	2020	2021	Thereafter
\$ (128,868)	\$ (202,049)	\$ (191,640)	\$ 142,009	\$ -	\$ -

**Schedule E – Covered Payroll**

FY 2016	FY 2015	FY 2014
\$4,200,038	\$4,671,919	\$4,714,500

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

[http://finance.vermont.gov/reports and publications/cafr](http://finance.vermont.gov/reports_and_publications/cafr)

NOTE 7 TEACHERS RETIREMENT – VSTRS (continued)

**Plan Description**

The Vermont State Teachers' Retirement System is a cost-sharing, multiple-employer defined benefit pension plan with a special funding situation. It 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, 2016, the retirement system consisted of 288 participating employers.

The plan was created in 1947, and is governed by Title 16, V.S.A. Chapter 55.

Management of the plan is vested in the VSTRS 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).

The Pension Plan is divided into the following membership groups:

- Group A - for public school teachers employed within the State of Vermont prior to July 1, 1981 and who elected to remain in Group A
- Group C - for public school teachers employed within the State of Vermont on or after July 1, 1990, or hired before July 1, 1990 and were a member of Group B at that time

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, and are summarized below:

City of St. Albans, Department of Public Schools  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2017

NOTE 7 TEACHERS RETIREMENT – VSTRS (continued)

VSTRS	GROUP A	GROUP C - GROUP #1*	Group C - Group #2++
Normal service retirement eligibility (no reduction)	Age 60 or 30 years of service	Age 62 or with 30 years of service	Age 65 or when the sum of age and service equals 90
Average Final Compensation (AFC)	Highest 3 consecutive years, including unused annual leave, sick leave and bonus/incentives	Highest 3 consecutive years, excluding all payments for anything other than service actually performed	Highest 3 consecutive years, excluding all payments for anything other than service actually performed
Benefit formula - normal service retirement	1.67% x creditable service x AFC	1.25% x service prior to 6/30/90 x AFC + 1.67% x service after 7/1/90 x AFC	1.25% x service prior to 6/30/90 x AFC + 1.67% x service after 7/1/90 x AFC, 2.0% after attaining 20 years
Maximum Benefit Payable	100% of AFC	53.34% of AFC	60% of AFC
Post-Retirement COLA	Full CPI, up to a maximum of 5% after 12 months of retirement; minimum of 1%	50% CPI, up to a maximum of 5% after 12 months of retirement or with 30 years; minimum of 1%	50% CPI, up to a maximum of 5%, minimum of 1% after 12 months of normal retirement or age 65
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Early Retirement Reduction	Actuarial reduction	6% per year from age 62	Actuarial reduction
Disability Benefits	Unreduced, accrued benefit with minimum	Unreduced, accrued benefit with minimum	Unreduced, accrued benefit with minimum
Dental	benefit with minimum	Member pays full premium	Member pays full premium
Death-in-service Benefit	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently

\* Group #1 are members who were within 5 years of normal retirement (age 62 or 30 years of service) on June 30, 2010

++ Group #2 are members who were less than 57 years of age or had less than 25 years of service on June 30, 2010

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

NOTE 7 TEACHERS RETIREMENT – VSTRS (continued)

**Significant Actuarial Assumptions and Methods**

The total pension liability as of June 30, 2016 was determined by rolling forward the total pension liability as of June 30, 2015 to June 30, 2016 using the actuarial assumptions outlined below. These assumptions were selected on the basis of the experience study that was performed for the five year period ending June 30, 2014. The recommended assumption changes based on this experience study were adopted by the Board at its October 29, 2015 Board meeting, and were effective for the actuarial valuation made as of June 30, 2015. The 7.95% assumed rate of return on assets was adopted by the Board at a meeting on July 27, 2015.

**Interest Rate:** 7.95% per annum.

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

Age	Annual Rate of Salary Increase
25	8.15%
30	6.84%
35	5.97%
40	5.29%
45	4.80%
50	4.46%
55	4.22%
60	4.12%
64	4.12%

**Deaths after Retirement:** The RP2000 Mortality Tables projected to 2029 for retirees, terminated vested members and beneficiaries; The RP2000 Disabled Life Table with projection to 2020 using Scale AA for disabled retirees. The tables used contain a margin to reflect anticipated mortality improvement after the valuation date.

**Inflation:** the separately stated assumptions for investment return, salary increases and cost of living adjustments are consistent with an expected annual inflation rate of 3.00% to 3.25% per year.

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

**Cost-of-Living Adjustments:** Assumed to occur on January 1 following one year of retirement at the rate of 3% per annum for Group A members and 1.5% per annum for Group C members

**Inactive Members:** A liability equal to 350% of accumulated contributions of inactive members is included in the valuation liabilities. Solely for the June 30, 2016 valuation, this percentage was reduced to 332.5% in recognition of the impact of the school district consolidation program on the demographics of the inactive population.

NOTE 7 TEACHERS RETIREMENT – VSTRS (continued)

**Actuarial Cost Method:** The individual entry age normal actuarial cost method was used. For actuarial valuations prior to June 30, 2006, the entry age normal method with frozen initial liability was used.

**Asset Valuation Method:** The amount of the assets for valuation purposes 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.

**Member Data:** 315 members terminated on June 30, 2016 and retired on July 1, 2016 were included with a valuation status as members receiving benefits. 536 members who were active on June 30, 2016 and terminated on July 1, 2016, were included with a valuation status as inactive. For those terminated members with at least five years of service, the system will automatically vest them six years after their termination if they do not withdraw.

**Health and Medical Benefits for Retirees:** Not included in this valuation.

**Long-term expected rate of return**

The long-term expected rate of return on System investments was determined using best estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variables and the asset classes. These best estimate ranges were combined to produce forecasts of the short, intermediate, and longer term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2016 are summarized in the following table:

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Equity	32.00%	8.54%
Fixed Income	35.00%	2.36%
Alternatives	17.00%	8.35%
Multi-strategy	16.00%	4.90%

City of St. Albans, Department of Public Schools  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2017

NOTE 7 TEACHERS RETIREMENT – VSTRS (continued)

**Discount Rate**

The discount rate used to measure the total pension liability was 7.95%. The projection of cash flows used to determine the discount rate assumed that contributions continue to be made in accordance with the current funding policy. Based on these assumptions, the 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

During the year ended June 30, 2017, the State of Vermont contributed \$498,727 on behalf of the City of St. Albans, Department of Public Schools.

NOTE 8 NON-CASH TRANSACTIONS

The City of St. Albans, Department of Public Schools received Federal Commodities for use in food service in the amount of \$30,795. The value of the commodities received is not included in the food service budget and is not part of food service revenue or expenditures.

NOTE 9 RELATED PARTY TRANSACTIONS

Supervisory Union Assessment

The District pays an annual assessment to Franklin Central Supervisory Union for its proportionate share of expense relating to the Superintendent's Office, the business office and curriculum development. The District paid \$401,707 of such expenses during the year ended June 30, 2017.

Transportation

The District pays Franklin Central Supervisory Union for its proportionate share of transportation expenses. The District paid \$243,897 of transportation expenses during the year ended June 30, 2017.

Special Education

The District pays Franklin Central Supervisory Union for its proportionate share of Special Education expenses. The District paid \$1,989,648 of Special Education expenses during the year ended June 30, 2017.

NOTE 10 EXCESS OF EXPENDITURES OVER BUDGET

Expenditures exceeded budgeted amount in the General Fund by \$968,451. \$527,047 of Non-budgeted prior year committed funds contributed to the excess expenditures. Revenue exceeding \$492,311 offset the remaining excess expenditures.

City of St. Albans, Department of Public Schools  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2017

NOTE 11 INTERFUND RECEIVABLE AND PAYABLE BALANCES

Individual fund interfund receivable and payable balances are as follows at June 30, 2017:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ 87,106
Special Revenue - Private Purpose Trusts	1,776	-
Special Revenue - Hot Lunch Fund	<u>85,330</u>	<u>-</u>
	<u>\$ 87,106</u>	<u>\$ 87,106</u>

City of St. Albans, Department of Public Schools generally maintains one cash account in the General Fund to pay expenditures and receive payments for efficiency. All interfund balances resulted from the time lag between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) repayments between funds are made.

NOTE 12 UNIFIED DISTRICT

On March 1, 2016, the voters of Franklin Central Supervisory Union, City of St. Albans, Department of Public Schools, Fairfield Town School District, Bellows Free Academy Union High School District # 48 and St. Albans Town School District authorized the creation of a Unified School District, encompassing each of the districts. The pre-existing school districts halted governance operations and ceased to exist upon the close of business on June 30, 2017. All assets, debts, and liabilities of each district were transferred to the Unified School District upon close of business on June 30, 2017.

NOTE 13 DISCLOSURE OF SUBSEQUENT EVENTS

In accordance professional accounting standards, the School District has evaluated subsequent events through November 16, 2017 which is the date this financial statement were available to be issued. All subsequent events requiring recognition as of June 30, 2017, have been incorporated into the financial statements herein.

REQUIRED SUPPLEMENTARY INFORMATION

City of St. Albans, Department of Public Schools  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes				
Education Spending Grant	\$ 10,327,051	\$ 10,327,051	\$ 10,321,425	\$ (5,626)
Special Education Grant	1,660,221	1,660,221	1,830,008	169,787
Interest	40,000	40,000	7,488	(32,512)
Medicaid IEP	-	-	109,057	109,057
Medicaid EPSDT	19,500	19,500	10,029	(9,471)
School Wide Program	539,408	539,408	554,525	15,117
Early Childhood Program	-	-	62,663	62,663
PDG Revenue	-	-	150,935	150,935
Miscellaneous	5,000	5,000	28,066	23,066
Total Revenues Before Non-Budget Revenues	12,591,180	12,591,180	13,074,196	483,016
Non-Budgeted Grants	-	-	9,295	9,295
 <b>TOTAL REVENUES</b>	 <u>12,591,180</u>	 <u>12,591,180</u>	 <u>13,083,491</u>	 <u>492,311</u>
<b>EXPENDITURES</b>				
Instruction	6,144,955	6,144,955	6,008,892	136,063
Special Education	3,073,505	3,073,505	3,229,304	(155,799)
Board of Education	69,762	69,762	47,635	22,127
Superintendent's Office	349,706	349,706	349,705	1
Food Service Support	66,562	66,562	36,758	29,804
Debt Service	557,216	557,216	528,822	28,394
Operation and Maintenance	864,233	864,233	1,174,553	(310,320)
Transportation	320,248	320,248	271,369	48,879
Early Retirement	19,377	19,377	-	19,377
Medicaid IEP	-	13,920	109,057	(95,137)
Medicaid EPSDT	19,500	19,500	10,029	9,471

See Accompanying Notes to Basic Financial Statements.

City of St. Albans, Department of Public Schools  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (continued)				
School Wide Program	539,408	525,488	554,525	(29,037)
PDG Grant	-	-	150,935	(150,935)
Early Childhood Program	<u>566,708</u>	<u>566,708</u>	<u>555,703</u>	<u>11,005</u>
Total Expenditures Before Non-Budget Expenses	12,591,180	12,591,180	13,027,287	(436,107)
Non-Budget Capital Expenses	-	-	527,047	(527,047)
Non-Budget Grant Expenses	<u>-</u>	<u>-</u>	<u>5,297</u>	<u>(5,297)</u>
 TOTAL EXPENDITURES	 <u>12,591,180</u>	 <u>12,591,180</u>	 <u>13,559,631</u>	 <u>(968,451)</u>
 CHANGE IN FUND BALANCE	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ (476,140)</u>	 <u>\$ (476,140)</u>

See Accompanying Notes to Basic Financial Statements.

City of St. Albans, Department of Public Schools  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 For the Year Ended June 30,

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	.64836%	.83770%	0.8317%	0.8027%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>8,490,378</u>	<u>9,939,344</u>	<u>7,971,241</u>	<u>8,115,700</u>
Total	<u>\$ 8,490,378</u>	<u>\$ 9,939,344</u>	<u>\$ 7,971,241</u>	<u>\$ 8,115,700</u>
District's covered-employee payroll	\$ 4,200,038	\$ 4,671,919	\$ 4,714,500	\$ 4,524,397
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	55.31%	58.22%	64.02%	60.59%

*Significant Actuarial Assumptions and methods are described in Note 7 to the financial statements. There were no changes in methods or assumptions during the year ended June 30, 2017.*

See Accompanying Notes to Basic Financial Statements.

City of St. Albans, Department of Public Schools

ADDITIONAL REPORTS REQUIRED BY  
THE SINGLE AUDIT ACT

June 30, 2017

City of Saint Albans, Department of Public Schools  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended June 30, 2017

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor Number	<u>Expenditures</u>
<b>Child Nutrition Cluster</b>			
<u>U.S. Department of Agriculture</u>			
Passed through Franklin Central Supervisory Union:			
School Breakfast Program	10.553	4452-S023-17-00	\$ <u>139,605</u>
National School Lunch Program	10.555	4450-S023-17-00	<u>279,733</u>
Summer Food Service Program for Children	10.559	4455-S023-17-00	<u>59,788</u>
Total Child Nutrition Cluster			<u>479,126</u>
<b>Other Programs</b>			
<u>U.S. Department of Education</u>			
Passed through Franklin Central Supervisory Union:			
Title I Grants to Local Educational Agencies	84.010	CFP-S023-17-01	<u>535,382</u>
Improving Teacher Quality State Grants	84.367	CFP-S023-17-01	<u>19,143</u>
Preschool Development Grants	84.419	4505-S023-17-01	<u>150,935</u>
<u>U.S. Department of Agriculture</u>			
Passed through Franklin Central Supervisory Union:			
Child Care & Adult Food Program	10.558	4454-S023-17-00	<u>26,869</u>
Fresh Fruit and Vegetable Program	10.582	4449-S023-17-00	<u>49,299</u>
Emergency Food Assistance Program (Food Commodities)	10.569	4453-S023-17-00	<u>1,956</u>
TOTAL			<u>\$ 1,262,710</u>

City of Saint Albans, Department of Public Schools  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2017

NOTE A BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of City of St. Albans, Department of Public Schools under programs of the federal government for the year ended June 30, 2017. 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 City of St. Albans, Department of Public Schools, it is not intended to and does not present the financial position, changes in net assets of City of St. Albans, Department of Public Schools.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 wherein certain types of expenditures are not allowable or are limited as to reimbursement.

City of St. Albans, Department of Public Schools has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance because no indirect costs were allowed under the federal awards.



**Kittell Branagan & Sargent**

*Certified Public Accountants*

Vermont License # 167

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*

To the Board of Directors  
City of St. Albans, Department of Public Schools  
St. Albans, 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, each major fund, and the aggregate remaining fund information of the City of St. Albans, Department of Public Schools, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of St. Albans, Department of Public Schools basic financial statements, and have issued our report thereon dated November 16, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of St. Albans, Department of Public Schools internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of St. Albans, Department of Public Schools internal control. Accordingly, we do not express an opinion on the effectiveness of the City of St. Albans, Department of Public Schools internal control.

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

A handwritten signature in cursive script that reads "Kettell Branagan & Sargent". The signature is written in black ink and is positioned above the typed name and date.

St. Albans, Vermont  
November 16, 2017



**Kittell Branagan & Sargent**

*Certified Public Accountants*

Vermont License #167

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

To the Board of Directors  
City of St. Albans, Department of Public Schools  
St. Albans, Vermont

**Report on Compliance for Each Major Federal Program**

We have audited City of St. Albans, Department of Public Schools compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of City of St. Albans, Department of Public Schools major federal programs for the year ended June 30, 2017. City of St. Albans, Department of Public Schools major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of St. Albans, Department of Public Schools compliance.

### Opinion on Each Major Federal Program

In our opinion, the City of St. Albans, Department of Public Schools, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

### Report on Internal Control over Compliance

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

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

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

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



City of St. Albans, Department of Public Schools  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2017

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of St. Albans, Department of Public Schools
2. There were no significant deficiencies disclosed during the audit of the financial statements of City of St. Albans, Department of Public Schools
3. No instances of noncompliance material to the financial statements of the City of St. Albans, Department of Public Schools were disclosed during the audit.
4. There were no significant deficiencies disclosed during the audit of major federal award programs.
5. The auditor's report on compliance for the major federal award programs for the City of St. Albans, Department of Public Schools expresses an unmodified opinion.
6. There were no audit findings relative to the major federal award programs for City of St. Albans, Department of Public Schools
7. The programs tested as major programs were:

Title I Grants to Local Educational Agencies	CFDA # 84.010
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8. The threshold for distinguishing Types A and B programs was \$750,000.
9. City of St. Albans, Department of Public Schools was not determined to be a low-risk auditee.

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT**

There were no findings related to the financial statements audit.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

There were no findings or questioned costs related to the major federal award programs.