

BELLOWS FREE ACADEMY
UNION HIGH SCHOOL
DISTRICT #48
St. Albans, Vermont



2016
ANNUAL REPORT
(School Year Ending June 30, 2016)

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CORE BELIEFS

We believe that all individuals are unique and can learn and grow.

We believe that the education of our youth is the shared responsibility of the individual, family, school, and community.

We believe that the pursuit of truth and knowledge is essential to foster and sustain a democratic society.

MISSION STATEMENT

At Bellows Free Academy, all students learn respect, dependability, and productivity. With academic and social supports, students learn to be effective problem solvers, active community members, and lifelong learners.

Academics

Communication

Advocacy

Dependability

Empathy and

Motivation for

Youth Empowerment

BFA UNION HIGH SCHOOL DISTRICT #48

We certify that on March 1, 2016, the legal voters of BFA Union High School District #48 did vote at properly warned meetings in the members' respective towns and the results were:

Article 1: Marilyn Grunewald was elected Union District Clerk.

Article 2: Jimmy Matas was elected to fill the Treasurer's position.

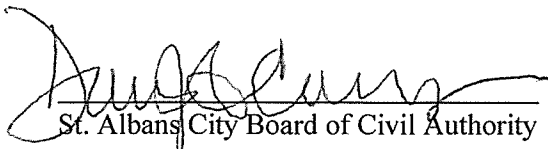
Article 3: Jeff Morrill was elected Union District School Director for St. Albans City.

Article 4: _____ was elected Union District School Director for St. Albans Town.

Article 5: To allow Directors to borrow money in anticipation of payment from the education fund, as necessary, for next fiscal year. Article passed.

Article 5: Budget of \$21,144,321 was passed.


Certified by Marilyn Grunewald, Clerk


St. Albans City Board of Civil Authority


St. Albans Town Board of Civil Authority

Dear Maple Run Unified School District Community:

It gives me great pleasure to be able to use the name Maple Run Unified School District (MRUSD) in an annual report. It has been a long time coming. On behalf of Maple Run, I would like to thank you for your continued support throughout the past school year. We are so glad to be able to reciprocate that support by providing you a unified school district that is doing everything possible to benefit the overall school community – community members, parents, and of course, our students.

I am pleased to have the opportunity to prepare this report for you. I believe it will clearly depict a district that continues to be on the way up; one that has become an educational leader in our state. Maple Run is the center of the community and focuses on meeting the individual needs of our students, while being very conscientious of accountability, maintaining high standards, and providing an excellent education.

Now in my third year as your superintendent, I have become involved in the life of our communities and in every aspect of our schools. From this perspective, I continue to see a school district that has much to offer our students and our community. We offer a lot in terms of quality of education, variety of co-curricular programs, and wonderful people (students and teachers).

For those who might be new to our area, I would like to review what has occurred over the past two years. The State Legislature passed Act 46 which required supervisory unions to merge into one school district. At a time when our state is facing lower student enrollment and higher school costs, this law was created to reduce bureaucracy and increase efficiencies, while cutting costs and giving much needed tax breaks to our community. In addition, and most important, the goal was to ensure better outcomes and opportunities for students at a cost that taxpayers can afford today and into the future.

Our three communities (Fairfield, St. Albans City and St. Albans Town) voted overwhelmingly to merge into one school district comprised of Fairfield Center School, St. Albans City School, St. Albans Town Educational Center, Bellows Free Academy, and the Northwest Technical Center. They also voted for 10 school board members to represent them on the new Maple Run Unified School Board.

The Maple Run Board has been operating since last June as a transition board while the local school boards have continued to oversee their respective buildings. As of July 1, 2017, the local boards will no longer be in place, and the MRUSD Board will fully govern our school district.

As you might imagine, merging a union of schools is both complicated and time consuming. It is also very rewarding. Your Maple Run Board has been actively meeting twice a month to ensure a smooth transition for July 1. They have been working on many issues, such as budget, curriculum, policies, their mission, etc. They have also approved a five-year plan to ensure changes that are made are well planned and accomplished in a timely, but not rushed, manner. Below are some highlights of what has been accomplished during this transition year:

- A mission statement was created. It states, “The Maple Run Unified School District is where inquiring minds, compassionate hearts, creative expression, healthy lives and service to the community develop so all can learn, achieve and succeed.” I believe that if we are able, along with our parent partners, to help a child develop into a young adult with the above attributes, we will have been successful.
- Your board has created a very strong and effective budget that continues the quality educational programs we expect while keeping costs down. It also begins the process of ensuring equity for all of our students in our new school district. This is the first year of a combined budget, which includes Fairfield, BFA, NWTC, SATEC, SACS, and the Maple Run Central Office. The

expense budget to budget increase is just over one percent. Best of all, with the Act 46 incentives applied, the projected tax rates in all three municipalities are significantly down! Much of this has to do with the savings we were able to achieve with a consolidated school district in areas such as tuition, school board expenses, and fiscal services.

- Procedures have been put into place to allow a limited number of students in our district to transfer to another school within the district. In previous years, if a family moved from one town to another and wanted to keep their child in their original school, they had to pay tuition of more than \$9,000. Since we are now one school district, they will no longer have to jump through these hoops.
- The Maple Run Board has almost completed the process of reviewing and approving all policies and making necessary changes to reflect the new school district.
- We are in the process of studying our bus transportation system to see if there are efficiencies that can be made now that we have consolidated. At first glance, we believe we can eliminate several buses while giving more students the opportunity to be transported, which could save taxpayers over \$100,000.
- Finally, the board and the respective teacher and support staff associations are working very hard to negotiate single contracts that are both competitive for our staff and economically feasible for our taxpayers. Combining all of our present contracts into two is a major challenge. However, the process has been serious, civil, and productive. Our goal is to have the contracts in place by July 1.

This is an exciting time for our area and our schools. Our communities share strong educational values, and we are very proud of the high-quality education that our students receive. Bringing Fairfield, St. Albans City and St. Albans Town together around these shared values will expand upon this tradition of quality while also reducing costs through efficiencies in a shared system. Unification is allowing our educational governance structure to reflect our shared values and direct our collective efforts to what matters – our students; we will optimize opportunities for our students while better serving our taxpayers.

In closing, I would like to thank the members of all our school boards for their incredible interest and investment in our schools. It is a great pleasure to work with these thoughtful and caring community leaders in their elected responsibility. Thank you for your support, time, and belief in our schools.

Most importantly, I would like to thank my highly committed and dedicated staff. Our caring individuals put our students first every single day. We have a professional team of people who truly go above and beyond, meeting the needs of our students and their families.

Warmest personal regards,

Kevin Dirth
Superintendent

BELLOWS FREE ACADEMY UHSD#48

BOARD REPORT

Bellows Free Academy Union High School District #48 Board is happy to share its commentary with the St. Albans community through its annual report. The Board of Directors, the tremendous faculty and staff, and the administration of the school take our role of providing all students the opportunity to learn respect, dependability, and productivity very seriously. As our mission states, we provide the academic and social support for students to be effective problem solvers, active community members and lifelong learners.

The mission of the Northwest Technical Center is to educate today's learners using comprehensive career and technical education programs that enhance career awareness; promote lifelong learning; and develop the skills to be responsible, productive citizens for today and tomorrow.

Vermont legislature approved Act 46 in 2015. Act 46 calls for a unification of all the school districts in the supervisory union into a single supervisory district with the most significant difference that governance would be by a single board of directors, replacing the current five boards. Additionally, there would be a single budget that includes all the expenditures and revenues and results in the same school tax rate for each member town. The voters approved this unification in March of 2016. This proved to be very exciting news for schools and Boards as unification presents numerous opportunities to streamline processes, and realize operational and fiscal efficiencies. Much of the current year has been spent establishing and approving the policies and roles and responsibilities of the new Maple Run Unified School District (MRUSD). This planning process is driven by a newly established 5-year plan - a living document that is reviewed regularly by the Leadership Team and the Board and helps to drive and order the many priorities of the member schools.

The BFA Board along with the MRUSD Board believes it is our task to present the community with a responsible budget that supports a quality educational program for your children while taking into consideration the needs and the means of the community. The Board has a fiduciary responsibility to the community, and it indeed takes this responsibility seriously. The BFA Board members and those that serve St. Albans City and Town on the MRUSD board have used intensive interaction with staff, department heads, administrators, and the individual Boards to examine all proposed expenditures and revenues, and worked with the Central Office to propose a responsible single budget.

I am happy to report that the total proposed budget is \$52,897,510 with a per equalized student cost \$15,017. With the 10-cent reduction as an Act 46 incentive adjustment, this results in an estimated tax rate of \$1.39.

On behalf of the BFA Board of School Directors, I want to thank the community, the faculty, and the staff for supporting our students through supporting our school. I especially want to thank our students for continuing to choose BFA and NWTC. You continue to make us proud!!

The BFA Board of School Directors has so enjoyed serving the school and community during the 2016 – 2017 school year and will transition to the Maple Run Unified School District Board in a few months. Familiar faces will join with new faces to provide the best for all the schools in the District.

Please attend the Budget Informational Meeting to be held in the BFA Library (located in BFA North building) at Bellows Free Academy, 71 South Main Street, Saint Albans, Vermont, on Wednesday, March 1, 2017, at 6:00 p.m.

I also wish to encourage and remind the community to please vote on Tuesday, March 7, 2017 from 7:00 a.m. to 7:00 p.m. at your local polling places. Your vote counts.

It has been a pleasure to serve as chair of the BFA Board for the last several years.

Sincerely,

Nilda Gonnella-French, Chair
BFA Board of School Directors

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cmosca@fcsuvt.org

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BELLOWS FREE ACADEMY ANNUAL REPORT

I am pleased to submit the 2017 Annual Report from Bellows Free Academy. We are focused on creating a culture and climate conducive to excellent teaching and learning. Our programs and personnel are exceptional and we continue to attract students throughout the region. Your support for and commitment to BFA is the foundation of our success and that of each student within the greater St. Albans Community as well as the newly created Maple Run Unified School District.

Our primary goal during the last year has been the ongoing implementation of the state mandated Flexible Pathways Act 77 graduation requirements and the use of Canvas, our new Student Learning Management system. Canvas is designed to integrate personal learning plans, course information and student progress on proficiencies to support our transition to schoolwide proficiency based grading in accordance with Act 77. Teachers have participated on leadership teams and joined a collaborative effort to ensure all students will be graded on Proficiency Based Assessments by 2020. Our faculty is also working with school administrators and teacher leaders to implement personal learning plans with the classes of 2019 and 2020. Each student should have a relevant and meaningful learning plan upon graduation beginning with the class of 2019.

This work is comprehensive, far reaching and challenging. As a result of the knowledge and commitment of our teachers, we expect to be able to meet all Act 77 expectations to ensure that students have clearly defined pathways and experiences to demonstrate what they know and will be able to do upon graduation.

We were pleased to announce that the New England Association of Secondary Schools and Colleges Committee on Public Secondary Schools, at its January 2016 meeting voted to accept our 5-year progress report and continue our school's accreditation. The committee cited ten areas for commendation and provided no recommendations in its February 23, 2016 letter to our school district. Through this process we have also aligned our schoolwide academic expectations with the Vermont Transferable Skills so that students will now strive to become informed and integrative thinkers, creative and practical problem solvers, clear and effective communicators, self-directed learners and responsible and involved citizens.

In April 2016, juniors participated in the second year of the statewide Smarter Balanced Assessment Consortium Exams (SBAC). We are glad to report that in math, 43% of our students met or exceeded proficiency which is higher than the state average of 37.76% of students who met or exceeded proficiency. It is also important to note that based on the number of respondents from the 2016 Vermont Student Assistant Corporation survey (85 students) 85.8% believe that BFA provided a good education, while only 2.4% felt it did not. Additionally, 63.4% of our respondents felt BFA helped them learn the skills needed to be successful in work or college. We outperformed the state on this measure. Finally, during the 2015-16 school year, a total of 151 students took 275 Advanced Placement (AP) courses and 126 students took a total of 229 exams with a 60.7% passing rate of three or better. This percentage is higher than the passing rate of all students

Superintendent's Office
Fax # 524-1540

Principal's Office
Fax #527-6465

Main Office
Fax #527-6453

Guidance Office
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An Equal Opportunity Employer

who took the AP exams. Our performance in the Advanced Placement program continues to reflect our strong academic offerings and commitment to student achievement.

Our on-going work in implementing the Student Success Model to create an environment where everyone can thrive was supported by the addition of a Dean of Students and In-school Support Planning room. During the 2015-16 school year, the number of out-of-school suspensions decreased by 53 incidents when compared to the number of suspensions in 2012-13. Our average daily attendance increased by .74% within the same time period. Additionally, the number of detentions for unexcused absences decreased by 45% since 2012-13 and in-school suspensions have decreased by 20% since 2013-14, the first year we implemented the Planning Room. Our partnership with Northwest Counseling Services and local first responders, enhanced contact with families, on-going collaboration between guidance staff and administration as well as the restructuring of our student management system, appears to be contributing to these positive trends.

In addition to our community support for all students, BFA continues to provide a wide range of special education services. The special education administration and staff has developed and enhanced specific programs and staffing based on student needs. We have increased enrollments from sending schools as a result of our commitment to ensure that each student, regardless of any learning challenges, achieves academic and social success.

Despite budget reductions as a result of Act 46, we were able to reallocate funds for a part-time community outreach specialist to attract tuition students to BFA. We were also pleased to welcome Heather Fitzgibbons as our new Assistant Principal and proudly honored Geoff Lyons as the Vermont Assistant Principal of the Year.

Our school continues to attract students throughout the region. This year, fifteen students chose to attend BFA from surrounding communities through the Act 129 School Choice program. Most significantly, no student chose to leave BFA through Act 129. This may be attributable to our strong academic programs, as well as our comprehensive co-curricular and extra-curricular activities. During the 2015-16 school year, 584 students participated in one or more co-curricular activities and 557 participated in one or more sports. For a school with an enrollment of approximately 900 students this participation rate is exceptional. Our student ambassadors regularly visit sending schools and many students participate in music and arts festivals, interscholastic competitions and school board meetings. Our World of Difference Students worked closely with program leaders from the Anti-Defamation League in Boston to design a schoolwide event aimed at creating a safer environment for conversations about race. Lastly, it is important to note that BFA students frequently receive community recognition for a variety of charitable works and demonstrations of good citizenship.

In the winter of 2016, our girls basketball team, girls hockey team, boys hockey team, girls snowboarding team and cheerleading team all competed for state titles. Our boys hockey team and girls snowboarding team earned state championships. The Powder Puff Football game, hosted in partnership with our friends from MVU, generated a record \$27,000.00 in contributions to support those experiencing catastrophic illness. Once again, we hosted the annual statewide Unified Sports and Special Olympics competition at the Collins Perley Sports Complex, and our marching band proudly led the Veteran's Day parade in which our entire school participated. Our fall musical, The Wizard of Oz was a great success and we were honored to host the extraordinary performance of Handel's Messiah in December.

BFA remains a strong and vibrant place for students to grow socially and academically as a result of your continued support. Everyone at the academy appreciates your interest and devotion to ensuring the very best for our young people.

Respectfully Submitted,

Chris Mosca, Principal

NORTHWEST TECHNICAL CENTER

71 South Main St., St. Albans, VT ~ (802) 527-0614

nwtc.fcsuvt.org

The Northwest Technical Center (NWTC) provides quality career and technical education to area high school students and adults. At the NWTC, students from Bellows Free Academy and Missisquoi Valley Union High School have the opportunity to choose from ten different career and technical programs and twelve specialty modules. Many of our programs allow students to take advantage of dual enrollment opportunities to earn college credit while in their program. In addition, all programs offer the opportunity to earn industry recognized certification which prepares them for college and careers.

The NWTC has been offering career and technical education since 1977. Many things have changed in technical education in the past decade. We strive to offer 21st century programs that are current with the trends in the industry. NWTC works closely with the Franklin County Industrial Development Corporation and Franklin Grand Isle Workforce Investment Board by listening to the needs of the local employers. Students come from a wide variety of backgrounds with personal goals ranging from college to immediate employment or apprenticeship. In addition, our vibrant Career Development Center offers continuing education courses to serve the employment and training needs of our community and surrounding counties.

Highlights of our year include:

Career Development Office

NWTC's Career Development Office is proud to deliver the largest selection of continuing education courses offered by a Vermont regional technical center. High school students and adults have access to 50 courses taught locally, along with access to hundreds of online courses. As part of the student's personalized learning plans, the Career Development Office at NWTC is a strong option for many of our students (and their families).

The Career Development Office at the NWTC continues to operate the largest Licensed Nurse Assistant certification program in the state. Certifications can be earned in Medical Coding, Medical Assisting, and Phlebotomy. Our most recent accomplishment is partnering with University of Vermont Medical Center to have NWTC provide on-going training for their phlebotomy students. In the technology area, besides basic computer courses, residents can earn certifications to be technicians for computer hardware, networking, servers and security systems. Visit our course offerings at: <http://nwtc.fcsuvt.org/careerdevelopment/>

Expanded Opportunity

We have made improvements including an expanded classroom in our Medical Professions program to accommodate the increased interest in the medical fields, increased community involvement, and accessibility of enrichment opportunities through our Career Development Office.

We continue to have specialized attention for our feeder schools including a growing middle school Career Exploration Day program for students to experience career and technical education earlier. In an attempt to expand our presence in local middle schools as well as expose younger students to different career options that align with the state initiative, Personal Learning Plans (PLP), the NWTC has partnered with St. Albans City School, St. Albans Town Educational Center, Sheldon Elementary, Georgia Elementary and Missisquoi Valley Middle School to provide a Career Day Experience at NWTC. Students are asked to reflect on their career options and desires, and will be given an opportunity to have a hands-on learning experience at our center, in the career field of their choice.

Tech & Engineering Day

Now in our 3rd year, we expect to attract over 100 students from Franklin County schools: St. Albans City School, St. Albans Town School, Fairfield and Missisquoi Valley Union. Students experience a panel of engineers and educators talk about possible career options and pathways. Students explore opportunities to compete in tech & engineering tasks, as well as a chance to work collaboratively with other students in our region. Over fifty first, second, and third place medals are awarded during this competition, giving our 7th and 8th graders a chance to be recognized and rewarded for their efforts. High School students from our programs are on hand to help with judging and mentoring the participants. The day is filled with learning and fun, and we hope to continue hosting this event in the future.

Cooperative Education

Cooperative Education, or Co-op, is a unique plan of education which integrates classroom study with planned and supervised work experience. This educational pattern allows students to acquire practical skills as well as to be exposed to the reality of the world of work beyond the school campus. These experiences enhance the self-awareness and potential direction of the students involved. One of the great strengths of Cooperative Education is its flexibility. The basic concept of integrating work experience in an educational curriculum can be applied in many different ways. The NWTC’s Cooperative Education Program has three main components:

Job Shadows	Usually a onetime observation of various occupations
Career Work Experience (CWE)	Program specific work experiences, usually during NWTC class time
Cooperative Technical Education (CTE)	Paid, supervised work, with training plan in program specific employment, available to students who have already completed program curriculum

Cooperative Education blends the philosophy of the hiring institution with the needs of the students. It is dependent upon the cooperation between educational institutions and employers to form a total educational program. The interrelated experience and study components are carefully planned and supervised to produce optimum educational results. Through a balanced educational method which combines classroom theory with career-related work experience, Cooperative Education offers numerous advantages to the student and to employers.

It is the goal of Cooperative Education to prepare every student for entry level employment and/or post-secondary training or education.

Academic Skill Development

We continue to administer the Accuplacer, a college entry level skills assessment to all students enrolled in NWTC programs. If needed, individualized support is given to students to help them become proficient. The Accuplacer is the assessment tool used by many area colleges to assess a student's basic skills as they apply for admission. It is the intent of the NWTC that all program completers and/or graduating students pass the Accuplacer before they head off to their respective college, technical school, or work endeavors.

English Integration

NWTC students may earn their required high school English credit during their program meeting time. The programs that integrate English for credit include Human Services, Public Safety & Fire Services, Medical Professions, Digital Arts, and Engineering Technologies. Instructors work together to find the inherent English component in the programs and align the curriculum to identify where English standards fit to make it rigorous and relevant. Our teachers familiarize themselves with the BFA Power Standards, select materials to be used in their programs, and discuss units to be presented.

Dual Enrollment

We continue to offer FREE college credit in many of our programs through dual enrollment. With successful completion of the course work, students will earn transcribed-college credit that can transfer to any college. The programs that currently offer college credit are: Medical Professions, Engineering Technologies, Automotive Technology, Digital Arts, Culinary Arts and Digital Video Production.

I would like to thank the parents and community members who provide ongoing support to the Northwest Technical Center. These community partners include program advisory committees, co-op and program placement sites, industry partners, and youth leadership organizations. Career and technical education has changed over the years and we appreciate the continued support from our business partners.

I invite you to visit our school anytime, we always want to share our school with you.

Respectfully submitted,

Leeann Wright, Director
Northwest Technical Center



Collins Perley Sports & Fitness Center

ANNUAL REPORT COLLINS PERLEY SPORTS & FITNESS CENTER FY 2016

The Collins Perley Sports & Fitness Center has had an outstanding year. We have seen a significant increase in use by both the community and the school. We feel this is as a result of increased emphasis on wellness and facility improvements.

Collins Perley is owned by BFA. It is BFA's primary facility for physical education and athletics. It hosts other, non-athletic BFA activity. The goal of its independent Board of Directors is to meet the needs of BFA while also serving as a community center for the greater St. Albans region. Toward that end, we offer our facilities for Fitness, Athletics, Expositions, Shows, Fairs, Conventions, Concerts, Business Meetings, Parties, Health Clinics, Voting, and more.

This combination of school ownership along with community use and commitment result in excellent facilities at a low cost. The Collins and Perley Trusts paid the debt for the original construction of the facility. They continue to pay part of the operating costs of the facility. Collins Perley operates as a non profit entity (501 c 3) and sets fees sufficient to cover costs of operation. Operating costs are kept at essential levels without frills.

Because our public Mission is *to provide maximum wellness opportunity for the largest number of people...* we strive to offer as many wellness options as possible at the lowest possible price. During the past year we have truly concentrated on reaching out to the community to determine how we can more fully fulfill our mission. We have partnered with a number of talented local fitness instructors to increase our number and variety of class offerings. .

We know variety is important to most people in order to continue on a path to better health. We expect to continue to look at options for providing healthy choices to our community. Our Wellness Challenge participation has tripled in numbers. We expect this group to continue to grow with more time and effort being given to it. We offer over 100 different wellness classes every month.

Outside, we began what we hope will be a five year process to renovate most of our sports fields. Natural turf sports fields should be renovated every 15 years. Some of ours have never been renovated. Some were not built with the expectation of the type of use they are now getting. This year, our attention has been on the softball field. We excavated the infield, upgraded drainage, installed a new playing surface and are replacing the backstop and adjacent fencing. Through the process, we also expect to make spectator areas more handicap accessible.

We were pleased to continue our work with the Town of St. Albans on a project that might bring a walking/biking path from south Main Street to Collins Perley. Evidence shows this path would be heavily used. It would be an excellent way to increase access to the very popular Rotary Health Path that surrounds our Campus.

We are also working with the Town to install a cross walk that would improve pedestrian safety between our facility and the other side of Fairfax Road. This project would include a lowering of the speed limit and the installation of sidewalks on the east side of Fairfax Road.

Fitness is critically important to people of all ages. While we are proud of our world champion weight lifters, we are just as proud of those who take a regular walk around the Rotary Fitness Path that surrounds the 52 acre site or those who walk inside during inclement weather. We encourage all of our neighbors to do some kind of aerobic exercise for at least one hour three times per week. In addition to walking, jogging and running on our outdoor path and track we offer tennis, racquetball, wallyball, skating, aerobics, martial arts and a complete fitness gym with highly skilled trainers. We offer 100 exercise classes every month. Exercise programs include Tai Chi, Yoga, Zumba, Aerobics, Belly Dancing, Boot Camp , Spinning ®, and more.

Athletics is for more than the athletes. We encourage everyone to either participate in or watch any number of sports events. We host a wide number of athletic camps in the summer. Fall, winter, and spring bring both youth and adult teams to the ice or to the tennis courts/field house where they can participate in youth or adult tennis, soccer or lacrosse. Newcomers to every sport are welcome.

As a Community Center, Collins Perley is flexible and active. Our location and our facility work well for business meetings, expositions, and conventions.

We invite you to check our web site for more information: www.collinsperley.com

On behalf of the staff and the Board of Directors of Collins Perley, it is our pleasure to invite everyone to stop in to see what we have to offer. Please let us know how we can serve you better.

Sincerely,

Harold "Butch" Hebert, President
Collins Perley Sports Center, Inc.

David Kimel, Manager

BFA Union High School District #48

Summary of Expenditures

Department	FY16 Adopted	FY16 Actual	FY17 Budget
Regular Instruction Program	\$7,996,068	\$8,038,292	\$7,787,755
ISS & SSS	\$300,956	\$302,155	\$315,777
Co-Curricular Program	\$100,091	\$107,780	\$88,937
Athletics Program	\$628,052	\$624,273	\$630,524
Adult Education Program	\$139,076	\$381,696	\$148,300
Attendance Services	\$162,198	\$29,909	\$38,574
Guidance Services	\$609,945	\$589,206	\$658,578
Health Services	\$108,084	\$93,291	\$108,367
Library Services	\$157,657	\$162,057	\$161,958
Information Technology	\$574,878	\$551,425	\$634,138
School Board of Directors	\$138,473	\$116,296	\$127,251
Supervisory Union Services	\$437,297	\$435,007	\$488,664
Principals Office	\$557,349	\$546,497	\$490,989
Assistant Principal's Office	\$375,251	\$429,579	\$458,410
Plant Operation (Main & North Plant)	\$1,351,012	\$1,250,089	\$1,330,655
Plant Operation (CPSC)	\$441,507	\$428,098	\$446,288
School Resource Officer	\$72,757	\$71,008	\$74,560
Student Transportation	\$220,422	\$192,637	\$324,305
Cafeteria	\$12,119	\$12,691	\$16,485
Debt Service (Short Term)	\$34,206	\$29,785	\$30,100
Debt Service (LongTerm)	\$583,711	\$583,709	\$568,923
Subtotal General Operating	\$15,001,109	\$14,975,480	\$14,929,538
Administration	\$28,035	\$26,093	\$28,365
Sp Ed Services provided by SU	\$2,372,649	\$2,400,173	\$2,593,888
Support Services	\$953,333	\$884,982	\$923,551
Subtotal Special Education	\$3,354,017	\$3,311,248	\$3,545,804
Northwest Technical Center			
Instructional Program	\$1,718,071	\$1,818,200	\$1,738,133
NWTC Administration	\$281,212	\$257,528	\$302,468
NWTC Guidance	\$107,678	\$104,433	\$113,214
Indirect Expenses	\$440,280	\$463,382	\$472,769
Transportation	\$53,060	\$49,432	\$42,395
Northwest Technical Center	\$2,600,301	\$2,692,975	\$2,668,979
Total Expenses	\$20,955,427	\$20,979,703	\$21,144,321

BFA Union High School District #48

Summary of Revenues

Revenues	FY16 Adopted	FY16 Actual	FY17 Adopted
Collins Perley Trust Fund Income	\$75,000	\$86,000	\$100,000
Investment Income	\$50,000	\$40,782	\$50,000
St of VT High School Completion Program	\$0	\$304,876	\$0
Driver Education Reimbursement	\$15,000	\$15,335	\$15,000
Adult Ed Income	\$99,500	\$284,254	\$99,500
Tuition Income	\$3,476,273	\$3,486,033	\$3,409,631
Education Spending	\$12,515,350	\$12,515,303	\$12,451,683
State Transportation Aid	\$15,300	\$15,347	\$15,200
IEP Grant Income	\$17,224	\$15,165	\$17,224
Misc.	\$50,000	\$78,875	\$30,425
Subtotal General Operating	\$16,313,647	\$16,841,970	\$16,188,663
Excess Cost Income	\$402,361	\$574,879	\$588,113
Mainstream Block Grant	\$256,729	\$256,729	\$250,360
Expenditure Reimbursement	\$1,295,552	\$1,248,863	\$1,380,526
Extraordinary Reimbursement	\$86,837	\$90,760	\$67,680
Subtotal Special Education	\$2,041,479	\$2,171,231	\$2,286,679
Northwest Technical Center			
State Basic Education Grant	\$1,175,889	\$1,175,842	\$1,210,899
State Tuition Assistance Grant	\$473,059	\$473,109	\$487,143
Tuition Income	\$701,353	\$701,590	\$719,937
Program Income	\$29,000	\$43,432	\$25,000
Grants	\$221,000	\$296,331	\$226,000
Northwest Technical Center	\$2,600,301	\$2,690,304	\$2,668,980
Total Revenues	\$20,955,427	\$21,703,505	\$21,144,321

Comparative Data for Cost-Effectiveness, FY2017 Report
16 V.S.A. § 165(a)(2)(K)

School: Bellows Free Academy UHS
S.U.: Franklin Central S.U.

A list of schools and school districts in each cohort may be found on the DOE website under "School Data and Reports":
<http://www.state.vt.us/educ/>

FY2016 School Level Data

Cohort Description: Senior high school
 (27 schools in cohort)

Cohort Rank by Enrollment (1 is largest)
 4 out of 27

School level data		Grades Offered	Enrollment	Total Teachers	Total Administrators	Stu / Tchr Ratio	Stu / Admin Ratio	Tchr / Admin Ratio
Smaller ->	Rutland High School	9 - 12	854	69.26	4.00	12.33	213.50	17.32
	So Burlington High School	9 - 12	901	72.24	3.00	12.47	300.33	24.08
	Mt Anthony Sr UHS #14	9 - 12	954	66.83	3.00	14.28	318.00	22.28
	Bellows Free Academy UHS	9 - 12	991	72.54	4.00	13.66	247.75	18.14
<- Larger	Burlington Senior High School	9 - 12	1,049	92.57	6.00	11.33	174.83	15.43
	Essex High School	9 - 12	1,251	102.50	5.00	12.20	250.20	20.50
	Champlain Valley UHS #15	9 - 12	1,281	89.99	5.00	14.23	256.20	18.00
Averaged SCHOOL cohort data			628.15	53.36	2.83	11.77	222.08	18.87

School District: Bellows Free Academy UHSD #4
LEA ID: U048

Special education expenditures vary substantially from district to district and year to year. Therefore, they have been excluded from these figures.

The portion of current expenditures made by supervisory unions on behalf of districts varies greatly. These data include district assessments to SUs. Including assessments to SUs makes districts more comparable to each other.

FY2015 School District Data

Cohort Description: Senior high school district
 (23 school districts in cohort)

Grades offered in School District | Student FTE enrolled in school district | Current expenditures per student FTE **EXCLUDING** special education costs

Cohort Rank by FTE
 (1 is largest)
 4 out of 23

School district data (local, union, or joint district)

Smaller ->	Missisquoi Valley UHSD #7	7-12	733.34	\$14,837
	U-32 High School (UHSD #32)	7-12	747.65	\$15,861
	Middlebury UHSD #3	7-12	810.05	\$17,933
	Bellows Free Academy UHSD #48	9-12	856.10	\$15,611
<- Larger	Brattleboro UHSD #6	7-12	940.84	\$15,813
	Essex Comm. Ed. Ctr. UHSD #46	9-12	1,145.03	\$15,867
	Champlain Valley UHSD #15	9-12	1,227.05	\$12,827

Current expenditures are an effort to calculate an amount per FTE spent by a district on students enrolled in that district. This figure excludes tuitions and assessments paid to other providers, construction and equipment costs, debt service, adult education, and community service.

Averaged SCHOOL DISTRICT cohort data

587.09 | **\$15,793**

FY2017 School District Data

LEA ID	School District	Grades offered in School District	School district tax rate			Total municipal tax rate, K-12, consisting of prorated member district rates		
			SchDist	SchDist	SchDist	MUN	MUN	MUN
			Equalized Pupils	Education Spending per Equalized Pupil	Equalized Homestead Ed tax rate	Equalized Homestead Ed tax rate	Common Level of Appraisal	Actual Homestead Ed tax rate
Smaller ->	U005 Vergennes UHSD #5	7-12	543.45	18,112.19	1.9179	-	-	-
	U019 Harwood UHSD #19	7-12	707.06	16,972.82	1.7496	-	-	-
	U028 Mount Abraham UHSD #28	7-12	743.48	15,652.61	1.6135	-	-	-
	U048 Bellows Free Academy UHSD #48	9-12	750.17	16,598.48	1.7110	-	-	-
<- Larger	U032 U-32 High School (UHSD #32)	7-12	755.33	16,320.09	1.6823	-	-	-
	U041 Spaulding HSUD #41	9-12	788.96	12,891.73	1.3289	-	-	-
	U018 Lamoiile UHSD #18	7-12	825.39	14,972.93	1.5434	-	-	-

The Legislature has required the Agency of Education to provide this information per the following statute:

16 V.S.A. § 165(a)(2) The school, at least annually, reports student performance results to community members in a format selected by the school board. . . . The school report shall include:

(K) data provided by the commissioner which enable a comparison with other schools, or school districts if school level data are not available, for cost-effectiveness. The commissioner shall establish which data are to be included pursuant to this subdivision and, notwithstanding that the other elements of the report are to be presented in a format selected by the school board, shall develop a common format to be used by each school in presenting the data to community members. The commissioner shall provide the most recent data available to each school no later than October 1 of each year. Data to be presented may include student-to-teacher ratio, administrator-to-student ratio, administrator-to-teacher ratio, and cost per pupil.

Bellows Free Academy UHS 48/ Northwest Technical Center Wages

Fiscal Year 2015-2016

July 1, 2015 - June 30, 2016

<u>Name</u>	<u>Position</u>	<u>FTE</u>	<u>Salary</u>
<u>Bellows Free Academy Union High School:</u>			
<u>Administrative/Clerical:</u>			
Mosca, Christopher P	Principal	100%	\$108,737
Lyons, Geoffrey W	Assistant Principal	100%	\$98,919
Day, Rebecca Caron	Assistant Principal	100%	\$95,666
Warden, Shannon J	Assistant Principal	100%	\$90,614
Randall, Preston E	Director of Guidance	100%	\$87,975
Quinlan, Devin L	Student Assistant Counselor	100%	\$55,740
Raymond, Shirley	Administrative Assistant	100%	\$51,710
Brunelle, Teri L	Secretary, Principals Office	100%	\$43,865
Goldsbury, Margaret R	Secretary, Main Office	100%	\$39,721
Jarvis, Mary Sue	Secretary, Support Services	100%	\$32,224
Turner, Judy L	Secretary, Main Office	100%	\$30,069
<u>Guidance/Other Support:</u>			
Breitmeyer, Judith J	Guidance Counselor	100%	\$84,768
Hodgeman, Stephanie C	Guidance Counselor	100%	\$62,046
Pepin, Christopher A	Guidance Counselor	100%	\$48,542
Turner, Amy H	Guidance Counselor	100%	\$72,907
Doig, Deborah J	Secretary	100%	\$32,592
Hirss, Kelly J	Secretary	100%	\$40,147
Gadway, Heather L	Attendance	100%	\$34,176
Gunter, Desiree V	Attendance	100%	\$20,200
Gissel, Ellen M	Cafeteria Monitor	*PT	\$8,656
Gissel, Robert R.	Cafeteria Monitor	*PT	\$3,465
Chesser, Karen S	Career Coach	40%	\$14,088
Harris, Debra A	Piano Accompanist	32%	\$16,666
Gratton, Penelope Ann E	Tutor	100%	\$34,177
Bonneau, Martha L	Transliterator	100%	\$49,172
Costello, Hilda S	Interpreter for the Deaf	100%	\$38,116
<u>Information Technology/Library:</u>			
Steel, Alan G	Director of Information Technology	100%	\$79,949
Hebert, Thomas	Network Administrator	100%	\$70,804
Davis, Steven S.	Technology Intergration	100%	\$62,020
Muren, Claire M	Information Technology	100%	\$82,093
Mercier, William J	Information Technology	100%	\$49,877
Woodworth, Kim A	Information Technology	100%	\$41,587
Jones, Peter M	Librarian	100%	\$71,254
Gaudreau, Mary J	Secretary, Library	100%	\$42,846

Bellows Free Academy UHS 48/ Northwest Technical Center Wages

Fiscal Year 2015-2016

July 1, 2015 - June 30, 2016

<u>Name</u>	<u>Position</u>	<u>FTE</u>	<u>Salary</u>
<u>Nurse:</u>			
Lipka, Valarie F	Associate Nurse	100%	\$47,763
Walker, Jodi K	Associate Nurse	100%	\$30,831
<u>Teachers:</u>			
Christie, Diane M	Arts	100%	\$84,432
Harte, Robert G	Arts	60%	\$32,928
Kamitses, Alexis	Arts	100%	\$57,292
Stoner, Gerald K	Arts	100%	\$73,975
Yandow, Karen Anne	Arts	100%	\$89,400
Marlow, Dan A	Athletic Director/PE	100%	\$83,358
Brouillette, Mary R	Business	64%	\$52,094
Fraser, Barbara S	Business	100%	\$63,742
McArtor, Edee K	Business	100%	\$74,579
Sweeny, Ritalea	Business	40%	\$26,603
Mason, Nora J	Design & Tech Ed	100%	\$47,728
Symula, Peter G	Design & Tech Ed	100%	\$79,718
Walker, Brett A	Design & Tech Ed	100%	\$58,246
Bove, Perry E	Driver Ed	100%	\$81,199
Archambault, Nathan K	English	100%	\$61,260
Bristol, Jamie A	English	100%	\$65,548
Carlton, Keith J	English	100%	\$78,033
Downer, Erin Bancroft	English	100%	\$52,065
Hebert, Larissa M	English	100%	\$67,234
Hill, James E	English	100%	\$77,304
Kaufman, Jacqueline	English	100%	\$82,091
Perrin, Jodeen L	English	100%	\$62,178
Rico, Polly G	English	100%	\$73,975
Riegelman, Peter A	English	100%	\$77,346
Telfer, Eric T	English	100%	\$75,039
Tinney, Donald L	English	100%	\$72,601
Tourville, MaryEllen	English	100%	\$69,591
Bettinger, Patricia L	Health Education	100%	\$66,267
LaPlante, Jessica Lull	Health Education	60%	\$28,032
Norton, Krystal L	Health Education	100%	\$86,461
Berthiaume, Richard J	Math	100%	\$82,079
Cioffi, Luke A	Math	100%	\$82,403
Goodland, Skyanna M	Math	100%	\$66,968
Gray, Tonja A	Math	100%	\$82,403
Hunter, Gregory L	Math	100%	\$72,601
Jackson, Keith A	Math	100%	\$63,240
Kane, Karla D	Math	100%	\$77,657

Bellows Free Academy UHS 48/ Northwest Technical Center Wages

Fiscal Year 2015-2016

July 1, 2015 - June 30, 2016

<u>Name</u>	<u>Position</u>	<u>FTE</u>	<u>Salary</u>
Parent, Jennifer SS	Math	100%	\$70,439
Pomichter, Annelle H	Math	100%	\$77,657
Rheaume, Jana M	Math	100%	\$79,412
Sturgeon, Mead J	Math	100%	\$53,390
Bushey, Eric J	Music	100%	\$78,707
Messier, Armand B	Music	100%	\$77,641
Corrigan, Josh D	Physical Education	100%	\$35,727
Fabrizio, Sarah C	Physical Education	100%	\$61,866
Lefebvre, Shawn C	Physical Education	100%	\$63,683
Bombard, Jennifer J	Science	100%	\$81,348
Corrigan, Kristin H	Science	100%	\$47,009
Eldred, Emily S	Science	100%	\$65,548
Fugere, Timothy	Science	100%	\$78,603
Hungerford, Christopher M	Science	100%	\$62,178
Koldys, Thomas J	Science	100%	\$53,750
Magnan, Margaret M	Science	100%	\$62,862
McCabe, Glenn N	Science	100%	\$68,919
Plimpton, Daniel S	Science	100%	\$68,982
Rouleau, Jeffrey J	Science	100%	\$72,601
Stinnett, Michelle L.	Science	100%	\$59,617
Bedell, Justin S	Social Studies	100%	\$74,040
Campbell, Michael J	Social Studies	100%	\$75,660
Howard, Sara F	Social Studies	100%	\$74,579
Moore, Christopher L	Social Studies	100%	\$56,292
Moulton, Jeffrey A	Social Studies	100%	\$72,290
Murray, Geoffrey M	Social Studies	100%	\$67,234
Potter, Meredith A	Social Studies	84%	\$61,147
Rider, David T	Social Studies	100%	\$72,601
True, Mitchell E	Social Studies	100%	\$72,601
Cooledge, Scott A	Student Support Services	100%	\$79,566
Smith, Neal F	Student Support Services	100%	\$82,403
Batten, Lydia	World Languages	100%	\$61,180
Ely, Emma F	World Languages	60%	\$25,796
Johnson, Paula B	World Languages	80%	\$68,662
Leet, Kristi N	World Languages	100%	\$50,175
Saldarriaga, Olga L	World Languages	100%	\$61,292
Santacross, Gavin R	World Languages	90%	\$43,801
Thurber, James W	World Languages	100%	\$50,380

Educational Support Personnel:

Bennett, Kathy L	Educational Support Personnel	100%	\$28,816
Blais, Tammy F	Educational Support Personnel	100%	\$22,139

Bellows Free Academy UHS 48/ Northwest Technical Center Wages

Fiscal Year 2015-2016

July 1, 2015 - June 30, 2016

<u>Name</u>	<u>Position</u>	<u>FTE</u>	<u>Salary</u>
Branon, Stephanie L	Educational Support Personnel	100%	\$21,812
Briggs, Laurie K	Educational Support Personnel	100%	\$21,546
Burns, Martha A	Educational Support Personnel	100%	\$22,528
Calano, Brenda R	Educational Support Personnel	100%	\$22,654
Calano, Lindsey E	Educational Support Personnel	100%	\$21,812
Fitzgerald, Louise D	Educational Support Personnel	100%	\$22,617
Garceau, Julie A	Educational Support Personnel	100%	\$21,929
Hall, Nikki L	Educational Support Personnel	100%	\$21,978
Harris, Debra A	Educational Support Personnel	68%	\$13,476
Higdon, Amanda J	Educational Support Personnel	100%	\$21,919
Hodet, Carol A	Educational Support Personnel	100%	\$22,222
King, Deborah A	Educational Support Personnel	100%	\$22,420
Mercier, Eileen M	Educational Support Personnel	100%	\$22,557
Painter, Casey M	Educational Support Personnel	100%	\$23,031
Patterson, Lee C	Educational Support Personnel	100%	\$22,587
Ploof, Lori D	Educational Support Personnel	100%	\$22,533
Rawson, Sarah S	Educational Support Personnel	100%	\$22,284
Thompson, Patric A	Educational Support Personnel	100%	\$22,762
Trombly, Carla M	Educational Support Personnel	100%	\$23,715

Custodians/Maintenance:

Martin, Scott F	Plant Manager	71%	\$44,839
Boomhover, Vernon A	Plant Manager	29%	\$21,752
Raymond, Terrence	Maintenance Plant	100%	\$52,304
Brier, David N	Custodian	100%	\$56,208
Brown, Norman G	Custodian	100%	\$34,812
Corey, Douglas L	Custodian	100%	\$34,060
Parrotte, Pauline L	Custodian	100%	\$39,248
Reed, Stacey L	Custodian	100%	\$34,998
Seiferth, John M	Custodian	100%	\$37,034
Smith, Lorraine A	Custodian	100%	\$34,862
Smith, Vernon J	Custodian	100%	\$35,949
Wells, Leslie J	Custodian	100%	\$40,633
Wells, Lisa A	Custodian	100%	\$35,152
Campbell, David A	Custodial Supervisor - CPSC	100%	\$50,440
Gagne, Ernie D	Custodian - CPSC	100%	\$35,618
Heuslein, Ryan S	Custodian - CPSC	100%	\$37,557
Stevens, Jeffrey S	Custodian - CPSC	100%	\$37,338
Thibeault, Ray E	Custodian - CPSC	100%	\$36,490

Bellows Free Academy UHS 48/ Northwest Technical Center Wages

Fiscal Year 2015-2016

July 1, 2015 - June 30, 2016

<u>Name</u>	<u>Position</u>	<u>FTE</u>	<u>Salary</u>
<u>Northwest Technical Center:</u>			
Wright, Leeann R	Administration	100%	\$106,883
Durocher, Lisa S	Administration	100%	\$73,485
Langlois, Mary Anne E	Secretary	100%	\$47,670
Mapes, Joanne M	Secretary	100%	\$31,877
Bosland, Susan S	Tech Ed Teacher	100%	\$81,928
Gagne, Agnieszka Empel	Outreach Coordinator	77%	\$43,560
Antoniak, Michael A	Tech Ed Teacher	100%	\$81,482
Bell, Douglass R	Tech Ed Teacher	100%	\$72,955
Bouchard, Lynn A	Tech Ed Teacher	100%	\$69,119
Brouillette, Mary R	Tech Ed Teacher	36%	\$29,303
Capsey, Mark E	Tech Ed Teacher	100%	\$64,843
Faas, Julie D	Tech Ed Teacher	100%	\$72,179
Gonyeau, Laura	Tech Ed Teacher	30%	\$30,379
Habecker, Mary F	Tech Ed Teacher	100%	\$64,174
Kemp, Joyce M	Tech Ed Teacher	100%	\$83,092
Kivlehan, Kieran A	English	100%	\$57,222
Monette, Adam Philip	Tech Ed Teacher	100%	\$52,280
Naylor, James L	Tech Ed Teacher	100%	\$82,403
Price, Melissa J	Tech Ed Teacher	100%	\$77,657
Sorrentino, Anthony E	Tech Ed Teacher	100%	\$47,797
Sweeny, Ritalea	Tech Ed Teacher	60%	\$38,801
Vincelette, Adam B	Tech Ed Teacher	100%	\$70,744
Wiggin, Sal J	Tech Ed Teacher	100%	\$72,601
Wunsch, Steven	Tech Ed Teacher	100%	\$82,892
Kemp, Jenna M	Educational Support Personnel	100%	\$17,995
Thomas, Marie	Educational Support Personnel	100%	\$23,086
Rondo, Kristen R	Educational Support Personnel	100%	\$22,803
<u>Adult Ed Instructors</u>			
Albright, David B	Adult Ed Instructor	*PT	\$6,000
Bessery, Linda E	Adult Ed Instructor	*PT	\$12,769
Clark, Georgina M	Adult Ed Instructor	*PT	\$1,960
Frey, Dianne	Adult Ed Instructor	*PT	\$13,625
Hodet, Courtney L	Adult Ed Instructor	*PT	\$6,663
Jacobs, Pamela N	Adult Ed Instructor	*PT	\$1,606
Marcotte, Daniel F	Adult Ed Instructor	*PT	\$3,000
Northam, Brittany L	Adult Ed Instructor	*PT	\$1,525
Prince, Samantha L	Adult Ed Instructor	*PT	\$7,288
Ross, Kelly L	Adult Ed Instructor	*PT	\$2,163
Short, Helen G	Adult Ed Instructor	*PT	\$8,875

Bellows Free Academy UHS 48/ Northwest Technical Center Wages

Fiscal Year 2015-2016

July 1, 2015 - June 30, 2016

<u>Name</u>	<u>Position</u>	<u>FTE</u>	<u>Salary</u>
Sibenaller, Michael A	Adult Ed Instructor	*PT	\$6,538
Smith, Arthur L	Adult Ed Instructor	*PT	\$1,563
Williams, Lori A	Adult Ed Instructor	*PT	\$21,538
Goodrich, Lynne	Adult Ed Instructor	*PT	\$12,925
Howrigan, Shelley A	Adult Ed Instructor	*PT	\$1,800
Johnson, Christine A	Adult Ed Instructor	*PT	\$20,150
Parker, Sarah J	Adult Ed Instructor	*PT	\$18,725

This report is a record of cash paid during the fiscal year, July 1, 2015 through June 30, 2016, not the employee's contracted amount. It may include additional duties and depending on summer pay selections, may appear understated or overstated. All individuals may not have worked a full year or at full time.

*PT indicates part time or casual employment

Bellows Free Academy Union High School District # 48

BASIC FINANCIAL STATEMENTS

June 30, 2016

Bellows Free Academy Union High School District # 48
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Bellows Free Academy Union High School District # 48
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June 30, 2016

Report

ADDITIONAL REPORTS

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*

1



Kittell Branagan & Sargent

Certified Public Accountants

Vermont License # 167

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Bellows Free Academy Union High School District # 48
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 Bellows Free Academy Union High School District # 48, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the school district's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 Bellows Free Academy Union High School District # 48, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Budgetary Comparison Schedule – General Fund on pages 26-28, and the Schedule of Proportionate Share of the Net Pension Liability on page 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

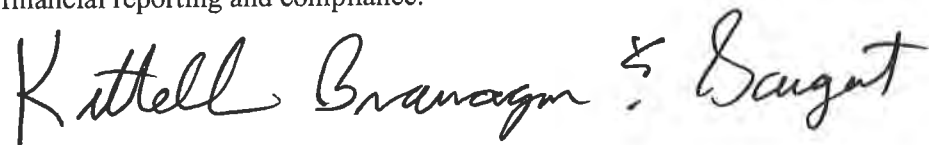
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bellows Free Academy Union High School District # 48's basic financial statements. The Combining Balance Sheet – Special Revenue Funds on page 30, the Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Funds on page 31, the Combining Statement of Net Position – Fiduciary Funds on page 32, and the Combining Statement of Changes in Net Position – Fiduciary Funds on page 33 is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Balance Sheet – Special Revenue Funds on page 30, the Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Funds on page 31, the Combining Statement of Net Position – Fiduciary Funds on page 32, and the Combining Statement of Changes in Net Position – Fiduciary Funds on page 33 are the responsibility of management and were derived from and relate 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 Combining Balance Sheet – Special Revenue Funds on page 30, the Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Funds on page 31, the Combining Statement of Net Position – Fiduciary Funds on page 32, and the Combining Statement of Changes in Net Position – Fiduciary Funds on page 33 are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2016, on our consideration of the Bellows Free Academy Union High School District # 48's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Bellows Free Academy Union High School District # 48's internal control over financial reporting and compliance.

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

St. Albans, Vermont
October 27, 2016

Bellows Free Academy Union High School District # 48
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016

This discussion and analysis of the Bellows Free Academy Union High School District # 48 financial performance is intended to provide a narrative introduction and overview of the District's financial activities for the fiscal year ended June 30, 2016. You should use the report 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.

Bellows Free Academy Union High School District # 48 is the owner of the Collins Perley Sports Center. The assets and long-term debt are included in these statements. However, these statements do not include the operating revenue and expenses of the Sports Center. The District contracts with Collins Perley Sports & Fitness Center, Inc. (a non-profit organization) for the management of the Sports Center. Bellows Free Academy Union High School District # 48 pays rent to the Sports Center for its' use of the facilities.

Reporting the District Financials

An important question about the District's finances is, "is the District in better financial shape as a result of the year's financial 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 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. The classification of Net Position is broken into two categories, the first being the portion invested in capital assets, net of related debt, which is not accessible for other purposes. The second portion of Net Position is classified as unrestricted and may be designated by the Board of Directors. The Statement of Activities is used to report all changes in the District's Net Position from one year to another. The Statement is presented using 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 cost associated with each functional activity, then reports dedicated outside resources as a direct reduction to arrive at the program 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.

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.

Bellows Free District Union High School District # 48
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016

Fiduciary Funds

The District serves as trustee or fiduciary for Student Activity and Scholarship 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 funds to finance its operation. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The Statements of the Fiduciary Funds are on page 7 & 8 of this report and covered in Note 3 to the Basic Financial Statements.

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 net position of the District increased \$366,073 from \$9,664,057 to \$10,030,130 at June 30, 2016.

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, 2016. This is due to a vote to commit any Net Position for future capital improvements as authorized by the Board of Directors.

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

	<u>2016</u>	<u>2015</u>
ASSETS		
Current and Other Assets	\$ 2,176,222	\$ 2,233,569
Capital Assets	<u>12,349,033</u>	<u>12,769,744</u>
TOTAL ASSETS	<u>\$ 14,525,255</u>	<u>\$ 15,003,313</u>
 LIABILITIES		
Current Liabilities	\$ 1,475,335	\$ 1,911,271
Long-term Liabilities & Debt Outstanding	<u>3,019,790</u>	<u>3,427,985</u>
TOTAL LIABILITIES	<u>\$ 4,495,125</u>	<u>\$ 5,339,256</u>
 NET POSITION		
Invested in Capital Assets, Net of Related Debt	\$ 9,024,033	\$ 9,004,744
Restricted	132,406	128,638
Unrestricted Net Position	<u>873,691</u>	<u>530,675</u>
TOTAL NET POSITION	<u>\$ 10,030,130</u>	<u>\$ 9,664,057</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 14,525,255</u>	<u>\$ 15,003,313</u>

Bellows Free District Union High School District # 48
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016

District-Wide Statement of Activities

	2016	2015
Governmental Activities Expenses	\$ 21,736,071	\$ 21,092,421
Charges for Services	(5,766,733)	(6,196,830)
Operating Grants and Revenues	(16,159,459)	(15,257,981)
Capital Grants and Revenues	-	-
Net (Expense) Revenue and Changes in Net Position	190,121	362,390
General Revenues		
Unrestricted investment earnings	40,782	42,403
Net investment activity	1,027	1,160
Miscellaneous	134,143	119,066
Total General Revenues	175,952	162,629
Change in Net Position	366,073	525,019
Net Position, Beginning	9,664,057	9,139,038
Net Position, Ending	\$ 10,030,130	\$ 9,664,057

Governmental Fund Balances and Transactions

Decisions involving governmental activities are made in the context of the annual appropriated operating budget, which focuses on the daily financial needs of the institution. The Revenue raised from tuition and other sources determines the spendable resources that are essential for making budgetary decisions based on the expenditure forecast for the school year. The General fund had an overall increase in Fund Balance for the year totaling \$378,348. This increase was based on unbudgeted grant income, additional special education revenue from sending districts and various plusses and minus in both revenues and expenditures. The fund balance in the general fund, as of June 30, 2016, totaled \$1,170,645. \$132,164 is restricted for specific purposes by conditions imposed by grantors, \$7,872 has been designated by the school board for Architect services, \$217,175 is non-spendable as this is the amount of pre-pays as of June 30, 2017 with leaving a balance of \$813,434 for future capital projects.

Discussion of Budget Variances of General Fund Revenues and Expenses

The General Fund revenues showed a variance of \$758,985 over budget. The most significant revenue variances occurred in the areas of tuition from adult education, special education income, program revenue and various grants.

The General Fund expenditures ran over budget by \$381,664. The major factor in the over runs were capital expenditures (\$353,660) that were covered with prior year surpluses and grant expense (\$324,743). Some of the work done in fiscal year 2015-2016 for capital improvements were; renovation of the gymnasium; repairs to an underground oil tank; and CPSC Zamboni purchase, to name a few.

Bellows Free District Union High School District # 48
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016

FUND FINANCIAL STATEMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS

	Governmental Funds	
	General Fund	
<u>ASSETS</u>	2016	2015
TOTAL ASSETS	\$ 2,150,482	\$ 2,212,914
<u>LIABILITIES AND FUND BALANCES</u>		
TOTAL LIABILITIES	\$ 979,837	\$ 1,420,617
FUND BALANCES		
Nonspendable	217,175	0
Committed	821,306	663,659
Restricted	132,164	128,638
TOTAL FUND BALANCES	1,170,645	792,297
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,150,482	\$ 2,212,914

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

	General Fund	
	2016	2015
REVENUES	\$ 21,614,412	\$ 21,093,027
EXPENDITURES	21,237,091	20,733,946
EXCESS OF REVENUES OVER EXPENDITURES	377,321	359,081
OTHER FINANCING SOURCES (USES)		
Net Investment Activity	1,027	1,160
FUND BALANCE – Beginning	792,297	432,056
FUND BALANCE – Ending	\$ 1,170,645	\$ 792,297

Bellows Free District Union High School District # 48
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016

Capital Assets

To be in compliance with Governmental Financial Reporting Model (GASB34) the District is reporting its Capital Assets as part of the Financial Statements. The information presented below documents the estimated historical costs of the various assets owned by the District and the applied appropriate charges against the cost to record depreciation. The outstanding obligations against our Capital Assets are the Bonds authorized for the roof replacement and minor renovations at the Collins Perley Sports Center, major renovations to the ice rink and various areas at the Collins Perley Sports Center, the renovations at the main campus in the original BFA building and the BFA north facility and a bond for renovations to the Auditorium. As of June 30th the outstanding principal balance on the outstanding Bonds totaled \$3,325,000. Information regarding our Capital Assets, Capitalization Policy and Outstanding Obligations may be found in Notes 1, 5 and 9 to the Basic 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>
Land and Land Improvement	\$ 1,794,417	\$ (830,413)	\$ 964,004
Building and Improvements	24,143,550	(13,190,204)	10,953,346
Equipment	<u>5,606,882</u>	<u>(5,175,199)</u>	<u>431,683</u>
 TOTALS	 <u>\$ 31,544,849</u>	 <u>\$ (19,195,816)</u>	 <u>\$ 12,349,033</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 11, starting on page 17 for detailed information regarding the Bellows Free Academy Union High School District # 48's proportional share of the overall amounts of the Vermont State Teachers' Retirement System (VSTRS). During the year ended June 30, 2016, the State of Vermont contributed \$985,041 on behalf of the Bellows Free Academy Union High School District # 48.

Requests for Information

This financial report is designed to provide a general overview of the Bellows Free Academy Union High School District #48 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 Franklin Central Supervisory Union, 28 Catherine St., St. Albans, VT 05478.

Bellows Free Academy Union High School District # 48
DISTRICT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
June 30, 2016

ASSETS

	<u>Governmental Activities</u>
CURRENT ASSETS	
Cash	\$ 1,576,778
Investments	89,284
Security Deposit	1,000
Accounts Receivable	41,354
Tuition Receivable	27,068
Amount Due from State	121,817
Due from FCSU	101,746
Prepaid Expenses	<u>217,175</u>
TOTAL CURRENT ASSETS	2,176,222
 CAPITAL ASSETS, net	 <u>12,349,033</u>
 TOTAL ASSETS	 <u>\$ 14,525,255</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES	
Accounts payable	\$ 174,911
Accrued Wages & Taxes	808,444
Unearned Revenue	21,980
Current Portion Severance Payable	30,000
Current Portion Bonds Payable	<u>440,000</u>
TOTAL CURRENT LIABILITIES	<u>1,475,335</u>
 LONG-TERM LIABILITIES	
Severance Payable	134,790
Bonds Payable	<u>2,885,000</u>
TOTAL LONG-TERM LIABILITIES	<u>3,019,790</u>
 TOTAL LIABILITIES	 <u>4,495,125</u>
 NET POSITION	
Net investment in capital assets	9,024,033
Restricted	132,406
Unrestricted	<u>873,691</u>
TOTAL NET POSITION	<u>10,030,130</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 14,525,255</u>

See Accompanying Notes to the Basic Financial Statements.

Bellows Free Academy Union High School District # 48
DISTRICT-WIDE FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN NET POSITION
June 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
			<u>Operating Grants and Revenues</u>	<u>Capital Grants and Revenues</u>	<u>Governmental Activities</u>
Governmental Activities:					
General Instruction	\$ 13,883,240	\$ 3,834,129	\$ 12,868,225	\$ -	\$ 2,819,114
Adult Education	381,696	261,269	22,985	-	(97,442)
Special Education	3,345,534	255,148	1,648,227	-	(1,442,159)
Northwest Technical Center					
Vocational	2,676,387	1,220,187	1,500,114	-	43,914
Food Service	328,356	196,000	119,908	-	(12,448)
Interest on long-term debt	143,709	-	-	-	(143,709)
Repairs & Maintenance	181,021	-	-	-	(181,021)
Depreciation - unallocated	<u>796,128</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(796,128)</u>
 Total Governmental Activities	 <u>\$ 21,736,071</u>	 <u>\$ 5,766,733</u>	 <u>\$ 16,159,459</u>	 <u>\$ -</u>	 <u>190,121</u>
 General Revenues:					
Unrestricted investment earnings					40,782
Net investment activity					1,027
Miscellaneous					<u>134,143</u>
Total General Revenues and Transfers					<u>175,952</u>
 Change in Net Position					 <u>366,073</u>
 Net Position, Beginning					 <u>9,664,057</u>
 Net Position, Ending					 <u>\$ 10,030,130</u>

See Accompanying Notes to the Basic Financial Statements.

Bellows Free Academy Union High School District # 48

FUND FINANCIAL STATEMENTS

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2016

	General Fund	Special Revenue Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
Cash	\$ 1,576,578	\$ 200	\$ 1,576,778
Investments	89,284	-	89,284
Security Deposit	1,000	-	1,000
Accounts Receivable	15,814	25,540	41,354
Tuition Receivable	27,068	-	27,068
Amount Due from State	121,817	-	121,817
Due from Other Funds	-	29,173	29,173
Due from FCSU	101,746	-	101,746
Prepaid Expenses	<u>217,175</u>	<u>-</u>	<u>217,175</u>
 TOTAL ASSETS	 <u>\$ 2,150,482</u>	 <u>\$ 54,913</u>	 <u>\$ 2,205,395</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES			
Accounts Payable	\$ 146,112	\$ 28,799	\$ 174,911
Accrued Wages, Taxes & Other Benefits	797,239	11,205	808,444
Unearned Revenue	21,976	4	21,980
Due to Other Funds	<u>14,510</u>	<u>14,663</u>	<u>29,173</u>
 TOTAL LIABILITIES	 <u>979,837</u>	 <u>54,671</u>	 <u>1,034,508</u>
 FUND BALANCE			
Nonspendable	217,175	-	217,175
Restricted	132,164	242	132,406
Committed	813,434	-	813,434
Committed - Board Designated	<u>7,872</u>	<u>-</u>	<u>7,872</u>
 TOTAL FUND BALANCE	 <u>1,170,645</u>	 <u>242</u>	 <u>1,170,887</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 2,150,482</u>	 <u>\$ 54,913</u>	 <u>\$ 2,205,395</u>

See Accompanying Notes to the Basic Financial Statements.

Bellows Free Academy Union High School District # 48
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2016

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

Total fund balances - governmental funds \$ 1,170,887

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	31,544,849
Accumulated Depreciation	(19,195,816)

Long-term liabilities, including bonds payable and long-term severance/retirement
 pay, are not due and payable in the current period and therefore are not reported
 as liabilities in the funds. Long-term liabilities at year-end consist of a bond
 payable and long-term severance pay.

Bond Payable	(3,325,000)
Severance Payable	<u>(164,790)</u>

Total net position - governmental activities **\$ 10,030,130**

See Accompanying Notes to the Basic Financial Statements.

Bellows Free Academy Union High School District # 48
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Intergovernmental	\$ 21,573,630	\$ 198,649	\$ 21,772,279
Investment Income	40,782	-	40,782
Hot Lunch Sales and Grants	<u>-</u>	<u>315,908</u>	<u>315,908</u>
 TOTAL REVENUES	 <u>21,614,412</u>	 <u>514,557</u>	 <u>22,128,969</u>
EXPENDITURES			
General Government	20,623,597	514,315	21,137,912
Debt Service	<u>613,494</u>	<u>-</u>	<u>613,494</u>
 TOTAL EXPENDITURES	 <u>21,237,091</u>	 <u>514,315</u>	 <u>21,751,406</u>
 EXCESS OF REVENUES OVER EXPENDITURES	 377,321	 242	 377,563
OTHER FINANCING SOURCES			
Net Investment Activity	<u>1,027</u>	<u>-</u>	<u>1,027</u>
 NET CHANGE IN FUND BALANCE	 378,348	 242	 378,590
 FUND BALANCE, Beginning	 <u>792,297</u>	 <u>-</u>	 <u>792,297</u>
 FUND BALANCE, Ending	 <u>\$ 1,170,645</u>	 <u>\$ 242</u>	 <u>\$ 1,170,887</u>

See Accompanying Notes to the Basic Financial Statements.

Bellows Free Academy Union High School District # 48
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2016

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 \$ 378,590

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	(796,128)
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Capital Outlays	375,417
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Additions to long-term severance pay do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	(31,806)
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	440,000
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Change in net position of governmental activities	\$ 366,073
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See Accompanying Notes to the Basic Financial Statements.

Bellows Free Academy Union High School District # 48
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION - FIDUCIARY FUNDS
 June 30, 2016

	Private- Purpose Trusts	Agency Funds
<u>ASSETS</u>		
Cash	\$ 50,419	\$ 107,102
Investments	1,211,242	-
TOTAL ASSETS	\$ 1,261,661	\$ 107,102
 <u>LIABILITIES AND NET POSITION</u>		
LIABILITIES		
Due to Student Groups & Others	\$ -	\$ 107,102
NET POSITION		
Restricted	1,261,661	-
TOTAL LIABILITIES AND NET POSITION	\$ 1,261,661	\$ 107,102

See Accompanying Notes to the Basic Financial Statements.

Bellows Free Academy Union High School District # 48
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
 For the Year Ended June 30, 2016

	<u>Private- Purpose Trusts</u>
ADDITIONS	
Interest & Dividends	\$ 67,645
Donations	43,352
Net decrease in fair value of investments	<u>(30,609)</u>
TOTAL ADDITIONS	<u>80,388</u>
DEDUCTIONS	
Trustee Fees	11,440
Scholarships	<u>49,355</u>
TOTAL DEDUCTIONS	<u>60,795</u>
CHANGE IN NET POSITION	19,593
NET POSITION AT BEGINNING OF YEAR	<u>1,242,068</u>
NET POSITION AT END OF YEAR	<u>\$ 1,261,661</u>

See Accompanying Notes to the Basic Financial Statements

Bellows Free Academy Union High School District # 48
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The financial statements of Bellows Free Academy Union High School District # 48 consist only of the funds of Bellows Free Academy Union High School District # 48. Bellows Free Academy Union High School District # 48 has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on Bellows Free Academy Union High School District # 48. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board.

Government-wide and Fund Financial Statements

The government-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.

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 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 government-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 government-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. Tuition is recognized as revenue in the year for which it is assessed. 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 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.

Tuition and grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the School receives cash.

Bellows Free Academy Union High School District # 48
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The School reports the following major governmental funds:

- * The special revenue fund accounts for special programs and grants that have been restricted.
- * The general fund is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.
- * The capital projects fund accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing services to the School.

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. Likewise, general revenues include state match education funding, unrestricted investment earnings and miscellaneous income.

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

Budgetary Data

A Budget is presented on the modified accrual basis of accounting for the general funds. Budgets are not adopted on a School level for the special revenue and capital projects funds or fiduciary funds. All annual appropriations lapse at fiscal yearend 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.

- * During each year, the Business Manager submits to the School Board a proposed operating budget for the next fiscal year commencing July 1st. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30th.
- * The budget is approved by the School Board.
- * Once adopted, the School Board holds informational meetings for the general public.
- * Taxpayers in the City and Town of St. Albans vote on the budget approved by the School Board at the annual town meeting.

Deposits and Investments

The School'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.

Bellows Free Academy Union High School District # 48
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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).

Capital Assets

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’s activities.
- (3) The asset has a value and useful life at the date of acquisition that meets or exceeds the following:
 - \$5,000 value and one or more years of life

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.

The straight line depreciation method will be used over the estimated useful life of each asset.

Long-term Obligations

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

Government Wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position is 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 position reported in this category

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.

Bellows Free Academy Union High School District # 48
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Operating Transfers

Operating transfers are legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.

Tuition

Tuition is assessed by the School based on approved budgets described earlier. The School assesses the various surrounding towns based on the number of students attending the School for the fiscal year.

NOTE 2 DEPOSITS

At year-end, the carrying amount of the school's deposits was \$1,734,299 and the bank balance was \$2,144,371. Of the bank balance, \$659,312 was covered by federal depository insurance; \$1,258,894 and \$226,165 were covered under the terms of a collateralization agreement with Peoples United Bank and Peoples Trust Company, respectively. Note that the school exceeds insured and collateralized amounts at various times throughout the year as assessments are collected.

NOTE 3 INVESTMENTS

The district categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2016:

General Fund:

Mutual Funds of \$89,284 are valued using quoted market prices (Level 1 inputs).

Private-Purpose Trust Funds:

Mutual Funds of \$1,211,242 are valued using quoted market prices (Level 1 inputs).

The District investment policy is to comply with Vermont State law.

Bellows Free Academy Union High School District # 48
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 4 INTERFUND RECEIVABLE AND PAYABLE BALANCES

Individual fund interfund receivable and payable balances are as follows at June 30, 2016:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ 14,510
Special Revenue - Grant Fund	29,173	-
Special Revenue - Hot Lunch Fund	<u>-</u>	<u>14,663</u>
	<u>\$ 29,173</u>	<u>\$ 29,173</u>

The Bellows Free Academy Union High School District # 48 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 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 37,500	\$ -	\$ -	\$ 37,500
Construction in Progress	<u>192,240</u>	<u>59,519</u>	<u>(192,240)</u>	<u>59,519</u>
Total capital assets, not being depreciated	<u>229,740</u>	<u>59,519</u>	<u>(192,240)</u>	<u>97,019</u>
Capital assets, being depreciated				
Land Improvements	1,663,984	-	-	1,663,984
Parking Lot Complex	92,933	-	-	92,933
Building & Improvements	23,622,116	461,915	-	24,084,031
Equipment	<u>5,560,659</u>	<u>46,223</u>	<u>-</u>	<u>5,606,882</u>
Total capital assets, being depreciated	<u>30,939,692</u>	<u>508,138</u>	<u>-</u>	<u>31,447,830</u>

Bellows Free Academy Union High School District # 48
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 5 CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Accumulated depreciation for				
Land Improvements	(681,821)	(82,043)	-	(763,864)
Parking Lot Complex	(62,726)	(3,823)	-	(66,549)
Building & Improvements	(12,571,525)	(618,679)	-	(13,190,204)
Equipment	(5,083,616)	(91,583)	-	(5,175,199)
Total accumulated depreciation	(18,399,688)	(796,128)	-	(19,195,816)
Total capital assets, being depreciated, net	12,540,004	(287,990)	-	12,252,014
Governmental activities capital assets, net	\$ 12,769,744	\$ (228,471)	\$ (192,240)	\$ 12,349,033

NOTE 6 UNEARNED REVENUE

Unearned revenue consists of the following at June 30, 2016:

General Fund:	
Various Grants	\$ 21,980
TOTAL UNEARNED REVENUE	\$ 21,980

NOTE 7 SHORT-TERM DEBT

Short-term debt consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Tax Anticipation Note				
Interest Rate 1.14%	\$ -	\$ 2,620,000	\$ 2,620,000	\$ -

NOTE 8 RETIREMENT PAY LIABILITY

An employee hired before July 1, 1992 who has been employed in the school system for fifteen contractual years is eligible for retirement pay unless removed for just and sufficient cause. The employee has the option of having the pay calculated in either of the following ways:

- one percent of the amount of the employee's last contract, up to a maximum amount of \$500 multiplied by the number of years of service

Bellows Free Academy Union High School District # 48
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 8 RETIREMENT PAY LIABILITY (continued)

- the number of the teacher's total accumulated, unused sick leave days multiplied by the daily rate being paid at the time to substitute teachers

The employee is required by December 15 of the final year of employment to notify the employer of his/her intention to leave at the conclusion of the contractual year.

Employees who otherwise meet the eligibility requirements may opt to receive the retirement pay without terminating employment. Any such employee who wishes to collect such pay shall notify the Board by December 15. The Board shall set aside a minimum of \$30,000 each year for employees who wish to elect this cash buyout but choose to continue teaching.

Upon notification of employees electing the buyout, the Board will calculate the amount due and will distribute said amounts up to the cap of \$30,000. Distribution will be given first to those with the greatest seniority within the district. Those employees who do not receive such a buyout due to the \$30,000 cap may apply the following year in accordance with the same procedures. Checks will be distributed no later than June 30. Any money not spent out of the \$30,000 will roll over into the following year's \$30,000 pool.

Once an employee has elected such a cash buyout, he/she shall accrue no further rights and shall not be eligible for any retirement pay regardless of when the employee actually retires.

<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion</u>
\$ 132,985	\$ 31,805	\$ -	\$ 164,790	\$ 30,000

NOTE 9 LONG-TERM DEBT

The following is a summary of long-term debt for the year ended June 30, 2016:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Principal Reduction</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bond issued July, 21 2009, interest at 1.19% - 4.69% due in varying annual installments. The bond matures November 15, 2020. This bond is serviced by the General Fund.	\$ 2,205,000	\$ -	\$ 150,000	\$ 2,055,000	\$ 150,000
Bond issued May 1, 1998, interest at 4.80% - 5.85% due in varying annual installments. The bond matures December 2023. This bond is serviced by the General Fund.	585,000	-	65,000	520,000	65,000

Bellows Free Academy Union High School District # 48
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 9 LONG-TERM DEBT (continued)

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Principal Reduction</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bond issued July 1, 2004, interest at 1.19% - 4.69 % due in varying annual installments payable to the Depository Trust & Clearing Corp. for the Vermont Municipal Bond Bank. The bond matures December 1, 2023. This bond is serviced by the General Fund.	340,000	-	170,000	170,000	170,000
Bond issued July 14, 2011, interest at .804% - 4.244% due in varying annual installments. This bond matures November 15, 2026. This bond is serviced by the General Fund.	<u>635,000</u>	<u>-</u>	<u>55,000</u>	<u>580,000</u>	<u>55,000</u>
TOTAL GOVERNMENT TYPE FUNDS	<u>\$ 3,765,000</u>	<u>\$ -</u>	<u>\$ 440,000</u>	<u>\$ 3,325,000</u>	<u>\$ 440,000</u>

The annual debt service requirements to maturity, including principle and interest, for long-term debt as of June 30, 2016, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 440,000	\$ 130,725	\$ 570,725
2018	270,000	117,027	387,027
2019	270,000	107,446	377,446
2020	270,000	97,347	367,347
2021	270,000	86,765	356,765
2022-2026	1,175,000	272,197	1,447,197
2027-2031	<u>630,000</u>	<u>57,948</u>	<u>687,948</u>
	<u>\$ 3,325,000</u>	<u>\$ 869,455</u>	<u>\$ 4,194,455</u>

NOTE 10 NONSPENDABLE/RESTRICTED/COMMITTED FUND BALANCE

Nonspendable Fund Balance as June 30, 2016 is as follows:

General Fund:	
Prepaid Expenses	<u>\$ 217,175</u>

Bellows Free Academy Union High School District # 48
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 10 NONSPENDABLE/RESTRICTED/COMMITTED FUND BALANCE (continued)

Restricted Fund Balance as June 30, 2016 is as follows:

Special Revenue Fund:	
Food Service	<u>\$ 242</u>
General Fund:	
Restricted per the Trust Agreement	\$ 97,921
Restricted for Causeway/Auditorium/History Renovation	<u>34,243</u>
	<u>\$ 132,164</u>
Fiduciary Fund:	
Restricted per the McArthur Fund	\$ 275,404
Restricted per the Scholarship Fund	892,393
Restricted per the Trustees Fund	<u>93,864</u>
	<u>\$ 1,261,661</u>

Committed Fund Balance as June 30, 2016 is as follows:

General Fund:	
Committed in accordance with the	
Capital Reserve Fund	\$ 813,434
Board Designated	<u>7,872</u>
	<u>\$ 821,306</u>

When nonspendable, restricted and committed amounts of fund balance are available for use for expenditures incurred, the Bellows Free Academy Union High School District # 48's board of directors determines the amounts to be expended on an annual basis based on the Bellows Free Academy Union High School District # 48's required capital needs for the fiscal year.

NOTE 11 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 Bellows Free Academy Union High School District # 48's proportional share of the overall amounts of the Vermont State Teachers' Retirement System (VSTRS) plan. Bellows Free Academy Union High School District # 48's portion has been allocated based on its proportional share of employer contributions to the total contributions to VSTRS during the fiscal year.

Bellows Free Academy Union High School District # 48
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 11 TEACHERS RETIREMENT - VSTRS (continued)

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 Bellows Free Academy Union High School District # 48's reporting date (June 30th) and for the Bellows Free Academy Union High School District # 48's reporting period June 30, 2016. 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, 2016, the State has chosen to use the end of the prior fiscal year (June 30, 2015) as the measurement date, and the year ended June 30, 2015 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, 2014, to the measurement date of June 30, 2015.

Schedule A – Employers' Allocation as of June 30, 2014

Fiscal Year Ended June 30, 2014					
Reported Salaries	Employer Proportion	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Deferred Outflows
\$ 8,001,246	1.41151%	\$ 37,599,858	\$ 24,071,412	\$ 13,528,446	\$ 42,984

Fiscal Year Ended June 30, 2014		
Total Deferred Inflows	Net Pension Liability 1% Decrease (7.15% Discount Rate)	Net Pension Liability 1% Increase (9.15% Discount Rate)
\$ (1,322,057)	\$ 17,767,060	\$ 9,970,404

Schedule B – Employers' Allocation as of June 30, 2015

Fiscal Year Ended June 30, 2015					
Portion of State Contribution	Employer Proportion	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Deferred Outflows
\$ 1,047,142	1.43624%	\$ 40,783,650	\$ 23,742,646	\$ 17,041,004	\$ 1,692,646

Bellows Free Academy Union High School District # 48
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 11 TEACHERS RETIREMENT - VSTRS (continued)

Fiscal Year Ended June 30, 2015		
Total Deferred Inflows	Net Pension Liability 1% Decrease (6.95% Discount Rate)	Net Pension Liability 1% Increase (8.95% Discount Rate)
\$ -	\$ 21,639,005	\$ 13,183,694

Schedule C – Employers’ Allocation of Pension Amounts as of June 30, 2015

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	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows
1.43624%	\$ 17,041,004	\$ 215,466	\$ 619,254	\$ -	\$ 634,177	\$ 223,749	\$ 1,692,646

Deferred Inflows of Resources						
Difference Between Expected and Actual Experience	Changes in Assumptions	Changes in Benefits	Difference Between Projected and Actual Investment Earnings	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

Bellows Free Academy Union High School District # 48
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 11 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
\$ 1,508,622	\$ 79,359	\$ 1,587,981

Schedule D – Employers’ Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 2015

Fiscal Year					
2016	2017	2018	2019	2020	Thereafter
\$ 432,067	\$ 432,067	\$ 417,740	\$ 410,772	\$ -	\$ -

Schedule E – Covered Payroll

FY 2015	FY 2014
\$ 8,010,005	\$ 8,001,246

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

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, 2015, the retirement system consisted of 288 participating employers.

Bellows Free Academy Union High School District # 48
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 11 TEACHERS RETIREMENT - VSTRS (continued)

The plan was created in 1947, and is governed by Title 16, V.S.A. Chapter 555.

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:

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
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
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	Member pays full premium	Member pays full premium	Member pays full premium

Bellows Free Academy Union High School District # 48
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 11 TEACHERS RETIREMENT - VSTRS (continued)

VSTRS	GROUP A	GROUP C - GROUP #1*	Group C - Group #2++
Employee Contributions	2.5% of gross salary	5.0% of gross salary with 5 or more years of service as of 7/1/14; 6.0% of gross salary if less than 5 years of service as of 7/1/14	5.0% of gross salary with 5 or more years of service as of 7/1/14; 6.0% of gross salary if less than 5 years of service as of 7/1/14
Employer Contributions	Varies based on actuarial recommendation	Varies based on actuarial recommendation	Varies based on actuarial recommendation

* 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

Significant Actuarial Assumptions and Methods

The total pension liability as of June 30, 2015 was determined by rolling forward the total pension liability as of June 30, 2014 to June 30, 2015 using the actuarial assumptions outlined below. Except for the expected rate of return on assets, these assumptions were selected on the basis of the experience study that was performed for the five year period ending June 30, 2010. The recommended assumption changes based on this experience study were adopted by the Board at its May 24, 2011 Board meeting, and were effective for the June 30, 2011 actuarial valuation. The 7.95% expected rate of return on assets was adopted by the Board at a meeting on July 2, 2015.

Interest Rate: 7.95% per annum. Through June 30, 2015, a select and ultimate interest rate set was used, as specified below. The interest rate set was restarted every year:

Year 1: 6.25%	Year 10: 8.50%
Year 2: 6.75%	Year 11: 8.50%
Year 3: 7.00%	Year 12: 8.50%
Year 4: 7.50%	Year 13: 8.50%
Year 5: 7.75%	Year 14: 8.50%
Year 6: 8.25%	Year 15: 8.50%
Year 7: 8.25%	Year 16: 8.75%
Year 8: 8.25%	Year 17 and later: 9.00%
Year 9: 8.50%	

Bellows Free Academy Union High School District # 48
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 11 TEACHERS RETIREMENT - VSTRS (continued)

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

Age	Annual Rate of Salary Increase
25	8.40%
30	7.05%
35	6.15%
40	5.45%
45	4.95%
50	4.60%
55	4.35%
60	4.25%
64	4.25%

Deaths after Retirement: The 1995 Buck Mortality Tables set back three years for males and one year for females, for retirees, terminated vested members and beneficiaries; the RP-2000 Disabled Life Table with projection to 2016 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 (beginning at age 62 for Group C members who elect reduced early retirement).

Inactive Members: A liability equal to 350% of accumulated contributions of inactive members is included in the valuation liabilities.

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.

Bellows Free Academy Union High School District # 48
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 11 TEACHERS RETIREMENT - VSTRS (continued)

Member Data: 344 members terminated on June 30, 2014 and retired on July 1, 2014 were included with a valuation status as members receiving benefits. 511 members who were active on June 30, 2014 and terminated on July 1, 2014, 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 nominal 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 variable and the asset classes. For funding valuations performed through June 30, 2014, 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. To reflect this in the rate of return assumption, a Select and Ultimate assumption setting approach, which is cited in Section 3.6.4 of Actuarial Standard of Practice No. 27 as an alternative to a single assumed rate of return, was employed.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity	32.00%	8.61%
Fixed Income	35.00%	1.91%
Alternatives	17.00%	6.93%
Multi-strategy	16.00%	4.88%

Nominal long-term expected rates of return for these asset classes are equal to the sum of the above expected long-term real rates and the expected long-term inflation rate of 3.0%.

During the year ended June 30, 2016, the State of Vermont contributed \$985,041 on behalf of the Bellows Free Academy Union High School District # 48.

NOTE 12 NON-CASH TRANSACTIONS

The School District received Federal Commodities for use in food service in the amount of \$24,380 the cost of shipping. The value of the commodities received is not included in the food service budget and is not part of food service revenue or expenditures.

Bellows Free Academy Union High School District # 48
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 13 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 \$517,245 of such expenses during the year ended June 30, 2016.

Transportation

The District pays Franklin Central Supervisory Union for its proportionate share of transportation expenses. The District paid \$60,000 of transportation expenses during the year ended June 30, 2016.

Special Education

The District pays Franklin Central Supervisory Union for its proportionate share of Special Education expenses. The District paid \$2,400,173 of Special Education expenses during the year ended June 30, 2016.

NOTE 14 EXCESS OF EXPENDITURES OVER BUDGET

Expenditures exceeded budgeted amount in the General Fund by \$381,664. \$375,833 of Non-budgeted prior year committed funds contributed to the excess expenditures. These costs are reflected on the budgeting comparison schedule – general fund under capital projects and plant operation and maintenance – complex. The excess was offset by current year revenues in excess of budgeted amounts in the amount of \$758,985.

NOTE 15 UNIFIED DISTRICT

On March 1, 2016, the voters of 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 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 will be transferred to the Unified School District upon close of business on June 30, 2017.

NOTE 16 DISCLOSURE OF SUBSEQUENT EVENTS

On July 1, 2016 the District obtained a tax anticipation line of credit with People's United Bank in the amount of \$1,410,000 with interest at 1.30%, due June 30, 2017.

In accordance with professional accounting standards, The District has evaluated subsequent events through October 27, 2016 which is the date the financial statement was available to be issued. All subsequent events requiring recognition as of June 30, 2016, have been incorporated into the financial statement herein.

REQUIRED SUPPLEMENTARY INFORMATION

Bellows Free Academy Union High School District # 48
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
General Instruction:				
General State Support Grant	\$ 12,515,303	\$ 12,515,303	\$ 12,515,303	\$ -
Tuition Non-Member Schools	3,476,273	3,476,273	3,486,032	9,759
State Transportation Grant	15,347	15,347	15,347	-
Driver's Education Grant	15,000	15,000	15,335	335
Adult Education Tuition	74,500	74,500	261,269	186,769
Adult Education State Grants	25,000	25,000	22,985	(2,015)
Building Use-Fee Income	-	-	17,825	17,825
Miscellaneous	50,000	50,000	101,141	51,141
Medicaid Reimbursement	-	-	10,000	10,000
Interest and Dividends	50,000	50,000	40,782	(9,218)
Collins Perley Reimbursement Grants	75,000	75,000	86,000	11,000
	17,224	17,224	346,751	329,527
Special Education:				
Mainstream Block Grant	256,729	256,729	256,729	-
Excess Cost Reimbursements	1,382,389	1,382,389	1,339,623	(42,766)
Excess Costs from other LEAs	402,361	402,361	574,880	172,519
Northwest Technical Center:				
Tuition	701,353	701,353	701,590	237
Technical Support Grant	1,175,889	1,175,889	1,175,842	(47)
Tuition Reduction Grant	473,059	473,059	473,109	50
Salary Reimbursement Grant	121,000	121,000	130,437	9,437
Program Revenues	29,000	29,000	43,432	14,432
TOTAL REVENUES	<u>20,855,427</u>	<u>20,855,427</u>	<u>21,614,412</u>	<u>758,985</u>
EXPENDITURES:				
General Instruction:				
Regular Instruction Program	8,241,049	8,240,713	8,010,576	230,137
Adult Education Program	139,076	139,076	381,696	(242,620)
ELL	34,286	34,286	34,286	-
Co-Curricular Programs	100,091	100,091	107,780	(7,689)
Athletics	628,052	628,052	624,273	3,779
Planning Room	40,975	40,975	45,286	(4,311)
Attendance Monitor	162,198	85,753	29,909	55,844
Guidance Counselor Services	592,721	592,721	574,041	18,680

See Accompanying Notes to Basic Financial Statements

Bellows Free Academy Union High School District # 48
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
General Instruction (cont):				
Health Services	108,084	108,084	93,791	14,293
Library Services	157,657	157,657	162,057	(4,400)
Technology Services	574,878	575,214	580,389	(5,175)
School Directors	153,473	153,473	116,296	37,177
Supervisory Union Services	403,111	403,111	400,721	2,390
Principal's Office	557,349	557,349	546,497	10,852
Assistant Principal's Office	375,251	451,696	429,579	22,117
Plant Operation & Maintenance	1,351,012	1,351,012	1,250,089	100,923
Plant Operation & Management - Complex	441,507	441,507	428,098	13,409
Capital Projects - Prior Committed Funds	-	-	353,660	(353,660)
Grant Expenses	-	-	324,743	(324,743)
Cafeteria Monitor	12,119	12,119	12,692	(573)
Career Coach	17,224	17,224	15,165	2,059
Student Resource Officer	72,757	72,757	71,008	1,749
Student Transportation	220,422	220,422	192,637	27,785
Total General Instruction	14,383,292	14,383,292	14,785,269	(401,977)
Special Education:				
Special Education Administration	28,035	28,035	26,093	1,942
Special Education Program Costs	3,325,982	3,325,982	3,285,155	40,827
Total Special Education	3,354,017	3,354,017	3,311,248	42,769
Northwest Technical Center:				
Vocational Programs	2,500,301	2,500,301	2,527,080	(26,779)
Total Technical Center	2,500,301	2,500,301	2,527,080	(26,779)
Short-Term Debt:				
Interest	34,106	34,106	29,785	4,321
Long-Term Debt:				
Interest	143,711	143,711	143,709	2
Principal	440,000	440,000	440,000	-
Total Long-Term Debt	583,711	583,711	583,709	2
TOTAL EXPENDITURES	20,855,427	20,855,427	21,237,091	(381,664)

See Accompanying Notes to Basic Financial Statements

Bellows Free Academy Union High School District # 48
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXCESS OF REVENUES OVER EXPENDITURES	-	-	377,321	377,321
OTHER FINANCING SOURCES Net Investment Activity	-	-	<u>1,027</u>	<u>1,027</u>
NET CHANGE IN FUND BALANCE AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 378,348</u>	<u>\$ 378,348</u>

See Accompanying Notes to Basic Financial Statements

Bellows Free Academy Union High School District # 48
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 For the Year Ended June 30, 2016

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	1.43624%	1.41151%
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>17,041,004</u>	<u>13,528,446</u>
Total	<u>\$ 17,041,004</u>	<u>\$ 13,528,446</u>
District's covered-employee payroll	<u>\$ 8,010,005</u>	<u>\$ 8,001,246</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	58.22%	64.02%

Significant Actuarial Assumptions and methods are described in Note 11 to the financial statements. There were no changes in methods or assumptions during the year ended June 30, 2016.

See Accompanying Notes to Basic Financial Statements

OTHER SUPPLEMENTARY INFORMATION

Bellows Free Academy Union High School District # 48
 OTHER SUPPLEMENTARY INFORMATION
 COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
 June 30, 2016

ASSETS

	Grant Fund	Hot Lunch Fund	Total
ASSETS			
Cash	\$ -	\$ 200	\$ 200
Accounts Receivable	-	25,540	25,540
Due from Other Funds	29,173	-	29,173
TOTAL ASSETS	\$ 29,173	\$ 25,740	\$ 54,913

LIABILITIES AND FUND BALANCES

LIABILITIES			
Accounts Payable	\$ 17,964	\$ 10,835	\$ 28,799
Accrued Wages, Taxes & Other Benefits	11,205	-	11,205
Due to Other Funds	-	14,663	14,663
Unearned Revenue	4	-	4
TOTAL LIABILITIES	29,173	25,498	54,671
FUND BALANCE			
Restricted	-	242	242
TOTAL LIABILITIES & FUND BALANCE	\$ 29,173	\$ 25,740	\$ 54,913

Bellows Free Academy Union High School District # 48
OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2016

	<u>Grant Fund</u>	<u>Hot Lunch Fund</u>	<u>Total</u>
REVENUE			
Grants	\$ 198,649	\$ -	\$ 198,649
Hot Lunch Sales and Grants	<u>-</u>	<u>315,908</u>	<u>315,908</u>
TOTAL REVENUE	<u>198,649</u>	<u>315,908</u>	<u>514,557</u>
EXPENDITURES			
Food Service	-	315,666	315,666
Technical Center Programs	165,894	-	165,894
Student Support	32,229	-	32,229
Staff Support	<u>526</u>	<u>-</u>	<u>526</u>
TOTAL EXPENDITURES	<u>198,649</u>	<u>315,666</u>	<u>514,315</u>
CHANGE IN FUND BALANCE	-	242	242
FUND BALANCE AT BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ 242</u>	<u>\$ 242</u>

Bellows Free Academy Union High School District # 48
OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS
June 30, 2016

ASSETS

	Private - Purpose Trusts			Agency Funds	Total
	McArthur	Scholarship Fund	Trustees Fund	Student Activities	
	Trust Fund				
ASSETS					
Cash	\$ 14,106	\$ 29,664	\$ 6,649	\$ 107,102	\$ 157,521
Investments	<u>261,298</u>	<u>862,729</u>	<u>87,215</u>	<u>-</u>	<u>1,211,242</u>
TOTAL ASSETS	<u>\$ 275,404</u>	<u>\$ 892,393</u>	<u>\$ 93,864</u>	<u>\$ 107,102</u>	<u>\$ 1,368,763</u>

LIABILITIES & NET POSITION

LIABILITIES					
Due to Student Groups and Others	\$ -	\$ -	\$ -	\$ 107,102	\$ 107,102
NET POSITION					
Restricted	<u>275,404</u>	<u>892,393</u>	<u>93,864</u>	<u>-</u>	<u>1,261,661</u>
TOTAL LIABILITIES & NET POSITION	<u>\$ 275,404</u>	<u>\$ 892,393</u>	<u>\$ 93,864</u>	<u>\$ 107,102</u>	<u>\$ 1,368,763</u>

Bellows Free Academy Union High School District # 48
OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
For the Year Ended June 30, 2016

	McArthur Trust Fund	Scholarship Fund	Trustees Fund	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ADDITIONS				
Interest & Dividends	\$ 16,719	\$ 44,347	\$ 6,579	\$ 67,645
Donations	-	43,352	-	43,352
Net increase (decrease) in fair value of investments	<u>(10,860)</u>	<u>(15,049)</u>	<u>(4,700)</u>	<u>(30,609)</u>
TOTAL ADDITIONS	<u>5,859</u>	<u>72,650</u>	<u>1,879</u>	<u>80,388</u>
DEDUCTIONS				
Trustee Fees	2,487	7,989	964	11,440
Scholarships	<u>5,780</u>	<u>43,575</u>	<u>-</u>	<u>49,355</u>
TOTAL DEDUCTIONS	<u>8,267</u>	<u>51,564</u>	<u>964</u>	<u>60,795</u>
CHANGE IN NET POSITION	(2,408)	21,086	915	19,593
NET POSITION AT BEGINNING OF YEAR	<u>277,812</u>	<u>871,307</u>	<u>92,949</u>	<u>1,242,068</u>
NET POSITION AT END OF YEAR	<u>\$ 275,404</u>	<u>\$ 892,393</u>	<u>\$ 93,864</u>	<u>\$ 1,261,661</u>

Bellows Free Academy Union High School District # 48

ADDITIONAL REPORTS

June 30, 2016



Kittell Branagan & Sargent

Certified Public Accountants

Vermont License # 167

Report 1

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 School Board
Bellows Free Academy Union High School District # 48
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 Bellows Free Academy Union High School District # 48, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Bellows Free Academy Union High School District # 48's basic financial statements, and have issued our report thereon dated October 27, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bellows Free Academy Union High School District # 48's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bellows Free Academy Union High School District # 48's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bellows Free Academy Union High School District # 48's internal control.

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

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 Bellows Free Academy Union High School District # 48's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 black ink that reads "Kettell Brannigan & Sargent". The signature is written in a cursive, flowing style.

St. Albans, Vermont
October 27, 2016