

**REGIONAL SCHOOL DISTRICT NO. 13**  
**Durham and Middlefield, Connecticut**

**FINANCIAL STATEMENTS**

**JUNE 30, 2011**

# REGIONAL SCHOOL DISTRICT NO. 13

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**REGIONAL SCHOOL DISTRICT NO. 13**

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## Independent Auditors' Report

To the Board of Education  
Regional School District No. 13  
Durham, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Regional School District No. 13 as of and for the year ended June 30, 2011, which collectively comprise Regional School District No. 13's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express 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 basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Regional School District No. 13 as of June 30, 2011 and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2011 on our consideration of the Regional School District No. 13's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 9 and the budgetary comparison information on pages 41 through 43 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional School District No. 13's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Blum, Shapiro & Company, P.C.*

November 30, 2011

## REGIONAL SCHOOL DISTRICT NO. 13

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2011

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Management of Regional School District No. 13 (the Region) offers readers of these financial statements this narrative overview and analysis of the financial activities of the Region for the fiscal year ended June 30, 2011.

#### **Financial Highlights**

- The assets of the Region exceeded its liabilities at the close of the most recent fiscal year by \$28,137,387 (net assets).
- The Region's total net assets decreased by \$544,396, resulting from a decrease in operating grants, investment income and other revenues.
- As of the close of the current fiscal year, the Region's governmental funds reported a combined ending fund balance of \$2,283,065, a decrease of \$4,511,388 in comparison with the prior year.
- At the end of the current fiscal year, the fund balance for the general fund was \$1,402,579, which is designated for subsequent year's budget.
- Long-term bonds decreased by \$1,780,000 due to the principal payments.

#### **Overview of the Basic Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Region's basic financial statements. The Region's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Region's finances in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Region's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Region is improving or deteriorating.

The statement of activities presents information showing how the Region's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide financial statements present the functions of the Region, which are principally supported by assessments to member towns and intergovernmental revenues. The governmental activities of the Region include general instruction, special education, student services, administration, buildings and transportation.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Region uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Region can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful evaluating the Region's near-term financing requirements.

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

The Region maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Special School Grants and Programs Fund and the Capital Projects Fund, all of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Region adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Region's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found in Exhibits A-1 and A-2.

## Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Region, assets exceeded liabilities by \$28,137,387 at the close of the most recent fiscal year.

By far, the largest portion of the Region's net assets reflects its investment in capital assets (e.g., land, buildings and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Region uses these capital assets to provide public education to eligible citizens living within the district; consequently, these assets are not available for future spending. Although the Region's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of unrestricted net assets is \$1,950,122.

### **REGIONAL SCHOOL DISTRICT NO. 13 NET ASSETS**

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
Current and other assets	\$ 3,995,269	\$ 8,624,287
Capital assets, net of accumulated depreciation	44,425,938	41,542,855
Total assets	<u>48,421,207</u>	<u>50,167,142</u>
Long-term liabilities outstanding	19,682,301	20,952,159
Other liabilities	601,519	533,200
Total liabilities	<u>20,283,820</u>	<u>21,485,359</u>
Net Assets:		
Invested in capital assets, net of related debt	26,026,739	25,190,843
Restricted	39,783	32,647
Unrestricted	<u>2,070,865</u>	<u>3,458,293</u>
Total Net Assets	<u>\$ 28,137,387</u>	<u>\$ 28,681,783</u>

**Governmental Activities.** The Region's net assets decreased by \$544,396 during the current fiscal year. The decrease is due to the use of accrual accounting at the government-wide financial statement level where capital expenditures are capitalized and debt service principal payments are not expensed, combined with the write-off of certain assets.



**REGIONAL SCHOOL DISTRICT NO. 13  
CHANGES IN NET ASSETS**

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
Revenues:		
Program revenues:		
Charges for services:		
General instruction	\$ 18,581	\$ 24,005
Special education	430,258	352,666
Student services	509,980	492,399
Buildings	48,589	44,775
Operating grants and contributions	4,656,767	4,793,427
Capital grants and contributions	532,484	786,000
General revenues:		
Assessments from member towns	31,046,436	30,390,422
Investment income	37,478	63,618
Miscellaneous	54,940	47,598
Total revenues	37,335,513	36,994,910
Expenses:		
General instruction	16,348,789	16,170,412
Special education	7,490,164	7,105,622
Student services	2,426,236	2,212,296
Administration	6,073,332	5,304,932
Buildings	3,834,126	3,503,261
Transportation	1,402,984	1,348,054
Interest expense	304,278	705,085
Total expenses	37,879,909	36,349,662
Change in net assets	(544,396)	645,248
Net Assets at Beginning of Year	28,681,783	28,036,535
Net Assets at End of Year	\$ 28,137,387	\$ 28,681,783

- Assessments from member towns were offset by \$863,844 in the state fiscal stabilization fund that is reported on the operating grants line. These funds are part of the ARRA federal program.
- For the most part, increases in expenses closely paralleled inflation and growth.

## **Financial Analysis of the Region's Funds**

As noted earlier, the Region uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the Region's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Region's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Region's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Region's governmental funds reported a combined ending fund balance of \$2,283,065, a decrease of \$4,511,388 in comparison with the prior year. Of that balance, \$1,402,579 constitutes funds designated for subsequent year's budgets. The remaining \$880,486 of fund balance is reserved to indicate that it is not available for new spending because it has already been committed as capital reserves and other governmental projects or funds.

The Region's General Fund's fund balance decreased by \$875,984 during the current fiscal year. The decrease was due to the planned and approved budgeted deficit spending plan in order to bring the combined general fund balance of the towns of Durham and Middlefield and Regional School District 13 down overall.

## **General Fund Budgetary Highlights**

There were several differences between the original budget and the final amended budget of revenues and expenditures. Significant budgetary variances can be briefly summarized as follows:

### Final Budget to Actual

- Salary expense was under budget by \$109,837, or 0.55%.
- The positive variance (under budget) of \$344,271 in tuition expenditures, \$70,539 in transportation, and \$65,500 in electricity.
- We experienced higher revenue from tuition services of \$58,666 and miscellaneous grant reimbursement in the amount of \$38,516.

## **Capital Assets and Debt Administration**

**Capital Assets.** The Region's investment in capital assets for its governmental activities as of June 30, 2011 amounts to \$44,425,938 (net of accumulated depreciation). This investment in capital assets includes land, buildings and machinery and equipment. The net increase of \$2,883,083 in the Region's capital assets for the current fiscal year is a result of the reclassification of "current and other assets" into capital assets.

Major capital asset events during the current fiscal year included the following:

**REGIONAL SCHOOL DISTRICT NO. 13  
CAPITAL ASSETS  
(NET OF DEPRECIATION)**

	<b>Governmental Activities</b>	
	<u>2011</u>	<u>2010</u>
Land	\$ 200,000	\$ 200,000
Construction in progress		593,138
Buildings and improvements	36,370,641	37,371,510
Land improvements	5,015,134	420,100
Equipment	1,169,310	1,067,994
Vehicles	<u>1,670,853</u>	<u>1,890,113</u>
 Total	 <u>\$ 44,425,938</u>	 <u>\$ 41,542,855</u>

Additional information on the Region’s capital assets can be found in Note 3C of this report.

**Long-Term Debt.** At the end of the current fiscal year, the Region had total bonded debt outstanding of \$16,525,000. All of this debt comprises debt backed by the full faith and credit of the Region.

**REGIONAL SCHOOL DISTRICT NO. 13  
OUTSTANDING DEBT  
GENERAL OBLIGATION BONDS**

	<b>Governmental Activities</b>	
	<u>2011</u>	<u>2010</u>
General obligation bonds	<u>\$ 16,525,000</u>	<u>\$ 18,305,000</u>

The Region’s total debt decreased by \$1,780,000 during the current fiscal year. The Region maintains an “A2” rating from Moody’s for general obligation debt.

State Statutes limit the amount of general obligation debt a regional school district may issue to 4.5 times total tax collections including interest and lien fees and the tax relief for elderly freeze grant of the member towns. The current debt limitation for the Region is \$143,955,572, which is significantly in excess of the Region’s outstanding general obligation debt.

A portion of the Region’s debt is allocated to each member town and is included in the town’s debt limitation. Additional information on the Region’s long-term debt can be found in Note 3E of this report.

## **Requests for Information**

This financial report is designed to provide a general overview of the Region's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Pamela Mangini, Business Manager, Regional School District No. 13, 135A Pickett Lane, Durham, Connecticut 06422.

## REGIONAL SCHOOL DISTRICT NO. 13

## STATEMENT OF NET ASSETS

JUNE 30, 2011

	<b>Governmental Activities</b>
Assets:	
Cash	\$ 2,613,011
Investments	9,439
Accounts receivable	3,016
Intergovernmental receivable	1,006,393
Bond issue costs	120,743
Other assets	9,152
Net pension asset	193,732
Restricted assets:	
Temporarily restricted:	
Investments	27,250
Permanently restricted:	
Investments	12,533
Capital assets not being depreciated	200,000
Capital assets net of accumulated depreciation	44,225,938
Total assets	<u>48,421,207</u>
Liabilities:	
Accounts and other payables	343,453
Accrued interest payable	176,224
Unearned revenue	81,842
Noncurrent liabilities:	
Due within one year	2,141,659
Due in more than one year	17,540,642
Total liabilities	<u>20,283,820</u>
Net Assets:	
Invested in capital assets, net of related debt	26,026,739
Restricted for:	
Textbooks:	
Expendable	3,294
Nonexpendable	2,533
Library materials:	
Expendable	23,956
Nonexpendable	10,000
Unrestricted	<u>2,070,865</u>
Total Net Assets	<u>\$ 28,137,387</u>

The accompanying notes are an integral part of the financial statements

## REGIONAL SCHOOL DISTRICT NO. 13

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General instruction	\$ 16,348,789	\$ 18,581	\$ 3,524,422	\$	\$ (12,805,786)
Special education	7,490,164	430,258	817,721		(6,242,185)
Student services	2,426,236	509,980	111,505		(1,804,751)
Administration	6,073,332				(6,073,332)
Buildings	3,834,126	48,589		517,195	(3,268,342)
Transportation	1,402,984		203,119		(1,199,865)
Interest	304,278			15,289	(288,989)
Total	<u>\$ 37,879,909</u>	<u>\$ 1,007,408</u>	<u>\$ 4,656,767</u>	<u>\$ 532,484</u>	<u>(31,683,250)</u>
General revenues:					
Assessments from district member towns					31,046,436
Investment income					37,478
Miscellaneous					54,940
Total general revenues					<u>31,138,854</u>
Change in Net Assets					(544,396)
Net Assets at Beginning of Year					<u>28,681,783</u>
Net Assets at End of Year					<u>\$ 28,137,387</u>

The accompanying notes are an integral part of the financial statements

**REGIONAL SCHOOL DISTRICT NO. 13**

**GOVERNMENTAL FUNDS**

**BALANCE SHEET**

**JUNE 30, 2011**

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	<u>General</u>	<u>Bonded Capital Projects Fund</u>	<u>Special School Grants and Programs</u>	<u>Capital Reserve Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash	\$ 1,714,819	\$ 444,740	\$ 57,093	\$ 300,830	\$ 104,968	\$ 2,622,450
Investments					39,783	39,783
Accounts receivable	3,016					3,016
Intergovernmental receivable			19,488		14,471	33,959
Other assets					9,152	9,152
<b>Total Assets</b>	<u>\$ 1,717,835</u>	<u>\$ 444,740</u>	<u>\$ 76,581</u>	<u>\$ 300,830</u>	<u>\$ 168,374</u>	<u>\$ 2,708,360</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts and other payables	\$ 315,256		\$ 4,333		\$ 23,864	\$ 343,453
Deferred revenue			72,248		9,594	81,842
<b>Total liabilities</b>	<u>315,256</u>	<u>-</u>	<u>76,581</u>	<u>-</u>	<u>33,458</u>	<u>425,295</u>
Fund balances:						
Nonspendable					21,685	21,685
Restricted	1,402,579	444,740			41,721	1,889,040
Committed				300,830	71,510	372,340
<b>Total fund balances</b>	<u>1,402,579</u>	<u>444,740</u>	<u>-</u>	<u>300,830</u>	<u>134,916</u>	<u>2,283,065</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,717,835</u>	<u>\$ 444,740</u>	<u>\$ 76,581</u>	<u>\$ 300,830</u>	<u>\$ 168,374</u>	<u>\$ 2,708,360</u>

(Continued on next page)

## REGIONAL SCHOOL DISTRICT NO. 13

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2011

## Reconciliation of the Balance Sheet - Governmental Funds to Statement of Net Assets:

Amounts reported for governmental activities in the statement of net assets (Exhibit I) are different from the governmental fund balance sheet. The details of this difference are as follows:

Total fund balances (Exhibit III)	\$ 2,283,065
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	61,244,805
Less accumulated depreciation	(16,818,867)

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:

School building receivable	972,434
Bond issue costs	120,743
Net pension asset	193,732

Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(16,525,000)
Bond premium	(527,077)
Deferred charge on refunding	545,452
Compensated absences	(124,713)
Net OPEB obligation	(1,158,389)
Capital leases	(1,892,574)
Accrued interest payable	(176,224)

Net Assets of Governmental Activities (Exhibit I)	\$ <u>28,137,387</u>
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The accompanying notes are an integral part of the financial statements



## REGIONAL SCHOOL DISTRICT NO. 13

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>General</u>	<u>Bonded Capital Projects Fund</u>	<u>Special School Grants and Programs</u>	<u>Capital Reserve Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Assessments from district member towns	\$ 31,046,436	\$	\$	\$	\$	\$ 31,046,436
Intergovernmental	4,185,975	489,790	620,014		106,323	5,402,102
Charges for services	57,269				950,139	1,007,408
Local sources	22,051	4,686		3,346	7,395	37,478
Miscellaneous	54,133	807				54,940
Total revenues	<u>35,365,864</u>	<u>495,283</u>	<u>620,014</u>	<u>3,346</u>	<u>1,063,857</u>	<u>37,548,364</u>
Expenditures:						
Current:						
Salaries	19,767,749				499,682	20,267,431
Employee benefits	7,734,598				81,509	7,816,107
Purchased services	903,908		620,014	20,263	91,843	1,636,028
Property services	962,180					962,180
Operational services	2,902,804				743	2,903,547
Supplies	1,557,071				318,378	1,875,449
Capital outlay	283,366	4,246,047		14,334		4,543,747
Debt service	2,379,111					2,379,111
Total expenditures	<u>36,490,787</u>	<u>4,246,047</u>	<u>620,014</u>	<u>34,597</u>	<u>992,155</u>	<u>42,383,600</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,124,923)</u>	<u>(3,750,764)</u>	<u>-</u>	<u>(31,251)</u>	<u>71,702</u>	<u>(4,835,236)</u>
Other Financing Sources (Uses):						
Transfers in	70,091	150,000		135,000	10,000	365,091
Transfers out	(145,000)	(38,772)		(151,169)	(30,150)	(365,091)
Refunding bonds	9,185,000					9,185,000
Payment to refunded bond escrow agent	(9,596,994)					(9,596,994)
Premium on refunding bond	531,842					531,842
Issuance of capital leases	204,000					204,000
Total other financing sources (uses)	<u>248,939</u>	<u>111,228</u>	<u>-</u>	<u>(16,169)</u>	<u>(20,150)</u>	<u>323,848</u>
Net Change in Fund Balances	(875,984)	(3,639,536)	-	(47,420)	51,552	(4,511,388)
Fund Balances at Beginning of Year	<u>2,278,563</u>	<u>4,084,276</u>	<u>-</u>	<u>348,250</u>	<u>83,364</u>	<u>6,794,453</u>
Fund Balances at End of Year	<u>\$ 1,402,579</u>	<u>\$ 444,740</u>	<u>\$ -</u>	<u>\$ 300,830</u>	<u>\$ 134,916</u>	<u>\$ 2,283,065</u>

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**REGIONAL SCHOOL DISTRICT NO. 13**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because of the following:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (4,511,388)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The capital outlay and depreciation expense are as follows for the current period:

Capital outlay	4,409,622
Depreciation expense	(1,526,539)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

School building grant receipts	(212,851)
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The issuance of long-term debt (e.g., bonds, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Refunding bonds	(9,185,000)
Premium on refunding bonds	(531,842)
Deferred amount on refunding	396,994
Payment to refunded bond escrow agent	9,596,994
Payments on general obligation bonds	1,368,006
Issuance of capital leases	(204,000)
Payments on capital leases	310,218

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Net pension asset	(1,655)
Net OPEB obligation	(427,408)
Bond issuance costs	87,877
Accrued interest payable	(59,320)
Compensated absences	(25,162)
Bond premium	35,742
Deferred amount on refunding	(64,684)

Change in Net Assets of Governmental Activities (Exhibit II)	\$ <u>(544,396)</u>
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The accompanying notes are an integral part of the financial statements

## REGIONAL SCHOOL DISTRICT NO. 13

## STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2011

	<b>Pension Trust Funds</b>	<b>Private- Purpose Trust Funds</b>	<b>Agency Funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>
Assets:			
Cash and cash equivalents	\$ 220,971	\$ 2,752	\$ 177,970
Investments, at fair value:			
Certificates of deposit			97,883
Proprietary mutual funds	410,027		
Corporate bonds	412,569		
U.S. Government obligations	685,800		
Common stocks	2,787,226		
Other investment	8,026		
Accrued interest	7,427		
Total investments, at fair value	<u>4,311,075</u>	<u>-</u>	<u>97,883</u>
Total assets	<u>4,532,046</u>	<u>2,752</u>	<u>\$ 275,853</u>
Liabilities:			
Due to student groups and others			<u>\$ 275,853</u>
Net Assets:			
Held in trust for pension benefits and individuals	<u>\$ 4,532,046</u>	<u>\$ 2,752</u>	

The accompanying notes are an integral part of the financial statements

## REGIONAL SCHOOL DISTRICT NO. 13

## STATEMENT OF CHANGES IN PLAN NET ASSETS - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	<b>Pension Trust Funds</b>	<b>Private- Purpose Trust Funds</b>
	<u>                    </u>	<u>                    </u>
Additions:		
Contributions:		
Employer	\$ 258,312	\$
Employee	1,168	
Total contributions	<u>259,480</u>	<u>-</u>
Investment income:		
Net appreciation in fair value of investments	835,910	
Interest and dividends	<u>110,573</u>	<u>1</u>
Net investment income	<u>946,483</u>	<u>1</u>
Total additions	<u>1,205,963</u>	<u>1</u>
Deductions:		
Benefits	81,693	
Other disbursements	<u>387,942</u>	
Total deductions	<u>469,635</u>	<u>-</u>
Change in net assets	736,328	1
Net Assets Beginning of Year	<u>3,795,718</u>	<u>2,751</u>
Net Assets End of Year	<u>\$ 4,532,046</u>	<u>\$ 2,752</u>

The accompanying notes are an integral part of the financial statements

## REGIONAL SCHOOL DISTRICT NO. 13

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Regional School District No. 13 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the District are described below.

##### A. Reporting Entity

The District was organized under provisions of the Connecticut General Statutes in 1970 for the purpose of providing education for grades 1 through 12 to the residents of the towns of Durham and Middlefield, Connecticut. The district consists of three elementary schools, two middle schools and one high school.

The District is governed by a Regional Board of Education consisting of six members from Durham and four members from Middlefield. The members of the Board serve three-year terms. The Superintendent of Schools, selected by the Board of Education, manages the day-to-day affairs of the District and the schools of Durham and Middlefield.

The District's operating and debt service expenses are paid by the member towns in proportion to the number of attending pupils. The current year assessment percentages are 65.92% for Durham and 34.08% for Middlefield.

##### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by member town assessments, intergovernmental revenues and revenues from local sources.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Member town assessments and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental, proprietary 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.

### C. 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 fiduciary fund financial statements. Agency funds do not have a measurement focus but are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues 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. 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, are recorded only when payment is due.

Member town assessments, expenditure reimbursement type grants, and certain intergovernmental revenues, transfers and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items, including the state interest and bond subsidy grant, are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Bonded Capital Projects Fund* is used to account for resources used for capital expenditures relating to new school building construction. Capital outlays are financed by the issuance of general obligation bonds and capital grants. The major sources of revenue for this fund are bond proceeds and construction grants.

The *Special School Grants and Programs Fund* accounts for the revenues and expenditures relating to federal and state education grants. The major sources of revenue for this fund are Federal and State grants.

The *Capital Reserve Fund* accounts for monies accumulated for capital purposes.

Additionally, the District reports the following fund types:

The *Private-Purpose Trust Funds* are used to account for resources legally held in trust for scholarships. Resources of the fund, including any earnings on invested resources, may be used for student scholarships.

The *Pension Trust Funds* account for the activities of the Regional School District No. 13 Employees' Retirement System, which accumulate resources for pension benefit payments to qualified employees.

The *Agency Funds* account for monies held on behalf of students on a custodial capacity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in the government-wide and the internal service fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The District has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements, except for any interfund services provided by one fund used by another fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

#### **D. Assets, Liabilities and Net Assets or Equity**

##### **Deposits and Investments**

**Deposits** - The District considers cash equivalents as cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a "qualified public depository" as defined by Statute, or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an "out of state bank," as defined by the Statutes, which is not a "qualified public depository."

**Investments** - Investments are reported at fair value.

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies; 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

**Receivables**

Intergovernmental and assessments from member town receivables are considered to be fully collectible, and no allowance has been recorded.

**Interfund Activity**

Activity between funds that is 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., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans).

**Inventories**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed, rather than when purchased.

**Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment and vehicles and \$20,000 for buildings and improvements, land and land improvements and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	45
Building improvements	45
Land improvements	20
Vehicles	7-10
Office equipment	7-10
Computer equipment	7



## **Restricted Assets**

Certain donations received by the District have been classified as restricted assets because their use is limited by the donors.

## **Unearned Revenues**

Unearned revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received before the District has legal claim to them, as when grant monies are received prior to the issuance of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has legal claim to the resource, the liability for deferred revenues is removed from the balance sheet and revenue is recognized.

## **Compensated Absences**

Sick leave and vacation leave expenditures are recognized in the governmental funds in the current year to the extent they are paid during the year. Unpaid benefits lapse at year end and any amounts payable during an employee's active term cannot exceed a full year's budgeted payroll and, as such, no liability is accrued.

All vacation and sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

## **Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## **Fund Equity and Net Assets**

In the fund financial statements, fund balance is classified into the following categories:

*Nonspendable Fund Balance* - This category presents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

*Restricted Fund Balance* - This category presents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of their governments.

*Committed Fund Balance* - This category presents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Regional School District #13 Board of Education).

*Assigned Fund Balance* - This category presents, for all governmental funds other than the General Fund, any remaining positive amounts not classified as restricted or committed. For the General Fund, this category includes amounts constrained for the intent to be used for a specific purpose by the Board of Education or the Business Manager who has been delegated authority to assign amounts by the District Charter.

*Unassigned Fund Balance* - This category presents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

In the government-wide financial statements, net assets are classified into the following categories:

*Invested in Capital Assets, Net of Related Debt* - This category presents the net assets that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for noncapital purpose is excluded.

*Restricted Net Assets* - This category presents the net assets restricted by external parties (creditors, grantors, contributors or laws and regulations).

*Unrestricted Net Assets* - This category presents the net assets of the District that are not restricted.

## **Estimates**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year.

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgets and Budgetary Accounting**

The District establishes its General Fund budget in accordance with provisions of the Connecticut General Statutes.

A budget for the General Fund is authorized annually by the Board of Education. The Board of Education follows these procedures in establishing the budgetary data reflected in the financial statements:

- The citizens of the District vote on the recommended budget.
- All budget transfers must be approved by the Board of Education.
- Formal budgetary integration is employed as a management control device during the year for the General Fund.
- All unencumbered appropriations of the General Fund lapse at year end.

- The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is at the total expenditure level for the General Fund.
- Additional appropriations may be made during the year by the Board of Education. An additional appropriation requires approval at a District meeting if it exceeds \$50,000 or is a second request. There were no additional appropriations made during the year ended June 30, 2011.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and, accordingly, encumbrances outstanding at year end are reported in budgetary reports as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

**B. Overexpended Appropriations**

The legally adopted budget was overexpended during the current year. The employee benefits line item was overexpended by \$14,631 and the property services line was overexpended by \$262,021.

**C. Capital Projects Authorizations**

The following is a summary of capital projects at June 30, 2011:

<u>Capital Project</u>	<u>Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2011</u>
School Building Projects	\$ 6,369,098	\$ 4,246,047	\$ 6,813,117	\$ (444,019)

The District has not authorized an additional appropriation for this project. However, the District will receive additional funds from the Bureau of School Facilities to help ease the effect of the overage, and will fund the remainder through transfers from other funds, including the Capital Reserve.

**D. Donor-Restricted Endowments**

The District has received certain endowments for textbooks and library materials. The amounts are reflected in net assets as restricted for expendable purposes. Net cumulative interest earnings on endowments have amounted to \$27,250 and make up the restricted fund balance.

### 3. DETAILED NOTES

#### A. Cash and Investments

##### Deposits

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the district and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk* Disclosures, \$850,349 of the District's bank balance of \$2,313,321 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 740,314
Uninsured and collateral held by the pledging bank's trust department, not in the District's name	<u>110,035</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 850,349</u></u>

##### Cash Equivalents

At June 30, 2011, the District's cash equivalents amounted to \$2,613,601. The following table provides a summary of the District's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

State Tax Exempt Proceeds Fund\*  
Money Market Accounts\*\*

\*Not rated

\*\*Not rated, some money markets also subject to custodial risk above

##### Investments

The investments in the Pension Fund are covered by the Securities Investor Protection Corporation (SIPC) up to \$500,000, including \$100,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as money market funds.

As of June 30, 2011, the District had the following investments:

Investment Type	Credit Rating Moody's/S&P	Fair Value	Not Applicable	Investment Maturities (Years)		
				Less Than 1	1-10	More Than 10
U.S. Treasury obligations	n/a	\$ 311,264	\$	\$ 71,056	\$ 217,662	\$ 22,546
U.S. Asset and mortgage-backed	AAA/AAA	374,536			374,536	
Corporate bonds	AAA	13,671			13,671	
Corporate bonds	A3/A	13,387			13,387	
Corporate bonds	AA3/AA-	13,296			13,296	
Corporate bonds	BAA2/BBB-	13,842			13,842	
Corporate bonds	n/r	365,800			365,800	
Certificates of deposit*	n/a	103,710		97,883	5,827	
Mutual funds	n/a	443,983	443,983			
Common stock	n/a	2,787,226	2,787,226			
Other investments	n/a	8,026	8,026			
Total		<u>\$ 4,448,741</u>	<u>\$ 3,239,235</u>	<u>\$ 168,939</u>	<u>\$ 1,018,021</u>	<u>\$ 22,546</u>

\* Also subject to custodial risk in deposit footnote above.

*Interest Rate Risk* - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk - Investments* - The District has no formal investment policy that would limit its investment choices with respect to credit risk other than State Statutes governing investments in obligations of any State or political subdivision.

*Concentration of Credit Risk* - The District does not have a formalized investment policy that restricts investments in any one issuer that is in excess of 5% of the District's total investments.

*Custodial Credit Risk* - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the District or that sells investments to or buys them for the District), the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk.

## B. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
Advanced lunch collections	\$ 9,594
Education grants	72,248

## C. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 200,000	\$	\$	\$ 200,000
Construction in progress	593,138	4,246,047	4,839,185	-
Total capital assets not being depreciated	<u>793,138</u>	<u>4,246,047</u>	<u>4,839,185</u>	<u>200,000</u>
Capital assets being depreciated:				
Buildings and improvements	50,043,453			50,043,453
Land improvements	707,340	4,798,760		5,506,100
Equipment	3,090,674	204,000	42,910	3,251,764
Vehicles	2,243,488			2,243,488
Total capital assets being depreciated	<u>56,084,955</u>	<u>5,002,760</u>	<u>42,910</u>	<u>61,044,805</u>
Less accumulated depreciation for:				
Buildings	12,671,943	1,000,869		13,672,812
Land improvements	287,240	203,726		490,966
Equipment	2,022,680	102,684	42,910	2,082,454
Vehicles	353,375	219,260		572,635
Total accumulated depreciation	<u>15,335,238</u>	<u>1,526,539</u>	<u>42,910</u>	<u>16,818,867</u>
Total capital assets being depreciated, net	<u>40,749,717</u>	<u>3,476,221</u>	<u>-</u>	<u>44,225,938</u>
Governmental Activities Capital Assets, Net	<u>\$ 41,542,855</u>	<u>\$ 7,722,268</u>	<u>\$ 4,839,185</u>	<u>\$ 44,425,938</u>

Depreciation expense was charged as follows:

Administration	\$ 102,684
Buildings	1,204,595
Transportation	<u>219,260</u>
Total	<u>\$ 1,526,539</u>

**D. Interfund Transfers**

A summary of interfund transfers as of June 30, 2011 is as follows:

	<b>Transfers In</b>				<b>Total Transfers Out</b>
	<b>General Fund</b>	<b>Bonded Capital Projects</b>	<b>Capital Reserve Fund</b>	<b>Nonmajor Government Funds</b>	
Transfers out:					
General Fund	\$	\$	\$ 135,000	\$ 10,000	\$ 145,000
Bonded Capital Projects Fund	38,772				38,772
Capital Reserve Fund	1,169	150,000			151,169
Nonmajor Governmental Funds	30,150				30,150
<b>Total Transfers In</b>	<b>\$ 70,091</b>	<b>\$ 150,000</b>	<b>\$ 135,000</b>	<b>\$ 10,000</b>	<b>\$ 365,091</b>

Transfers are used to account for the financing by the General Fund of various programs and activities in other funds.

**E. Changes in Long-Term Obligations**

**Summary of Changes**

The following is a summary of changes in long-term obligations during the fiscal year:

	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:									
Bonds payable:									
Improvement bond	\$ 9,000,000	04/15/01	04/15/21	4.25-5.00	\$ 5,200,000	\$	\$ 5,200,000	\$ -	\$
Improvement bond	7,300,000	03/01/03	03/01/23	2.50-4.30	4,850,000		4,850,000	-	
Improvement bond	6,885,000	03/15/04	12/15/15	2.00-3.50	3,260,000		580,000	2,680,000	570,000
Improvement bond	4,995,000	07/15/09	07/15/24	2.50-4.50	4,995,000		335,000	4,660,000	335,000
Improvement bond	9,185,000	10/14/10	03/01/23	2.00-4.00	-	9,185,000		9,185,000	910,000
					<u>18,305,000</u>	<u>9,185,000</u>	<u>10,965,000</u>	<u>16,525,000</u>	<u>1,815,000</u>
Plus deferred amounts:									
Bond premium					30,977	531,842	35,742	527,077	
Deferred charges in refunding					(213,142)	(396,994)	(64,684)	(545,452)	
Total bonds payable					<u>18,122,835</u>	<u>9,319,848</u>	<u>10,936,058</u>	<u>16,506,625</u>	<u>1,815,000</u>
Obligations under capital leases					1,998,792	204,000	310,218	1,892,574	305,115
Compensated absences					99,551	180,043	154,881	124,713	21,544
Net OPEB obligation					<u>730,981</u>	<u>427,408</u>	<u></u>	<u>1,158,389</u>	<u></u>
Total Governmental Activities Long-Term Liabilities					<u>\$ 20,952,159</u>	<u>\$ 10,131,299</u>	<u>\$ 11,401,157</u>	<u>\$ 19,682,301</u>	<u>\$ 2,141,659</u>

All long-term liabilities are generally liquidated by the General Fund.

The annual requirements to amortize all bonds payable as of June 30, 2011 and the amounts to be provided by the State of Connecticut for the retirement of school bonds and of debt principal and interest maturities are as follows:

<u>Year Ending June 30,</u>	<u>To Be Provided by State</u>		<u>Bond Principal</u>	<u>Bond Interest</u>
	<u>For Principal</u>	<u>For Interest</u>		
2012	\$ 208,677	\$ 12,478	\$ 1,815,000	\$ 526,891
2013	196,157	9,778	1,775,000	478,641
2014	191,983	7,105	1,745,000	433,174
2015	189,896	4,315	1,720,000	388,602
2016	185,721	1,444	1,705,000	334,043
2017-2021			5,740,000	1,013,923
2022-2025			2,025,000	138,696
Total	\$ <u>972,434</u>	\$ <u>35,120</u>	\$ <u>16,525,000</u>	\$ <u>3,313,970</u>

### **Refunding**

On October 14, 2010, the District issued \$9,185,000 of general obligation refunding bonds with interest rates ranging from 2% to 4% to advance refund the outstanding principal amounts of \$4,725,000 General Obligation Bonds dated April 15, 2001 and \$4,475,000 General Obligation Bonds dated March 1, 2003.

The net proceeds of 9,661,732 (including premium of 531,842 and issuance costs of 115,110 including underwriter's fees) will reduce total debt service payments over the next 12 years by \$818,607 and represent an economic gain (difference between present values of the debt service payments on the old and new debt) of \$726,340. As a result, the refunded bonds are considered defeased, and all future interest and principal on the defeased bonds will be paid from the proceeds of the refunding issue, which were placed into an irrevocable escrow account until all the defeased bonds have been called.

### **Capital Leases**

At June 30, 2011, the District is committed under lease agreements for the acquisition of office equipment, business equipment, and school buses and other vehicles. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease term) and, therefore, have been recorded at the lower of the present value of the future minimum lease payments or the fair value of the leased assets at the date of their inception.



The annual requirements to amortize the capital leases as of June 30, 2011 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2012	\$ 390,697
2013	387,991
2014	386,986
2015	326,681
2016	<u>677,316</u>
Total minimum lease payments	2,169,671
Less amount representing interest	<u>277,097</u>
Total	<u>\$ 1,892,574</u>

The assets acquired through the capital lease are as follows:

	<u>Governmental Activities</u>
Assets:	
Equipment	\$ 502,772
Vehicles	<u>2,133,281</u>
	2,636,053
Less accumulated depreciation	<u>678,392</u>
Total	<u>\$ 1,957,661</u>

### Statutory Debt Limitations

The District's indebtedness does not exceed the legal debt limitations as required by Connecticut General Statutes. The statutes allow for debt up to 4.5 times the annual receipts of taxation of the member towns. The District's debt limitation is as follows:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
Schools	\$ 150,588,171	\$ 15,552,566	\$ 135,035,605

**F. Fund Balance**

The components of fund balance for the governmental funds at June 30, 2011 are as follows:

	<u>General Fund</u>	<u>Bonded Capital Project Funds</u>	<u>Capital Reserve Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Inventory	\$	\$	\$	\$ 9,152	\$ 9,152
Endowment				12,533	12,533
Restricted for:					
Grants				14,471	14,471
Capital projects		444,740			444,740
Library materials				27,250	27,250
Enabling legislation	1,402,579				1,402,579
Committed to:					
Adult Education				104	104
Middlesex Transition Academy				70,457	70,457
Capital projects			300,830		300,830
School cafeteria				949	949
Unassigned					-
<b>Total Fund Balances</b>	<b>\$ 1,402,579</b>	<b>\$ 444,740</b>	<b>\$ 300,830</b>	<b>\$ 134,916</b>	<b>\$ 2,283,065</b>

There are no significant encumbrances at June 30, 2011. As such, no amounts are contained in the above table in either the assigned or committed categories of the General Fund.

**4. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; thefts of, damage to or destruction of assets; errors or omissions; injuries to employees or natural disasters.

The District is currently a member in the Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. seq. of Connecticut General Statutes, for workers’ compensation and employer liability coverage. CIRMA currently has 223 members in the workers’ compensation pool. The District pays an annual premium for its coverage. CIRMA is to be self-sustaining through members’ premiums but reinsures in excess of \$1,000,000 for each insured occurrence. Members may be subject to supplemental assessment in the event of deficiencies; however, potential assessments are limited pursuant to the by-laws.

The District purchases commercial insurance for all other risks of loss, including blanket and umbrella policies.

Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

## 5. PENSION PLANS

### Regional School District No. 13 Employee Retirement Plan

Effective July 1, 2010, the District closed out its Money Accumulation Plan and its Defined Benefit Plan to form a new, combined, Defined Benefit Plan. There was some small activity in these plans during the beginning of the fiscal year in order to close out the plans.

#### Plan Description

The District is the administrator of a single-employer pension employee retirement system (PERS) established and administered by the District to provide pension benefits for its employees. The Pension Committee, consisting of employees from the District, makes recommendations for plan provisions. The recommendations are then approved by the Board of Education. The PERS is considered to be part of the District's financial reporting entity and is included in the District's financial statements as a pension trust fund.

#### Summary of Significant Accounting Policies and Plan Asset Matters

##### Basis of Accounting

The pension trust fund's financial statements are prepared using the accrual basis of accounting. Revenues (contributions and investment income) are recognized when they are earned, and expenses (benefits) are recognized when they are due and payable in accordance with the terms of the plan.

##### Valuation of Investments

Investments are valued at fair value based upon quoted market prices.

#### Classes of Employees Covered

As of July 1, 2010, the date of the last actuarial valuation, the plan's membership consisted of the following:

Retirees, disabled and beneficiaries currently receiving benefits	10
Terminated employees entitled to benefits but not yet receiving them	16
Current plan members	<u>76</u>
Total	<u><u>102</u></u>

## Benefit Provisions

The plan covers substantially all regularly employed, permanent noncertified employees of the District. In order to be eligible for the plan, the employee must complete 1 year of service and attain a minimum age of 21.

Normal retirement date is at age 65 on completion of 5 years of service. The annual benefit is based upon 70% of average compensation less 100% of the Social Security reduced proportionately for each year of service less than 25. The plan does not contain a provision for early retirement.

The death benefit for the plan is the present value of accrued benefits.

Participants are vested after ten years of service.

## Contributions

Contribution requirements of the plan members and the District are established and may be amended by the Board of Education. Plan members are required to contribute 5% of their earnings to the plan. The District is required to contribute at an actuarially determined rate. The District's contribution for the year ended June 30, 2011 represented 9.3% of covered payroll. Administrative costs of the plan are financed through investment earnings of the plan's assets.

### **Schedule of Employer Contributions and Net Pension Asset**

<b>Year Ended</b>	<b>Actual Contribution</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage of ARC Contributed</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Asset</b>
2009	\$ 103,674	\$ 97,007	107 %	\$ 105,291	98 %	\$ 196,937
2010	105,615	98,948	107	107,165	99	195,387
2011	258,312	258,312	100	259,967	99	193,732

### **Actuarial Assumptions**

The annual required contribution for the current year was determined as part of the July 1, 2010 actuarial valuation using the entry age normal cost method. The actuarial assumptions included:

Remaining Amortization Period	25 years closed
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Projected Salary Increases	4.50%
Cost of Living Adjustment	none

**Annual Pension Cost and net Pension Asset (NPA)**

The District’s annual pension cost and net pension asset for the current year were as follows:

Annual required contribution	\$ 258,312
Interest on net pension obligation	(14,654)
Adjustment to annual required contribution	<u>16,309</u>
Annual pension cost	259,967
Contribution made	<u>258,312</u>
Decrease in net pension asset	1,655
Net pension asset - beginning of year	<u>195,387</u>
Net Pension Asset - End of Year	<u><u>\$ 193,732</u></u>

**Schedule of Funding Progress**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>(Overfunded) Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Estimated Covered Payroll</u>	<u>(Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
July 1, 2005	\$ 661,119	\$ 1,142,449	\$ (481,330)	57.9 %	\$ 2,134,717	\$ (22.5) %
July 1, 2006	772,220	1,165,512	(393,292)	66.3	2,253,463	(17.5)
July 1, 2007	895,706	1,180,150	(284,444)	75.9	2,412,654	(11.8)
July 1, 2008	977,639	1,386,735	(409,096)	70.5	2,542,758	(16.1)
July 1, 2009	3,595,708	4,866,800	(1,271,092)	73.9	2,747,081	(46.3)
July 1, 2010	4,027,650	5,426,875	(1,399,225)	74.2	2,770,762	(50.5)

**Former Regional School District No. 13 Employee Retirement Plan**

At the beginning of fiscal year 2011, the District was the administrator of a single-employer pension employee retirement system (PERS). The fund had historically included assets that belonged to the Town of Durham employees. Upon its closure in 2011, the remaining assets belonging to Town of Durham employees were transferred out into a Town of Durham plan, and the remaining District assets were transferred to the Regional School District No. 13 Employee Retirement Plan.

**Former Money Accumulation Pension Plan**

**Plan Description**

Through Fall 2011, the District provided pension plan benefits for all noncertified employees working 20 hours per week or more through the defined contribution plan.

## Financial Information

The statement of fiduciary fund net assets and the statement of changes in fiduciary fund net assets for the Regional School District No. 13 and the Town of Durham Employee Retirement Plan (Defined Benefit Plan), the Money Accumulation Plan are as follows, and the Regional School District No. 13 Employee Retirement Plan are as follows:

### SCHEDULE OF PLAN NET ASSETS JUNE 30, 2011

	<b>Pension Trust Funds</b>			<b>Totals</b>
	<b>Money Accumulation Plan</b>	<b>Defined Benefit Plan</b>	<b>Combined Defined Benefit Plan</b>	
Assets:				
Cash and cash equivalents	\$	\$	\$ 220,971	\$ 220,971
Investments:				
Proprietary mutual funds			410,027	410,027
Corporate bonds			412,569	412,569
U.S. Government obligations			685,800	685,800
Common stock			2,787,226	2,787,226
Other investment			8,026	8,026
Accrued interest			7,427	7,427
Total investments, at fair value	-	-	4,311,075	4,311,075
 Total assets	-	-	4,532,046	4,532,046
 Net assets held in trust for the Town of Durham employees pension benefits				
Net assets held in trust for the District's employees pension benefits	-	-	4,532,046	4,532,046
 Total net assets	\$ -	\$ -	\$ 4,532,046	\$ 4,532,046

**SCHEDULE OF CHANGES IN PLAN NET ASSETS  
YEAR ENDED JUNE 30, 2011**

	<b>Pension Trust Funds</b>			<b>Totals</b>
	<b>Money Accumulation Plan</b>	<b>Defined Benefit Plan</b>	<b>Combined Defined Benefit Plan</b>	
<b>Additions:</b>				
<b>Contributions:</b>				
Employer	\$ 55,153	\$ 5,747	\$ 197,412	\$ 258,312
Employee	1,168			1,168
Total contributions	<u>56,321</u>	<u>5,747</u>	<u>197,412</u>	<u>259,480</u>
<b>Investment income:</b>				
Net increase in fair value of investments	353,781	59,463	422,666	835,910
Interest and dividends	24,291	21,392	64,890	110,573
Net investment gain	<u>378,072</u>	<u>80,855</u>	<u>487,556</u>	<u>946,483</u>
Total additions	<u>434,393</u>	<u>86,602</u>	<u>684,968</u>	<u>1,205,963</u>
<b>Deductions:</b>				
Benefits	9,958	41,030	30,705	81,693
Other disbursements	14,301	368,509	5,132	387,942
	<u>24,259</u>	<u>409,539</u>	<u>35,837</u>	<u>469,635</u>
<b>Other sources (uses):</b>				
Transfer in			3,882,915	3,882,915
Transfer out	(2,915,522)	(967,393)		(3,882,915)
Total other sources (uses)	<u>(2,915,522)</u>	<u>(967,393)</u>	<u>3,882,915</u>	<u>-</u>
Change in net assets	(2,505,388)	(1,290,330)	4,532,046	736,328
Net Assets at Beginning of Year	<u>2,505,388</u>	<u>1,290,330</u>	<u>-</u>	<u>3,795,718</u>
Net Assets at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,532,046</u>	<u>\$ 4,532,046</u>

**Teacher Retirement**

All Regional School District 13 teachers participate in the State of Connecticut Teacher's Retirement System, a cost sharing plan with a special funding situation, under Section 10.183 of the General Statutes of the State of Connecticut. This is a multiple employer PERS. A teacher is eligible to receive a normal retirement benefit if he or she has:

- Attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or;
- Attained any age and has accumulated 35 years of credited service, at least 25 of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teacher's Retirement Board. Teacher payroll subject to retirement amounted to \$13,826,814 or 68% of the total Board of Education payroll of \$20,267,434.

The retirement system for teachers is funded by the State based upon the recommendation of the Teacher’s Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. For the year ended June 30, 2011, the District has recorded in the General Fund (Exhibit IV) intergovernmental school revenue and school expenditures in the amount of \$2,321,037 as payments made by the State of Connecticut on behalf of the District. The district does not have any liability for teacher pensions.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State’s financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

**6. RETIREE HEALTH PLAN (RHP)**

**Plan Description**

The Region 13 Retiree Health Plan RHP is a single-employer defined benefit healthcare plan administered by the Region. The RHP provides medical and life insurance benefits to eligible retirees and their spouses. All employees of the Region are eligible to participate in the plan. Benefit provisions are established through negotiations between the Region and the various unions representing the employees.

There is no trust created for this plan. The benefits are paid directly out of the General Fund on a pay-as-you-go basis.

At July 1, 2010, plan membership consisted of the following:

	<u>Retiree Health Plan</u>
Retired members	28 *
Active plan members	<u>335</u>
Total Participants	<u><u>363</u></u>

\*Includes spouses of retirees

**Funding Policy**

The contribution requirements of plan members and the Region are also negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums as follows:

Retirees Pre 65

Teachers/Administrators pay 100% of active premium. Superintendent pays 5% of active premium. Business assistant to superintendent pays 20% of active premium. Board of Education employees pay 100% of active premium. The active premium for the year ended June 30, 2011 was \$6,570 per member and \$6,570 per spouse.



Retirees Post 65

Teachers and administrators may continue their coverage post 65 if they are eligible for Medicare. The superintendent receives TRB Medicare supplemental coverage between the ages of 65 and 75. All others are not covered post 65.

Contributions

Employer contributions to the plan of \$168,447 were made in accordance with actuarially determined requirements. Of this amount \$168,447 represents premium payments. There was no amount contributed to prefund benefits.

Regional School District 13’s annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District’s net OPEB obligation:

Annual required contribution (ARC)	\$	604,596
Interest on net OPEB obligation		36,549
Adjustment to annual required contribution		<u>(45,290)</u>
Annual OPEB cost (AOC)		595,855
Contribution made		<u>168,447</u>
Increase in net OPEB obligation		427,408
Net OPEB obligation - beginning of year		<u>730,981</u>
Net OPEB Obligation - End of Year	\$	<u><u>1,158,389</u></u>

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2011 are presented below.

<u>Year Ended</u>	<u>Actual Contribution</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
2009	\$ 100,093	\$ 476,900	21 %	\$ 476,900	21 %	\$ 376,807
2010	125,285	483,965	26	479,459	26	730,981
2011	168,447	604,596	28	595,855	28	1,158,389

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

### Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>(Overfunded) Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Estimated Covered Payroll</u>	<u>(Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
July 1, 2008	\$ -	\$ 5,286,539	\$ 5,286,539	-	% \$ 19,113,287	28 %
July 1, 2010	-	5,955,023	5,955,023	-	20,530,438	29

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include 5.0% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual medical cost trend rate is 10% initially, graded to 5% over 5 years. Projected salary increases and general inflation were not factors in the calculation. The determination of the actuarial value of assets was not applicable. The UAAL is being amortized at a level payments method. The remaining amortization period at July 1, 2010 was 30 years.

## 7. CONTINGENT LIABILITIES

There are various lawsuits and claims pending against the District, the ultimate effect of which, if any, cannot presently be determined; however, the ultimate resolution of these matters is not expected to have a material adverse effect on the financial condition of the District.

State and Federal grants received by the District are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditures disallowed under terms of the grant. The amount, if any, of expenditures, which may be disallowed, cannot be determined at this time, although the District's management believes such disallowance, if any, will be immaterial.

The District may owe rebate payments to the Federal Government of arbitrage earnings (if there were any) on investment of the proceeds of certain borrowings, or a penalty in lieu of rebate, unless an exemption applies. The District would have to provide the factual information to determine whether there were any arbitrage earnings and whether it qualified for an exemption from rebate (or from a penalty in lieu of rebate).

## REGIONAL SCHOOL DISTRICT NO. 13

## GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Assessments from District Member Towns	\$ 31,046,436	\$ 31,046,436	\$ 31,046,436	\$ -
Local Sources:				
Interest income	40,000	40,000	22,051	(17,949)
Intergovernmental:				
State receipts building grants	228,140	228,140	228,140	-
Transportation	274,452	274,452	203,119	(71,333)
Special education	360,923	360,923	532,496	171,573
Adult education			12,981	12,981
Medicaid			9,226	9,226
Magnet			11,700	11,700
Health services			3,432	3,432
Stabilization funds	863,844	863,844	863,844	-
Total intergovernmental	1,727,359	1,727,359	1,864,938	137,579
Charges for Services:				
Buildings/grounds rentals	45,000	45,000	48,589	3,589
Tuition			8,680	8,680
Total charges for services	45,000	45,000	57,269	12,269
Other Revenue:				
Miscellaneous	15,000	15,000	54,133	39,133
Total revenues	32,873,795	32,873,795	33,044,827	171,032
Other Financing Sources:				
Transfer in	30,000	30,000	70,091	40,091
Appropriation of fund balance	1,789,348	1,789,348	1,789,348	-
Total other financing sources	1,819,348	1,819,348	1,859,439	40,091
Total Revenues and Other Financing Sources	\$ 34,693,143	\$ 34,693,143	34,904,266	\$ 211,123

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers'

Retirement System for Town teachers are not budgeted.

2,321,037

Refunding bonds issued

9,716,842

Issuance of capital lease

204,000

Reverse appropriation of fund balance

(1,789,348)Total Revenues and Other Financing Sources as Reported on the Statement of Revenues,  
Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV\$ 45,356,797

## REGIONAL SCHOOL DISTRICT NO. 13

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Salaries:				
Certified personnel	\$ 15,555,666	\$ 15,555,666	\$ 15,278,074	\$ 277,592
Support personnel	4,321,923	4,321,923	4,489,675	(167,752)
Total salaries	<u>19,877,589</u>	<u>19,877,589</u>	<u>19,767,749</u>	<u>109,840</u>
Employee Benefits:				
Employee benefits	5,398,930	5,398,930	5,413,561	(14,631)
Purchased Services:				
Education	518,124	518,124	434,780	83,344
Conferences	32,275	32,275	21,906	10,369
Professional	286,562	286,562	251,957	34,605
Technical	187,459	187,459	195,265	(7,806)
Total purchased services	<u>1,024,420</u>	<u>1,024,420</u>	<u>903,908</u>	<u>120,512</u>
Property Services:				
Disposal services	27,000	27,000	33,138	(6,138)
Snow removal	50,000	50,000	296,383	(246,383)
Lawn service	112,000	112,000	105,394	6,606
Repairs and maintenance	205,670	205,670	238,975	(33,305)
Rentals and leases	315,490	315,490	298,290	17,200
Total property services	<u>710,160</u>	<u>710,160</u>	<u>972,180</u>	<u>(262,020)</u>
Operational Services:				
Pupil transportation	1,534,789	1,534,789	1,464,249	70,540
Field trips/athletics	258,891	258,891	284,165	(25,274)
Liability insurance	107,824	107,824	102,889	4,935
Dues and fees	40,529	40,529	36,497	4,032
Communication	97,433	97,433	80,215	17,218
Advertising	6,800	6,800	10,102	(3,302)
Tuition	1,236,538	1,236,538	892,267	344,271
Travel	29,077	29,077	32,420	(3,343)
Total operational services	<u>3,311,881</u>	<u>3,311,881</u>	<u>2,902,804</u>	<u>409,077</u>
Supplies:				
Supplies	608,981	608,981	547,704	61,277
Books/resource materials	184,246	184,246	178,933	5,313
Electricity	619,500	619,500	584,403	35,097
Bottled gas	8,000	8,000	14,003	(6,003)
Heating oil	252,500	252,500	223,264	29,236
Gasoline and oil vehicles	7,000	7,000	8,764	(1,764)
Total supplies	<u>1,680,227</u>	<u>1,680,227</u>	<u>1,557,071</u>	<u>123,156</u>
Capital Improvements/Equipment:				
Buildings			1,169	(1,169)
Equipment	215,623	215,623	213,197	2,426
Total capital improvements/equipment	<u>215,623</u>	<u>215,623</u>	<u>214,366</u>	<u>1,257</u>

(Continued on next page)

## REGIONAL SCHOOL DISTRICT NO. 13

## GENERAL FUND

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Debt Service:				
Principal	\$ 1,765,000	\$ 1,765,000	\$ 1,765,000	\$ -
Interest	<u>709,313</u>	<u>709,313</u>	<u>506,151</u>	<u>203,162</u>
Total debt service	<u>2,474,313</u>	<u>2,474,313</u>	<u>2,271,151</u>	<u>203,162</u>
 Total Expenditures	 <u>\$ 34,693,143</u>	 <u>\$ 34,693,143</u>	 34,002,790	 <u>\$ 690,353</u>
 Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			2,321,037	
Refunding bonds issued			9,704,954	
Issuance of capital lease			<u>204,000</u>	
 Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			 <u>\$ 46,232,781</u>	

REGIONAL SCHOOL DISTRICT NO. 13

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2011

	Special Revenue Funds					Permanent Funds		Total Nonmajor Governmental Funds
	School Cafeteria Fund	Summer School	Arts Council	Adult Education	Middlesex Transition Academy	A. Smith	Haake Science and History	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 34,407	\$	\$	\$ 104	\$ 70,457	\$	\$	\$ 104,968
Investments						5,827	33,956	39,783
Intergovernmental receivable	14,471							14,471
Other assets	9,152							9,152
<b>Total Assets</b>	<b>\$ 58,030</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 104</b>	<b>\$ 70,457</b>	<b>\$ 5,827</b>	<b>\$ 33,956</b>	<b>\$ 168,374</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts payable and accrued items	\$ 23,864	\$	\$	\$	\$	\$	\$	\$ 23,864
Deferred revenue	9,594							9,594
<b>Total liabilities</b>	<b>33,458</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,458</b>
<b>Fund Balances:</b>								
Nonspendable	9,152					2,533	10,000	21,685
Restricted	14,471					3,294	23,956	41,721
Committed	949			104	70,457			71,510
<b>Total fund balances</b>	<b>24,572</b>	<b>-</b>	<b>-</b>	<b>104</b>	<b>70,457</b>	<b>5,827</b>	<b>33,956</b>	<b>134,916</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 58,030</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 104</b>	<b>\$ 70,457</b>	<b>\$ 5,827</b>	<b>\$ 33,956</b>	<b>\$ 168,374</b>

REGIONAL SCHOOL DISTRICT NO. 13

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Funds					Permanent Funds		Total Nonmajor Governmental Funds
	School Cafeteria Fund	Summer School	Arts Council	Adult Education	Middlesex Transition Academy	A. Smith	Haake Science and History	
Revenues:								
Local sources	\$ 259	\$	\$	\$	\$	\$ 176	\$ 6,960	\$ 7,395
Intergovernmental	106,323							106,323
Charges for services	509,980	4,485		14,096	421,578			950,139
Total revenues	<u>616,562</u>	<u>4,485</u>	<u>-</u>	<u>14,096</u>	<u>421,578</u>	<u>176</u>	<u>6,960</u>	<u>1,063,857</u>
Expenditures:								
Salaries	309,893	6,708		12,329	170,752			499,682
Employee benefits					81,509			81,509
Purchased services	5,696			309	85,838			91,843
Operational services				263	480			743
Supplies	301,803		4,908	3,533	8,134			318,378
Total expenditures	<u>617,392</u>	<u>6,708</u>	<u>4,908</u>	<u>16,434</u>	<u>346,713</u>	<u>-</u>	<u>-</u>	<u>992,155</u>
Excess (Deficiency) of Revenues over Expenditures	(830)	(2,223)	(4,908)	(2,338)	74,865	176	6,960	71,702
Other Financing Sources (Uses):								
Transfers in	10,000							10,000
Transfers out		(150)			(30,000)			(30,150)
Net Change in Fund Balances	9,170	(2,373)	(4,908)	(2,338)	44,865	176	6,960	51,552
Fund Balances at Beginning of Year	<u>15,402</u>	<u>2,373</u>	<u>4,908</u>	<u>2,442</u>	<u>25,592</u>	<u>5,651</u>	<u>26,996</u>	<u>83,364</u>
Fund Balances at End of Year	<u>\$ 24,572</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104</u>	<u>\$ 70,457</u>	<u>\$ 5,827</u>	<u>\$ 33,956</u>	<u>\$ 134,916</u>



## REGIONAL SCHOOL DISTRICT NO. 13

COMBINING STATEMENT OF FIDUCIARY NET ASSETS -  
PRIVATE-PURPOSE TRUST FUNDS

JUNE 30, 2011

	<u>Moeller</u>	<u>P. Lyman</u>	<u>Total Private- Purpose Trust Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ <u>503</u>	\$ <u>2,249</u>	\$ <u>2,752</u>
<b>NET ASSETS</b>			
Net Assets Held in Trust for Individuals	\$ <u>503</u>	\$ <u>2,249</u>	\$ <u>2,752</u>

## REGIONAL SCHOOL DISTRICT NO. 13

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -  
PRIVATE-PURPOSE TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Moeller</u>	<u>P. Lyman</u>	<u>Total Private- Purpose Trust Funds</u>
Additions:			
Investment income:			
Interest and dividends	\$ <u>1</u>	\$ <u>          </u>	\$ <u>1</u>
Deductions:			
Supplies	<u>          </u>	<u>          </u>	<u>-</u>
Change in net assets	1	-	1
Net Assets Beginning of Year	<u>502</u>	<u>2,249</u>	<u>2,751</u>
Net Assets End of Year	<u>\$ <u>503</u></u>	<u>\$ <u>2,249</u></u>	<u>\$ <u>2,752</u></u>

## REGIONAL SCHOOL DISTRICT NO. 13

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

## FOR THE YEAR ENDED JUNE 30, 2011

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2011</u>
<b>Student Activity Fund</b>				
Assets:				
Cash	\$ 162,927	\$ 677,995	\$ 705,584	\$ 135,338
Investments	97,312	571		97,883
	<u>\$ 260,239</u>	<u>\$ 678,566</u>	<u>\$ 705,584</u>	<u>\$ 233,221</u>
Liabilities:				
Due to student groups	\$ 260,239	\$ 678,566	\$ 705,584	\$ 233,221
	<u>\$ 260,239</u>	<u>\$ 678,566</u>	<u>\$ 705,584</u>	<u>\$ 233,221</u>
<b>Middlesex Consortium</b>				
Assets:				
Cash	\$ 16,234	\$ 148,769	\$ 122,371	\$ 42,632
Liabilities:				
Due to others	\$ 16,234	\$ 148,769	\$ 122,371	\$ 42,632
	<u>\$ 16,234</u>	<u>\$ 148,769</u>	<u>\$ 122,371</u>	<u>\$ 42,632</u>
<b>Retiree Medical and Dental</b>				
Assets:				
Cash	\$ -	\$ 316,879	\$ 316,879	\$ -
Liabilities:				
Due to others	\$ -	\$ 316,879	\$ 316,879	\$ -
	<u>\$ -</u>	<u>\$ 316,879</u>	<u>\$ 316,879</u>	<u>\$ -</u>
<b>Total All Funds</b>				
Assets:				
Cash	\$ 179,161	\$ 1,143,643	\$ 1,144,834	\$ 177,970
Investments	97,312	571		97,883
	<u>\$ 276,473</u>	<u>\$ 1,144,214</u>	<u>\$ 1,144,834</u>	<u>\$ 275,853</u>
Liabilities:				
Due to student groups and others	\$ 276,473	\$ 1,144,214	\$ 1,144,834	\$ 275,853
	<u>\$ 276,473</u>	<u>\$ 1,144,214</u>	<u>\$ 1,144,834</u>	<u>\$ 275,853</u>

## REGIONAL SCHOOL DISTRICT NO. 13

## SCHEDULE OF DEBT LIMITATION - THE DISTRICT

JUNE 30, 2011

	<b>Town of</b>		<b>Total</b>
	<b><u>Durham</u></b>	<b><u>Middlefield</u></b>	
Total tax collections (including interest and lien fees)	\$ 21,096,419	\$ 12,277,565	\$ 33,373,984
Property tax relief elderly	<u>44,389</u>	<u>45,665</u>	<u>90,054</u>
Base	<u>\$ 21,140,808</u>	<u>\$ 12,323,230</u>	<u>\$ 33,464,038</u>
Debt Limitation:			
Limit for School Building Purposes (4.5 times base)			<u>\$ 150,588,171</u>
Indebtedness:			
Bonds outstanding			16,525,000
Less: State Grants Receivable			
Region 13			<u>(972,434)</u>
Net Indebtedness			<u>15,552,566</u>
Debt Limitation in Excess of Net Indebtedness			<u>\$ 135,035,605</u>