

**REGIONAL SCHOOL DISTRICT NO. 13
DURHAM AND MIDDLEFIELD, CONNECTICUT**

FINANCIAL STATEMENTS

JUNE 30, 2021



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AUDIT, TAX, AND CONSULTING

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Regional School District No. 13 as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Regional School District No. 13's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Regional School District No. 13 as of June 30, 2021 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During fiscal year ended June 30, 2021, the Regional School District No. 13 adopted GASB Statement No. 84 *Fiduciary Activities*. As a result of the implementation of this standard, the Regional School District No. 13 reported a restatement for the change in accounting principle (see Note 8). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

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

Other Information

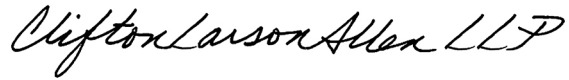
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional School District No. 13's basic financial statements. The combining nonmajor fund financial statements, and debt limitation schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The debt limitation schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021 on our consideration of the Regional School District No. 13's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Regional School District No. 13's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Regional School District No. 13's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Hartford, Connecticut
December 15, 2021

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**REGIONAL SCHOOL DISTRICT NO. 13
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021.

Financial Highlights

- The assets of the Region exceeded its liabilities at the close of the most recent fiscal year by \$26,084,531 (net position).
- The Region's total net position increased by \$163,502, resulting primarily from a decrease in long-term liabilities attributed to the decrease in OPEB and Pension liabilities and a bond retirement.
- As of the close of the current fiscal year, the Region's governmental funds reported a combined ending fund balance of \$2,818,037, a decrease of \$795,155 in comparison with the prior year's restated balance.
- At the end of the current fiscal year, the fund balance for the general fund was \$1,658,489, a decrease of \$810,252 of which \$1,116,458 is designated for subsequent year budgets.
- Long-term bonds payable decreased by \$1,130,000 due to principal payments and a bond retirement.

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 position presents information on all of the Region's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 nine 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, the Capital Reserve Fund and the School Cafeteria Fund, all of which are considered to be major funds. Data from the other five 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 position may serve over time as a useful indicator of a government's financial position. In the case of the Region, assets exceeded liabilities by \$26,084,531 at the close of the most recent fiscal year.

By far, the largest portion of the Region's net position 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 position is \$(5,654,533).

**REGIONAL SCHOOL DISTRICT NO. 13
NET POSITION**

	Governmental Activities	
	2021	2020
Current and other assets	\$ 3,680,052	\$ 4,019,192
Capital assets, net of accumulated depreciation	36,397,083	37,309,938
Total assets	<u>40,077,135</u>	<u>41,329,130</u>
Deferred outflows of resources	<u>1,274,398</u>	<u>1,766,858</u>
Long-term liabilities outstanding	11,011,631	15,398,986
Other liabilities	439,998	370,264
Total liabilities	<u>11,451,629</u>	<u>15,769,250</u>
Deferred inflows of resources	<u>3,815,373</u>	<u>1,405,709</u>
Net Position:		
Net investment in capital assets	29,932,314	29,249,144
Restricted	1,806,750	7,404
Unrestricted	<u>(5,654,533)</u>	<u>(3,335,519)</u>
Total Net Position	<u>\$ 26,084,531</u>	<u>\$ 25,921,029</u>

Governmental Activities. The Region's net position increased by \$163,502 during the current fiscal year. The increase is attributed to a decrease in OPEB and Pension liabilities and a bond retirement.

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

	Governmental Activities	
	<u>2021</u>	<u>2020</u>
Revenues:		
Program revenues:		
Charges for services:		
General instruction	\$ 29,080	\$ 33,000
Special education	645,455	858,693
Student services	159,794	498,355
Buildings	945	30,346
Operating grants and contributions	12,499,442	8,287,006
Capital grants and contributions	5,160	22,282
General revenues:		
Assessments from member towns	34,602,207	34,602,207
Investment income	5,774	10,177
Miscellaneous	601,157	121,856
Total revenues	<u>48,549,014</u>	<u>44,463,922</u>
Expenses:		
General instruction	24,544,340	21,720,154
Special education	9,962,042	10,262,704
Student services	2,635,003	2,670,145
Administration	5,711,242	5,058,271
Buildings	3,670,421	3,498,386
Transportation	1,740,770	1,353,406
Interest expense	121,694	286,807
Total expenses	<u>48,385,512</u>	<u>44,849,873</u>
Change in net position	163,502	(385,951)
Net Position at Beginning of Year, As Restated	<u>25,921,029</u>	<u>26,306,980</u>
Net Position at End of Year	<u>\$ 26,084,531</u>	<u>\$ 25,921,029</u>

- The Region's net position increased by \$163,502 during the current fiscal year. The increase is attributed to a decrease in OPEB and Pension liabilities and a bond retirement.

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.

At the end of the current fiscal year, the Region's governmental funds reported a combined ending fund balance of \$2,818,037, a decrease of \$795,155 in comparison with the prior year. Of that balance, \$1,116,458 constitutes funds designated for subsequent year's budgets. The remaining \$1,701,579 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.

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 Revenues

- We saw positive variances (over budget) in miscellaneous revenue of \$507,157 due to the receipt of an energy project incentive from Eversource and the receipt of an unbudgeted Coronavirus Relief Grant. Expenditures tied to these revenue inflows are shown within the expenditure line items, causing most line items to appear over budget. Negative variances were experienced in building/grounds rentals related to COVID-19 use restrictions.

Expenditures

- We saw positive variances (under budget) in the areas of employee benefits, purchased services, operations and debt service. Negative variances were experienced in salaries being budgeted at 95% as well as expenditures tied to the Coronavirus Relief Grant. Additional negative variances related to the Coronavirus Relief Grant shows in supplies and professional purchased services. Rentals and leases appears over budget due to expenditures tied to payment of the capital lease offset by the Eversource incentive.

Capital Assets and Debt Administration

Capital Assets. The Region's investment in capital assets for its governmental activities as of June 30, 2021 amounts to \$36,397,083 (net of accumulated depreciation). This investment in capital assets includes land, buildings and machinery and equipment. The net decrease of \$912,855 in the Region's capital assets for the current fiscal year is a result of adjustments for normal depreciation and acquisitions and dispositions of assets.

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

	Governmental Activities	
	2021	2020
	<hr/>	<hr/>
Land	\$ 200,000	\$ 200,000
Construction in progress	4,172,668	4,172,668
Buildings and improvements	28,117,434	29,048,926
Land improvements	2,989,014	2,998,238
Equipment	912,702	867,403
Vehicles	5,265	22,703
	<hr/>	<hr/>
Total	\$ 36,397,083	\$ 37,309,938

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

Long-Term Debt. At the end of the current fiscal year, the Region had total bonded debt outstanding of \$2,025,000. 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**

	Governmental Activities	
	2021	2020
	<hr/>	<hr/>
General Obligation Bonds	\$ 2,025,000	\$ 3,155,000

The Region’s outstanding general obligation bonds decreased by \$1,130,000 during the current fiscal year. The Region’s rating is Aa3 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 \$177,520,054, 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 3D 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 Kimberly Neubig, Director of Finance, Regional School District No. 13, 135A Pickett Lane, Durham, Connecticut 06422.

REGIONAL SCHOOL DISTRICT NO. 13
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 3,053,763
Investments	619
Accounts receivable	158,108
Net pension asset	453,372
Other assets	14,190
Capital assets not being depreciated	4,372,668
Capital assets net of accumulated depreciation	<u>32,024,415</u>
Total assets	<u>40,077,135</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	44,110
Deferred outflows related to OPEB	1,102,750
Deferred outflows related to pension	<u>127,538</u>
Total deferred outflows of resources	<u>1,274,398</u>
Liabilities:	
Accounts and other payables	276,092
Accrued interest payable	31,355
Unearned revenue	132,551
Noncurrent liabilities:	
Due within one year	1,252,652
Due in more than one year	<u>9,758,979</u>
Total liabilities	<u>11,451,629</u>
Deferred Inflows of Resources:	
Deferred inflows related to OPEB	2,301,672
Deferred inflows related to pension	<u>1,513,701</u>
Total deferred inflows of resources	<u>3,815,373</u>
Net Position:	
Net investment in capital assets	29,932,314
Restricted for:	
Student activities	236,301
Enabling legislation	1,116,458
OPEB benefits	453,372
Trust purposes	619
Unrestricted	<u>(5,654,533)</u>
Total Net Position	<u>\$ 26,084,531</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, 2021**

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
Governmental activities:					
General instruction	\$ 24,544,340	\$ 29,080	\$ 7,783,507	\$	\$ (16,731,753)
Special education	9,962,042	645,455	2,811,293		(6,505,294)
Student services	2,635,003	159,794	958,375		(1,516,834)
Administration	5,711,242		946,267		(4,764,975)
Buildings	3,670,421	945		5,160	(3,664,316)
Transportation	1,740,770				(1,740,770)
Debt service interest and related costs	121,694				(121,694)
	<u>\$ 48,385,512</u>	<u>\$ 835,274</u>	<u>\$ 12,499,442</u>	<u>\$ 5,160</u>	<u>(35,045,636)</u>
General revenues:					
Assessments from district member towns					34,602,207
Investment income					5,774
Miscellaneous					601,157
Total general revenues					<u>35,209,138</u>
Change in Net Position					163,502
Net Position at Beginning of Year, As Restated					<u>25,921,029</u>
Net Position at End of Year					<u>\$ 26,084,531</u>

The accompanying notes are an integral part of the financial statements

**REGIONAL SCHOOL DISTRICT NO. 13
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	<u>General</u>	<u>School Cafeteria Fund</u>	<u>Special School Grants and Programs</u>	<u>Capital Reserve Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 1,708,453	\$ 62,416	\$ 81,902	\$ 892,442	\$ 308,550	\$ 3,053,763
Investments					619	619
Intergovernmental receivable		118,026	40,082			158,108
Due from other funds	177,404					177,404
Other assets		14,190				14,190
Total Assets	\$ 1,885,857	\$ 194,632	\$ 121,984	\$ 892,442	\$ 309,169	\$ 3,404,084
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 227,368		\$ 27,740	\$ 9,144	\$ 11,840	\$ 276,092
Due to other funds		177,404				177,404
Unearned revenue		38,307	94,244			132,551
Total liabilities	227,368	215,711	121,984	9,144	11,840	586,047
Fund balances:						
Nonspendable		14,190				14,190
Restricted	1,116,458				236,920	1,353,378
Committed				883,298	46,007	929,305
Assigned	542,031				14,402	556,433
Unassigned		(35,269)				(35,269)
Total fund balances	1,658,489	(21,079)	-	883,298	297,329	2,818,037
Total Liabilities and Fund Balances	\$ 1,885,857	\$ 194,632	\$ 121,984	\$ 892,442	\$ 309,169	\$ 3,404,084

(Continued on next page)

REGIONAL SCHOOL DISTRICT NO. 13
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021

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

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

Total fund balances (Exhibit III)	\$ 2,818,037
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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	65,179,841
Less accumulated depreciation	(28,782,758)

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

Deferred outflows related to OPEB	1,102,750
Deferred outflows related to pension	127,538
Net pension asset	453,372

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

Bonds payable	(2,025,000)
Bond premium	(8,680)
Deferred charge on refunding	44,110
Compensated absences	(41,933)
Total OPEB liability	(4,460,819)
Capital leases	(4,475,199)
Accrued interest payable	(31,355)
Deferred inflows related to OPEB	(2,301,672)
Deferred inflows related to pension	(1,513,701)

Net Position of Governmental Activities (Exhibit I)	\$ <u>26,084,531</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, 2021

	<u>General</u>	<u>School Cafeteria 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	\$ 34,602,207	\$	\$	\$	\$	\$ 34,602,207
Intergovernmental	5,436,698	573,775	532,972			6,543,445
Charges for services	30,025	9,964			645,455	685,444
Other					149,830	149,830
Investment income (loss)	2,631	27		899	2,217	5,774
Miscellaneous	601,157					601,157
Total revenues	<u>40,672,718</u>	<u>583,766</u>	<u>532,972</u>	<u>899</u>	<u>797,502</u>	<u>42,587,857</u>
Expenditures:						
Current:						
General instruction	19,954,175	22,703	143,541		9,002	20,129,421
Special education	7,933,757		380,491		530,005	8,844,253
Student services	1,691,168	577,670			37,597	2,306,435
Administration	5,688,343	1,300	8,940			5,698,583
Buildings	2,490,791				11,650	2,502,441
Transportation	1,676,867				52,616	1,729,483
Education					205,968	205,968
Capital outlay	851,752			139,155		990,907
Debt service	1,329,935					1,329,935
Total expenditures	<u>41,616,788</u>	<u>601,673</u>	<u>532,972</u>	<u>139,155</u>	<u>846,838</u>	<u>43,737,426</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(944,070)</u>	<u>(17,907)</u>	<u>-</u>	<u>(138,256)</u>	<u>(49,336)</u>	<u>(1,149,569)</u>
Other Financing Sources (Uses):						
Transfers in	150,000	116,596		254,000		520,596
Transfers out	(370,596)				(150,000)	(520,596)
Issuance of capital leases	354,414					354,414
Total other financing sources	<u>133,818</u>	<u>116,596</u>	<u>-</u>	<u>254,000</u>	<u>(150,000)</u>	<u>354,414</u>
Net Change in Fund Balances	(810,252)	98,689	-	115,744	(199,336)	(795,155)
Fund Balances at Beginning of Year, As Restated	<u>2,468,741</u>	<u>(119,768)</u>	<u>-</u>	<u>767,554</u>	<u>496,665</u>	<u>3,613,192</u>
Fund Balances at End of Year	<u>\$ 1,658,489</u>	<u>\$ (21,079)</u>	<u>\$ -</u>	<u>\$ 883,298</u>	<u>\$ 297,329</u>	<u>\$ 2,818,037</u>

(Continued on next page)

REGIONAL SCHOOL DISTRICT NO. 13
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

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)	\$ (795,155)
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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	688,929
Depreciation expense	(1,601,784)

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:

Change in deferred outflows related to OPEB	(86,306)
Change in deferred outflows related to pension	(373,071)
Change in net pension asset	453,372
Grant receivables - accrual basis change	(83,681)

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 position. Also, governmental funds report the effect of 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:

Payments on general obligation bonds	1,130,000
Issuance of capital leases	(354,414)
Payments on capital leases	758,788

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:

Total OPEB liability	1,297,817
Net pension liability	1,432,050
Accrued interest payable	16,590
Compensated absences	28,380
Bond premium	94,734
Deferred charge on refunding	(33,083)
Change in deferred inflows related to OPEB	(1,255,965)
Change in deferred inflows related to pension	(1,153,699)

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 163,502</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 POSITION - FIDUCIARY FUNDS
JUNE 30, 2021

	Pension Trust Fund	Custodial Fund Middlesex Consortium
Assets:		
Cash and cash equivalents	\$ 447,902	\$ 87,820
Investments, at fair value:		
Corporate bonds	2,558,507	
U.S. Government obligations	29,985	
Common stocks	8,814,168	
Accrued interest	18,948	
Total investments, at fair value	<u>11,421,608</u>	<u>-</u>
Total assets	<u>11,869,510</u>	<u>87,820</u>
Net Position:		
Restricted for Middlesex Consortium		87,820
Held in Trust for Pension Benefits and Individuals	<u>11,869,510</u>	<u>-</u>
Total Net Position	<u>\$ 11,869,510</u>	<u>\$ 87,820</u>

The accompanying notes are an integral part of the financial statements

REGIONAL SCHOOL DISTRICT NO. 13
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Pension Trust Fund</u>	<u>Custodial Fund Middlesex Consortium</u>
Additions:		
Contributions:		
Employer	\$ 307,673	\$
Employee	184,053	
Other		25,031
Total contributions	<u>491,726</u>	<u>25,031</u>
Investment income:		
Net change in fair value of investments	2,063,022	
Interest and dividends	435,555	
Total investment income	<u>2,498,577</u>	-
Less investment management fees	1,134	
Net investment income	<u>2,497,443</u>	-
Total additions	2,989,169	25,031
Deductions:		
Benefits	593,767	
Other		5,600
Total deductions	<u>593,767</u>	<u>5,600</u>
Change in Net Position	2,395,402	19,431
Net Position - Beginning of Year	<u>9,474,108</u>	<u>68,389</u>
Net Position - End of Year	<u>\$ 11,869,510</u>	<u>\$ 87,820</u>

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of 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 two 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 fiscal year 2021 assessment percentages are 66.26% for Durham and 33.74% for Middlefield.

Accounting principles generally accepted in the United State of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A government is financially accountable for a legally separate organization if it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the government. These criteria have been considered and have resulted in the inclusion of the fiduciary component units as detailed below.

Fiduciary Component Units

The Town has established a single-employer retirement plan to provide retirement benefits to employees and their beneficiaries. The District performs the duties of a governing board for the Pension plan and is required to make contributions to the pension plan.

The financial statements of the fiduciary component unit is reported as a Pension Trust fund in the fiduciary fund financial statements. Separate financial statements have not been prepared for the fiduciary component unit.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position 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.

REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those expenses 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 funds, including fiduciary component units, 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. 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. For this purpose, the District considers revenues to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures are generally 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 resources required to be accounted for in another fund.

The *School Cafeteria Fund* accounts for the revenues and expenditures associated with the school lunch program.

The *Special School Grants and Programs Fund* accounts for the revenues and expenditures associated with the District's grant-related activity.

The *Capital Reserve Fund* accounts for the revenues and expenditures relating to reserves for capital items.

**REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Additionally, the District reports the following fund types:

The *Pension Trust Fund* accounts for the fiduciary activities of the Regional School District No. 13 Employees' Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The *Middlesex Consortium Custodial fund* accounts fiduciary activities related to various self-funding school activity programs.

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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position 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 the Statutes, 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.

REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF). 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 member town assessment 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 is 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 acquisition 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	45-50
Building improvements	45-50
Land improvements	20-25
Vehicles	5-15
Office equipment	5-15
Computer equipment	5-7

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows of resources related to pension and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). Also, for governmental funds, the District reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from grants receivable. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

Unearned Revenues

Unearned revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned 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 unearned 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 that 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.

Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

Total Other Post Employment Benefits Other than Pensions (OPEB) Liability

The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year and no later than the end of the current fiscal year, consistently applied from period to period.

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 position. Bond premiums and discounts 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, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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 Position

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 No. 13 Board of Education).

Assigned Fund Balance

This category presents 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.

**REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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 position is classified into the following categories:

Net Investment in Capital Assets

This category presents the net position that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for noncapital purposes is excluded.

Restricted Net Position

This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted Net Position

This category presents the net position of the District that is not restricted.

E. 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.

F. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date the financial statements were available to be issued, which date is December 15, 2021.

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.

**REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

- 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, 2021.
- 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 appropriated 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. Donor-Restricted Endowments

The District has received certain endowments for textbooks and library materials. The amounts are reflected in net position as restricted for expendable purposes. Net cumulative interest earnings on endowments have amounted to \$7,404 and make up a portion of the restricted fund balance.

C. Excess of Expenditures Over Appropriations

- The certified personnel line was overspent by \$339,183.
- The support personnel line was overspent by \$364,544.
- The professional purchased services line was overspent by \$88,364.
- The rentals and leases line was overspent by \$540,193.
- The liability insurance line was overspent by \$7,315.
- The supplies line was overspent by \$149,613.
- The electricity line was overspent by \$74,920.
- The bottled gas line was overspent by \$23.
- The heating oil line was overspent by \$6,046.

D. Deficit Fund Equity

The Cafeteria Fund had a deficit fund balance of \$21,079, the majority of which is the result of the unanticipated school closing due to the coronavirus pandemic and the District offering free lunch to all students. The District will fund the deficit with future charges for services.

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 currently has an agreement with its primary banking institution to collateralize 100% of its deposits as part of a collateral pool. 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

REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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*, \$3,163,937 of the District’s bank balance of \$3,484,084 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$
Uninsured and collateral held by the pledging bank’s trust department, not in the District’s name	<u>3,163,937</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 3,163,937</u>

Cash Equivalents

At June 30, 2021, the District’s cash equivalents amounted to \$447,902. 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.

Charles Schwab Money Market*
Morgan Stanley*

*Not rated

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.

REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

As of June 30, 2021, the District had the following investments:

	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
		<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:				
U.S. Government Agencies	\$ 29,985	\$	\$ 29,978	\$ 7
Corporate bonds	<u>2,558,507</u>	<u>210,762</u>	<u>2,347,745</u>	
Total	2,588,492	\$ <u>210,762</u>	\$ <u>2,377,723</u>	\$ <u>7</u>
Other investments:				
Mutual funds	826			
Common stock	8,798,413			
Preferred stock	15,548			
Accrued interest	<u>18,948</u>			
Total Investments	\$ <u>11,422,227</u>			

Presented below is the rating of investments for each debt investment type:

<u>Average Rating</u>	<u>Corporate Bonds</u>	<u>U.S. Government Agencies</u>	<u>Mutual Funds</u>
Aaa	\$	\$ 29,985	\$
Aa1			
Aa2	66,483		
Aa3	63,930		
A1	267,430		
A2	237,134		
A3	473,951		
Baa1	489,995		
Baa2	861,290		
Baa3	68,541		
Unrated	<u>29,753</u>		<u>826</u>
	\$ <u>2,558,507</u>	\$ <u>29,985</u>	\$ <u>826</u>

REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

In accordance with GASB Statement No. 72, the District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The District has the following recurring fair value measurements as of June 30, 2021:

	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
U.S. Government Agencies	\$ 29,985	\$ 29,985	\$	\$
Corporate bonds	2,558,507	2,558,507		
Mutual funds	826	826		
Common stock	8,798,413	8,798,413		
Preferred stock	15,548	15,548		
Total investments by fair value level	11,403,279	\$ 11,403,279	\$ -	\$ -
Investments not recorded at fair value:				
Accrued interest	18,948			
Total Investments	\$ 11,422,227			

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.

REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

B. Capital Assets

Capital asset activity for the year ended June 30, 2021 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	<u>4,172,668</u>			<u>4,172,668</u>
Total capital assets not being depreciated	<u>4,372,668</u>	<u>-</u>	<u>-</u>	<u>4,372,668</u>
Capital assets being depreciated:				
Buildings and improvements	52,034,691	56,190		52,090,881
Land improvements	5,832,897	240,277		6,073,174
Equipment	2,662,488	392,462	589,127	2,465,823
Vehicles	<u>177,295</u>			<u>177,295</u>
Total capital assets being depreciated	<u>60,707,371</u>	<u>688,929</u>	<u>589,127</u>	<u>60,807,173</u>
Less accumulated depreciation for:				
Buildings	22,985,765	987,682		23,973,447
Land improvements	2,834,659	249,501		3,084,160
Equipment	1,795,085	347,163	589,127	1,553,121
Vehicles	<u>154,592</u>	<u>17,438</u>		<u>172,030</u>
Total accumulated depreciation	<u>27,770,101</u>	<u>1,601,784</u>	<u>589,127</u>	<u>28,782,758</u>
Total capital assets being depreciated, net	<u>32,937,270</u>	<u>(912,855)</u>	<u>-</u>	<u>32,024,415</u>
Governmental Activities Capital Assets, Net	<u>\$ 37,309,938</u>	<u>\$ (912,855)</u>	<u>\$ -</u>	<u>\$ 36,397,083</u>

Depreciation expense was charged as follows:

Administration	\$ 347,163
Buildings	1,237,183
Transportation	<u>17,438</u>
Total	<u>\$ 1,601,784</u>

**REGIONAL SCHOOL DISTRICT NO. 13
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021**

C. Interfund Receivables, Payables and Transfers

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. A summary of interfund balances as of June 30, 2021 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	School Cafeteria	\$ 177,404

A summary of interfund transfers as of June 30, 2021 is as follows:

	<u>Transfers In</u>			<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>School Cafeteria Fund</u>	<u>Capital Reserve Fund</u>	
Transfers out:				
General Fund	\$	\$ 116,596	\$ 254,000	\$ 370,596
Nonmajor Governmental Funds	<u>150,000</u>			<u>150,000</u>
Total Transfers In	<u>\$ 150,000</u>	<u>\$ 116,596</u>	<u>\$ 254,000</u>	<u>\$ 520,596</u>

Transfers are used to account for the financing by the General Fund of various programs and activities in other funds. Transfers are also used to provide funding from the Middlesex Transition Academy to the General Fund.

**REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

D. 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	\$ 4,995,000	7/15/09	7/15/24	2.50-4.50	\$ 1,650,000	\$	\$ 330,000	\$ 1,320,000	\$ 330,000
Improvement bond	9,185,000	10/14/10	3/1/23	2.00-4.00	<u>1,505,000</u>		<u>800,000</u>	<u>705,000</u>	<u>355,000</u>
					3,155,000	-	1,130,000	2,025,000	685,000
Plus deferred amounts:									
Bond premium					103,414		94,734	8,680	
Total bonds payable					<u>3,258,414</u>	-	<u>1,224,734</u>	<u>2,033,680</u>	<u>685,000</u>
Obligations under capital leases					4,879,573	354,414	758,788	4,475,199	392,370
Compensated absences					70,313	92,508	120,888	41,933	41,933
Net pension liability					1,432,050		1,432,050	-	
Total OPEB liability					<u>5,758,636</u>		<u>1,297,817</u>	<u>4,460,819</u>	<u>133,349</u>
Total Governmental Activities Long-Term Liabilities					\$ <u>15,398,986</u>	\$ <u>446,922</u>	\$ <u>4,834,277</u>	\$ <u>11,011,631</u>	\$ <u>1,252,652</u>

All long-term liabilities are generally liquidated by the General Fund with the exception of the bonds payable which were liquidated in both the General Fund and the Capital Reserve Fund.

The annual requirements to amortize all bonds payable as of June 30, 2021 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>Bond Principal</u>	<u>Bond Interest</u>
2022		\$ 685,000	\$ 67,763
2023		680,000	43,913
2024		330,000	6,807
2025		<u>330,000</u>	<u>6,807</u>
Total		\$ <u>2,025,000</u>	\$ <u>125,290</u>

Capital Leases

At June 30, 2021, the District is committed under lease agreements for the acquisition of office equipment, business equipment, vehicles and energy efficient lighting. 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.

**REGIONAL SCHOOL DISTRICT NO. 13
 NOTES TO FINANCIAL STATEMENTS
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The annual requirements to amortize the capital leases as of June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2022	\$ 488,324
2023	423,673
2024	391,727
2025	373,538
2026	332,087
Thereafter	<u>3,366,152</u>
Total minimum lease payments	5,375,501
Less amount representing interest	<u>900,302</u>
Total	<u>\$ 4,475,199</u>

The assets acquired through the capital lease are as follows:

	<u>Governmental Activities</u>
Assets:	
Buildings	\$ 186,986
Equipment	1,036,508
Vehicles	54,500
Construction in progress	<u>4,172,668</u>
	5,450,662
Less accumulated depreciation	<u>843,771</u>
Total	<u>\$ 4,606,891</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	\$ 173,969,204	\$ 2,025,000	\$ 171,944,204

**REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

E. Fund Balance

The components of fund balance for the governmental funds at June 30, 2021 are as follows:

	<u>General Fund</u>	<u>School Cafeteria Fund</u>	<u>Special School Grants and Program</u>	<u>Capital Reserve Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:						
Nonspendable:						
Inventory	\$	\$ 14,190	\$	\$	\$	\$ 14,190
Restricted for:						
Education supplies					619	619
Student Activities					236,301	236,301
Enabling legislation	1,116,458					1,116,458
Committed to:						
Middlesex Transition Academy					46,007	46,007
Capital projects				883,298		883,298
Assigned to:						
Administration encumbrances -						
Purchased services	312,108					312,108
Special Education	67,712				14,402	82,114
Repairs	44,228					44,228
Equipment	19,681					19,681
Transportation	15,359					15,359
Employee Benefits	8,770					8,770
Supplies	6,322					6,322
Debt service	3,000					3,000
Other	64,851					64,851
Unassigned		(35,269)				(35,269)
Total Fund Balances	<u>\$ 1,658,489</u>	<u>\$ (21,079)</u>	<u>\$ -</u>	<u>\$ 883,298</u>	<u>\$ 297,329</u>	<u>\$ 2,818,037</u>

Significant encumbrances of \$542,031 are included in the General Fund as of June 30, 2021.

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 purchases commercial insurance for all risks of loss, including workers' compensation, 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

A. Regional School District No. 13 Employee Retirement Plan

Plan Description and Benefits Provided

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 as well as community members, 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.

Investment management of the plan rests with the Board of Education, which consists of ten members. Administration of the plan rests with a five-member committee appointed by the Board of Education.

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, 2019, the date of the last actuarial valuation, the plan’s membership consisted of the following:

Retirees, disabled and beneficiaries currently receiving benefits	40
Terminated employees entitled to benefits but not yet receiving them	14
Current plan members	<u>76</u>
Total	<u><u>130</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, work 1,000 hours in a year and attain a minimum age of 21.

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

Participants are vested after ten years of service.

REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
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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, 2021 represented 8.72% of covered payroll. Administrative costs of the plan are financed through investment earnings of the plan's assets.

Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Education by a majority vote of its members. It is the policy of the Board of Education to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2021:

<u>Asset Class</u>	<u>Target Allocation</u>
Large Cap Core Equity	32.50
Mid Cap Core Equity	15.00
Small Cap Core Equity	5.00
International Equity	10.00
Emerging Market Equity	2.50
Intermediate Duration Inv Grade Tax Fixed	17.50
Short Duration Inv Grade Tax Fixed	15.00
Cash	2.50
	<u>100.00</u>

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 26.25%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Asset of the District

The components of the net pension liability of the District at June 30, 2021 were as follows:

Total pension liability	\$ 11,416,138
Plan fiduciary net position	<u>(11,869,510)</u>
District's Net Pension Asset	<u><u>\$ (453,372)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	103.97%

**REGIONAL SCHOOL DISTRICT NO. 13
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021**

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2019 rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases	3.50%
Investment rate of return	6.75%

Mortality rates were based on the RP-2014 adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap Core Equity	4.50
Mid Cap Core Equity	5.00
Small Cap Core Equity	5.00
International Equity	5.25
Emerging Market Equity	6.25
Intermediate Duration Inv Grade Tax Fixed	2.50
Short Duration Inv Grade Tax Fixed	0.90
Cash	0.25

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the local pension liability.

**REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a)-(b)
Balances as of July 1, 2020	\$ 10,906,158	\$ 9,474,108	\$ 1,432,050
Changes for the year:			
Service cost	362,804		362,804
Interest on total pension liability	740,943		740,943
Employer contributions		307,673	(307,673)
Member contributions		184,053	(184,053)
Net investment income		2,498,577	(2,498,577)
Benefit payments, including refund to employee contributions	(593,767)	(593,767)	-
Administrative expenses		(1,134)	1,134
Net changes	<u>509,980</u>	<u>2,395,402</u>	<u>(1,885,422)</u>
Balances as of June 30, 2021	<u>\$ 11,416,138</u>	<u>\$ 11,869,510</u>	<u>\$ (453,372)</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the District, calculated using the discount rate of 6.75%, as well as what the District's pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Total Net Pension Liability(Asset)	\$ 721,528	\$ (453,372)	\$ (1,458,183)

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

For the year ended June 30, 2021, the District recognized pension expense of \$(50,979). At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Employees' Pension Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 193,619
Changes of assumptions	127,538	28,651
Net difference between projected and actual earning on pension plan investments		<u>1,291,431</u>
Total	<u>\$ 127,538</u>	<u>\$ 1,513,701</u>

**REGIONAL SCHOOL DISTRICT NO. 13
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021**

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

<u>Year Ending June 30,</u>	
2022	\$ (366,181)
2023	(400,392)
2024	(267,347)
2025	(352,243)
2026	<u>-</u>
Total	<u>\$ (1,386,163)</u>

B. Connecticut Teachers Retirement System - Pension

Plan Description

Teachers, principals, superintendents or administrators engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at www.ct.gov.

Benefit Provisions

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

Early Retirement

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

**REGIONAL SCHOOL DISTRICT NO. 13
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021**

Employer (School Districts)

School District employers are not required to make contributions to the plan.

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

For the year ended June 30, 2021, the amount of "on-behalf" contributions made by the State was \$4,591,445 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees

Effective January 1, 2018, each teacher is required to contribute 7% of salary for the pension benefit.

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

At June 30, 2021, the District reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the District		<u>71,582,915</u>
Total	\$	<u><u>71,582,915</u></u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. At June 30, 2021, the District has no proportionate share of the net pension liability.

For the year ended June 30, 2021, the District recognized pension expense and revenue of \$10,253,913 in Exhibit II.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.00-6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation

**REGIONAL SCHOOL DISTRICT NO. 13
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Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2019.

Cost-of-Living Allowance

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

Long-Term Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The current capital market assumptions and target asset allocation as provided by the State of Connecticut Treasurer's Office are summarized in the following table:

<u>Asset Class</u>	<u>Expected Return</u>	<u>Target Allocation</u>
Domestic Equity Fund	5.60 %	20.00
Developed Market Intl. Stock Fund	6.00	11.00
Emerging Market Intl. Stock Fund	7.90	9.00
Core Fixed Income Fund	2.10	16.00
Inflation Linked Bond Fund	1.10	5.00
Emerging Market Debt Fund	2.70	5.00
High Yield Bond Fund	4.00	6.00
Real Estate Fund	4.50	10.00
Private Equity	7.30	10.00
Alternative Investments	2.90	7.00
Liquidity Fund	0.40	1.00
Total		<u>100.00</u>

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that state contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The District's proportionate share of the net pension liability is \$-0-, and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the District has no obligation to contribute to the plan.

6. OTHER POST EMPLOYMENT BENEFIT PLANS

A. Retiree Health Plan

Plan Description

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

The District currently pays for postemployment health care benefits on a pay-as-you-go basis. As of June 30, 2021, the District has not established a trust fund to irrevocably segregate assets to fund liability associated with the postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines. Administration costs are financed from current operations.

Funding Policy

The contribution requirements of plan members and the District 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 toward the cost of health insurance premiums as follows:

Retirees Pre 65

Teachers and 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, 2021 was \$10,293 per member and \$22,133 per couple.

**REGIONAL SCHOOL DISTRICT NO. 13
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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.

Employees Covered by Benefit Terms

Membership in the plan consisted of the following at July 1, 2020, the date of the last actuarial valuation.

Inactive employees currently receiving benefit payments	14
Active employees	<u>318</u>
Total	<u><u>332</u></u>

Total OPEB Liability

The District’s total OPEB liability of \$4,460,819 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2021 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.40%
Salary increases	2.40%, average, including inflation
Discount rate	2.16%
Healthcare cost trend rates	6.50% for 2020, decreasing 0.5% per year to an ultimate rate of 4.60% for 2023 and later years
Retirees’ share of benefit-related costs	Varies based on union

The discount rate was based on the published Bond Buyer GO 20-Bond Municipal Index effective as of June 30, 2021.

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables for general employees, with separate tables for non-annuitants and annuitants, projected to the valuation date with Scale MP-2020.

The actuarial assumptions used in the July 1, 2020 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. The plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

**REGIONAL SCHOOL DISTRICT NO. 13
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021**

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances as of July 1, 2020	\$ <u>5,758,636</u>
Changes for the year:	
Service cost	127,805
Interest on total OPEB liability	128,758
Difference between expected and actual experience	(1,469,726)
Changes in assumptions or other inputs	36,572
Benefit payments	<u>(121,226)</u>
Net changes	<u>(1,297,817)</u>
Balances as of June 30, 2021	\$ <u><u>4,460,819</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease (1.16%)</u>	<u>Current Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
Total OPEB Liability	\$ 5,119,768	\$ 4,460,819	\$ 3,912,186

**REGIONAL SCHOOL DISTRICT NO. 13
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021**

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (5.50% Decreasing to 3.40%)	Healthcare Cost Trend Rates (6.50% Decreasing to 4.40%)	1% Increase (7.50% Decreasing to 5.40%)
Total OPEB Liability	\$ 3,841,194	\$ 4,460,819	\$ 5,209,567

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$144,560. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 334,995	\$ 1,367,396
Changes of assumptions or other inputs	<u>767,755</u>	<u>934,276</u>
Total	<u>\$ 1,102,750</u>	<u>\$ 2,301,672</u>

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

<u>Year Ending June 30</u>	
2022	\$ (90,883)
2023	(90,883)
2024	(90,883)
2025	(90,883)
2026	(90,883)
Thereafter	<u>(744,507)</u>
Total	<u>\$ (1,198,922)</u>

B. Other Post Employment Benefit - Connecticut State Teachers Retirement Plan

Plan Description

Teachers, principals, superintendents or administrators engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

Benefit Provisions

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplement Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the system. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplement Plans. Effective July 1, 2018, the system added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB-sponsored health care coverage option must wait two years to re-enroll.

Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplement Plans, as long as they do not remarry.

**REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Eligibility

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

Early Retirement

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

For the year ended June 30, 2021, the amount of "on-behalf" contributions made by the State was \$110,808 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

**REGIONAL SCHOOL DISTRICT NO. 13
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021**

Employees/Retirees

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one-third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one-third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

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

At June 30, 2021, the District reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the District was as follows:

District's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the District		<u>10,676,594</u>
Total	\$	<u><u>10,676,594</u></u>

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2020. At June 30, 2021, the District has no proportionate share of the net OPEB liability.

For the year ended June 30, 2021, the District recognized OPEB expense and revenue of \$493,178 in Exhibit II.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Health care costs trend rate	5.125% for 2020, decreasing to an ultimate Rate of 4.50% by 2023
Salary increases	3.00-6.50%, including inflation
Investment rate of return	2.21%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2021

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

**REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.42%).

Discount Rate

The discount rate used to measure the total OPEB liability was 2.21%. The projection of cash flows used to determine the discount rate assumed that total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%; employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. Annual State contributions were assumed to be equal to the most recent five-year average of State contributions to the fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2021 and, as a result, the Municipal Bond Index Rate was used in the determination.

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

The District's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the District has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

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 that may be disallowed cannot be determined at this time, although the District's management believes such disallowance, if any, will be immaterial.

**REGIONAL SCHOOL DISTRICT NO. 13
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021**

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).

8. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The District previously reported the activities of the Student Activity Fund and the Middlesex Consortium as fiduciary funds. As a result of implementation of GASB No. 84, *Fiduciary Activities*, as of July 1, 2020, the District made the following reporting changes: The Student Activity Fund is reported as a Special Revenue Fund and the Middlesex Consortium is reported as a Custodial Fund, a new fiduciary type fund. Accordingly, the District restated beginning balances of the assets, liabilities, fund balance and net position as follows:

	Governmental Activities Net Position	Nonmajor Governmental Funds Fund Balance
	<u> </u>	<u> </u>
Governmental Funds:		
Balance as previously reported June 30, 2020	\$ 25,628,590	\$ 204,226
Adjustment		
Student Activity Fund reported as a special revenue fund	<u>292,439</u>	<u>292,439</u>
Balance as restated at July 1, 2020	<u>\$ 25,921,029</u>	<u>\$ 496,665</u>
	Agency Funds as previously	Custodial Funds as previously
	<u> </u>	<u> </u>
Fiduciary Funds:		
Balance as previously reported June 30, 2020	\$ 360,828	\$ -
Adjustment		
Student Activity Fund reported as a special revenue fund	(292,439)	-
Middlesex Consortium reported as a custodial fund	<u>(68,389)</u>	<u>68,389</u>
Balance as restated at July 1, 2020	<u>\$ -</u>	<u>\$ 68,389</u>

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, 2021

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Assessments from District Member Towns	\$ 34,602,207	\$ 34,602,207	\$ 34,602,207	\$ -
Local Sources:				
Interest income	9,800	9,800	2,631	(7,169)
Intergovernmental:				
Special education	356,542	356,542	345,160	(11,382)
Coronavirus relief funds			379,038	379,038
Adult education	9,900	9,900	10,247	347
Total intergovernmental	366,442	366,442	734,445	368,003
Charges for Services:				
Buildings/grounds rentals	32,000	32,000	945	(31,055)
Tuition	33,000	33,000	29,080	(3,920)
Total charges for services	65,000	65,000	30,025	(34,975)
Other Revenue:				
Miscellaneous	94,000	94,000	601,157	507,157
Total revenues	35,137,449	35,137,449	35,970,465	833,016
Other Financing Sources:				
Transfer in	150,000	150,000	150,000	-
Appropriation of fund balance	2,084,459	2,084,459		(2,084,459)
Total other financing sources	2,234,459	2,234,459	150,000	(2,084,459)
Total Revenues and Other Financing Sources	\$ 37,371,908	\$ 37,371,908	36,120,465	\$ (1,251,443)
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut pension on-behalf payments related to the Connecticut State Teachers' Retirement System for District teachers are not budgeted.			4,591,445	
State of Connecticut OPEB on-behalf payments related to the Connecticut State Teachers' Retirement System for District teachers are not budgeted.			110,808	
Issuance of capital lease			354,414	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ 41,177,132	

**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, 2021**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Salaries:				
Certified personnel	\$ 16,635,935	\$ 16,635,935	\$ 16,975,118	\$ (339,183)
Support personnel	4,813,659	4,813,659	5,178,203	(364,544)
Total salaries	<u>21,449,594</u>	<u>21,449,594</u>	<u>22,153,321</u>	<u>(703,727)</u>
Employee Benefits:				
Employee benefits	<u>5,981,879</u>	<u>5,981,879</u>	<u>5,460,871</u>	<u>521,008</u>
Purchased Services:				
Education	549,953	549,953	264,783	285,170
Conferences	86,919	86,919	44,966	41,953
Professional	424,255	424,255	512,619	(88,364)
Technical	502,387	502,387	496,632	5,755
Total purchased services	<u>1,563,514</u>	<u>1,563,514</u>	<u>1,319,000</u>	<u>244,514</u>
Property Services:				
Disposal services	26,000	26,000	23,594	2,406
Snow removal	66,000	66,000	59,292	6,708
Lawn service	127,420	127,420	115,086	12,334
Repairs and maintenance	477,854	477,854	333,835	144,019
Rentals and leases	472,398	472,398	1,012,591	(540,193)
Total property services	<u>1,169,672</u>	<u>1,169,672</u>	<u>1,544,398</u>	<u>(374,726)</u>
Operational Services:				
Pupil transportation	1,866,855	1,866,855	1,552,240	314,615
Field trips/athletics	228,560	228,560	124,627	103,933
Liability insurance	127,002	127,002	134,317	(7,315)
Dues and fees	83,771	83,771	55,982	27,789
Communication	96,770	96,770	95,396	1,374
Advertising	3,000	3,000	1,409	1,591
Printing	56,356	56,356	46,385	9,971
Tuition	1,039,077	1,039,077	935,532	103,545
Travel	35,377	35,377	1,877	33,500
Total operational services	<u>3,536,768</u>	<u>3,536,768</u>	<u>2,947,765</u>	<u>589,003</u>
Supplies:				
Supplies	650,651	650,651	800,264	(149,613)
Books/resource materials	133,499	133,499	119,329	14,170
Natural Gas	95,800	95,800	68,580	27,220
Electricity	404,003	404,003	478,923	(74,920)
Bottled gas	4,000	4,000	4,023	(23)
Heating oil	92,763	92,763	98,809	(6,046)
Gasoline and oil vehicles	6,200	6,200	2,831	3,369
Total supplies	<u>1,386,916</u>	<u>1,386,916</u>	<u>1,572,759</u>	<u>(185,843)</u>
Capital Improvements/Equipment:				
Transfer to Capital Reserve Fund	254,000	254,000	254,000	-
Equipment	<u>535,808</u>	<u>535,808</u>	<u>538,314</u>	<u>(2,506)</u>
Total capital improvements/equipment	<u>789,808</u>	<u>789,808</u>	<u>792,314</u>	<u>(2,506)</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, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Debt Service:				
Principal	\$ 1,241,055	\$ 1,241,055	\$ 1,130,000	\$ 111,055
Interest	252,702	252,702	114,669	138,033
Total debt service	<u>1,493,757</u>	<u>1,493,757</u>	<u>1,244,669</u>	<u>249,088</u>
Total Expenditures	\$ <u>37,371,908</u>	\$ <u>37,371,908</u>	37,035,097	\$ <u>336,811</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut pension on-behalf payments related to the Connecticut State Teachers' Retirement System for District teachers are not budgeted.			4,591,445	
State of Connecticut OPEB on-behalf payments related to the Connecticut State Teachers' Retirement System for District teachers are not budgeted.			110,808	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but not in the year received for financial reporting purposes.			(518,004)	
Encumbrances for purchases and commitments ordered in the previous year, that were received and liquidated in the current year are reported for financial statement reporting purposes.			413,624	
Issuance of capital lease			<u>354,414</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>41,987,384</u>	

**REGIONAL SCHOOL DISTRICT NO. 13
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
DISTRICT'S RETIREMENT PLAN
LAST EIGHT FISCAL YEARS***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:								
Service cost	\$ 362,804	\$ 341,419	\$ 329,873	\$ 371,087	\$ 362,003	\$ 367,442	\$ 351,588	\$ 336,448
Interest	740,943	718,714	680,726	735,283	672,025	623,204	574,926	531,037
Differences between expected and actual experience		(9,281)		(604,656)		(104,288)		
Changes of assumptions		198,394		(92,315)		356,383		
Benefit payments, including refunds of member contributions	<u>(593,767)</u>	<u>(529,070)</u>	<u>(431,502)</u>	<u>(462,049)</u>	<u>(430,351)</u>	<u>(253,084)</u>	<u>(342,618)</u>	<u>(253,857)</u>
Net change in total pension liability	509,980	720,176	579,097	(52,650)	603,677	989,657	583,896	613,628
Total pension liability - beginning	<u>10,906,158</u>	<u>10,185,982</u>	<u>9,606,885</u>	<u>9,659,535</u>	<u>9,055,858</u>	<u>8,066,201</u>	<u>7,482,305</u>	<u>6,868,677</u>
Total pension liability - ending	<u>11,416,138</u>	<u>10,906,158</u>	<u>10,185,982</u>	<u>9,606,885</u>	<u>9,659,535</u>	<u>9,055,858</u>	<u>8,066,201</u>	<u>7,482,305</u>
Plan fiduciary net position:								
Contributions - employer	307,673	253,071	246,932	335,575	326,520	330,684	322,555	320,180
Contributions - member	184,053	184,269	168,036	158,650	160,535	179,303	165,524	163,275
Net investment income	2,497,443	288,312	779,037	321,014	586,996	223,087	162,629	1,000,000
Benefit payments, including refunds of member contributions	<u>(593,767)</u>	<u>(529,070)</u>	<u>(431,502)</u>	<u>(462,049)</u>	<u>(430,351)</u>	<u>(253,084)</u>	<u>(342,618)</u>	<u>(253,857)</u>
Net change in plan fiduciary net position	2,395,402	196,582	762,503	353,190	643,700	479,990	308,090	1,229,598
Plan fiduciary net position - beginning	<u>9,474,108</u>	<u>9,277,526</u>	<u>8,515,023</u>	<u>8,161,833</u>	<u>7,518,133</u>	<u>7,038,143</u>	<u>6,730,053</u>	<u>5,500,455</u>
Plan fiduciary net position - ending	<u>11,869,510</u>	<u>9,474,108</u>	<u>9,277,526</u>	<u>8,515,023</u>	<u>8,161,833</u>	<u>7,518,133</u>	<u>7,038,143</u>	<u>6,730,053</u>
Net Pension Liability (Asset) - Ending	\$ <u>(453,372)</u>	\$ <u>1,432,050</u>	\$ <u>908,456</u>	\$ <u>1,091,862</u>	\$ <u>1,497,702</u>	\$ <u>1,537,725</u>	\$ <u>1,028,058</u>	\$ <u>752,252</u>
Plan fiduciary net position as a percentage of the total pension liability	103.97%	86.87%	91.08%	88.63%	84.50%	83.02%	87.25%	89.95%
Covered payroll	\$ 3,526,881	\$ 3,407,614	\$ 3,258,483	\$ 3,148,293	\$ 3,359,920	\$ 3,215,234	\$ 3,419,417	\$ 3,272,169
Net pension liability as a percentage of covered payroll	-12.85%	42.03%	27.88%	34.68%	44.58%	47.83%	30.07%	22.99%

*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

**REGIONAL SCHOOL DISTRICT NO. 13
SCHEDULE OF EMPLOYER CONTRIBUTIONS
DISTRICT'S RETIREMENT PLAN
LAST TEN FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 307,673	\$ 253,071	\$ 246,932	\$ 335,575	\$ 326,520	\$ 330,684	\$ 322,555	\$ 320,180	\$ 289,746	\$ 263,788
Contributions in relation to the actuarially determined contribution	<u>307,673</u>	<u>253,071</u>	<u>246,932</u>	<u>335,575</u>	<u>326,520</u>	<u>330,684</u>	<u>322,555</u>	<u>320,180</u>	<u>289,746</u>	<u>263,788</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered payroll	\$ 3,526,881	\$ 3,407,614	\$ 3,258,483	\$ 3,148,293	\$ 3,359,920	\$ 3,215,234	\$ 3,419,417	\$ 3,272,169	\$ 3,188,253	\$ 3,032,044
Contributions as a percentage of covered payroll	8.72%	7.43%	7.58%	10.66%	9.72%	10.28%	9.43%	9.78%	9.09%	8.70%

Notes to Schedule

Valuation date: July 1, 2020
Measurement date: June 30, 2021
Actuarially determined contribution rates are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20 years
Asset valuation method	Expected asset value plus 20% of the difference between the Expected Value and the Market Value.
Inflation	2.6%
Salary increases	3.5%
Investment rate of return	6.75%

**REGIONAL SCHOOL DISTRICT NO. 13
SCHEDULE OF INVESTMENT RETURNS
DISTRICT'S RETIREMENT PLAN
LAST EIGHT FISCAL YEARS***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	26.25%	3.11%	9.11%	3.93%	7.98%	3.28%	2.46%	18.32%

*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

**REGIONAL SCHOOL DISTRICT NO. 13
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST SEVEN FISCAL YEARS***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	<u>71,582,915</u>	<u>64,080,249</u>	<u>49,409,595</u>	<u>51,386,371</u>	<u>54,213,015</u>	<u>41,754,112</u>	<u>38,593,309</u>
Total	<u>\$ 71,582,915</u>	<u>\$ 64,080,249</u>	<u>\$ 49,409,595</u>	<u>\$ 51,386,371</u>	<u>\$ 54,213,015</u>	<u>\$ 41,754,112</u>	<u>\$ 38,593,309</u>
District's covered payroll	\$ 16,786,302	\$ 16,227,631	\$ 15,901,048	\$ 15,455,931	\$ 15,756,461	\$ 15,322,385	\$ 15,189,280
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	The Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019: <ul style="list-style-type: none"> - Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%. - Decrease payroll growth assumption from 3.25% to 3.00%. - Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed, grading to a level dollar amortization method for the June 30, 2024 valuation
Remaining amortization period	30 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increase	3.25%-6.50%, including inflation
Investment rate of return	6.90%, net of investment-related expense

Notes:

- This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.
- The measurement date is one year earlier than the employer's reporting date.

REGIONAL SCHOOL DISTRICT NO. 13
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
RETIREE HEALTH PLAN
LAST FOUR FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:				
Service cost	\$ 127,805	\$ 95,735	\$ 173,987	\$ 172,599
Interest	128,758	167,477	203,898	187,833
Differences between expected and actual experience	(1,469,726)	(1,426)	441,957	15,766
Changes of assumptions and other inputs	36,572	893,270	(1,081,623)	(196,608)
Benefit payments	(121,226)	(143,033)	(170,973)	(147,436)
Net change in total OPEB liability	(1,297,817)	1,012,023	(432,754)	32,154
Total OPEB liability - beginning	<u>5,758,636</u>	<u>4,746,613</u>	<u>5,179,367</u>	<u>5,147,213</u>
Total OPEB Liability - Ending	<u>\$ 4,460,819</u>	<u>\$ 5,758,636</u>	<u>\$ 4,746,613</u>	<u>\$ 5,179,367</u>
Covered employee payroll	\$ 21,334,639	\$ 19,472,465	\$ 18,979,011	\$ 21,299,064
Total OPEB liability as a percentage of covered employee payroll	20.91%	29.57%	25.01%	24.32%

Note - There are no assets accumulated in a trust to pay benefits for the OPEB plan.

*This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

REGIONAL SCHOOL DISTRICT NO. 13
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY
TEACHERS RETIREMENT PLAN
LAST FOUR FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	-
State's proportionate share of the net OPEB liability associated with the District	<u>10,676,594</u>	<u>9,993,677</u>	<u>9,877,274</u>	<u>13,226,256</u>
Total	<u>\$ 10,676,594</u>	<u>\$ 9,993,677</u>	<u>\$ 9,877,274</u>	<u>\$ 13,226,256</u>
District's covered payroll	\$ 16,786,302	\$ 16,227,631	\$ 15,901,048	\$ 15,455,931
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	2.50%	1.79%	1.49%	1.79%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	Based on the procedure described in GASB 75, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2020 was updated to equal the Municipal Bond Index Rate as of June 30, 2020; Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience; Long-term health care cost trend rates were updated; The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated based on observed plan experience. Additionally, participants are no longer assumed to migrate from the Medicare Supplement Plan to the Medicare Advantage Plan after selecting an option; and, The Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019. The changes in assumptions are summarized below: - Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%. - Decrease payroll growth - Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
Actuarial cost method	Entry age
Amortization method	Level percent of payroll over an open period
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Investment rate of return	3.00%, net of investment related expense including price inflation
Price Inflation	2.75%

Notes:

- This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available
- The measurement date is one year earlier than the employer's reporting date

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**REGIONAL SCHOOL DISTRICT NO. 13
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Special Revenue Funds		Permanent Fund	Total Nonmajor Governmental Funds
	Middlesex Transition Academy	Student Activity Fund	Haake Science and History	
ASSETS				
Cash and cash equivalents	\$ 72,249	\$ 236,301	\$	\$ 308,550
Investments			619	619
Total Assets	<u>\$ 72,249</u>	<u>\$ 236,301</u>	<u>\$ 619</u>	<u>\$ 309,169</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued items	\$ 11,840	\$	\$ -	\$ 11,840
Fund Balances:				
Restricted		236,301	619	236,920
Committed	46,007			46,007
Assigned	14,402			14,402
Total fund balances	<u>60,409</u>	<u>236,301</u>	<u>619</u>	<u>297,329</u>
Total Liabilities and Fund Balances	<u>\$ 72,249</u>	<u>\$ 236,301</u>	<u>\$ 619</u>	<u>\$ 309,169</u>

**REGIONAL SCHOOL DISTRICT NO. 13
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021**

	Special Revenue Funds		Permanent Fund	Total Nonmajor Governmental Funds
	Middlesex Transition Academy	Student Activity Fund	Haake Science and History	
Revenues:				
Charges for services	\$ 645,455	\$	\$	\$ 645,455
Other		149,830		149,830
Investment income			2,217	2,217
Total revenues	<u>645,455</u>	<u>149,830</u>	<u>2,217</u>	<u>797,502</u>
Expenditures:				
Current:				
Salaries	382,332			382,332
Employee benefits	100,779			100,779
Purchased services	43,828			43,828
Operational services	99,160			99,160
Supplies	5,769		9,002	14,771
Education		205,968		205,968
Total expenditures	<u>631,868</u>	<u>205,968</u>	<u>9,002</u>	<u>846,838</u>
Excess (Deficiency) of Revenues over Expenditures	13,587	(56,138)	(6,785)	(49,336)
Other Financing Sources (Uses):				
Transfers out	<u>(150,000)</u>			<u>(150,000)</u>
Net Change in Fund Balances	(136,413)	(56,138)	(6,785)	(199,336)
Fund Balances at Beginning of Year, As Restated	<u>196,822</u>	<u>292,439</u>	<u>7,404</u>	<u>496,665</u>
Fund Balances at End of Year	<u>\$ 60,409</u>	<u>\$ 236,301</u>	<u>\$ 619</u>	<u>\$ 297,329</u>

**REGIONAL SCHOOL DISTRICT NO. 13
SCHEDULE OF DEBT LIMITATION - THE DISTRICT
JUNE 30, 2021**

	Town of		
	<u>Durham</u>	<u>Middlefield</u>	<u>Total</u>
Total tax collections (including interest and lien fees)	\$ 25,174,190	\$ 13,485,633	\$ 38,659,823
Property tax relief elderly			-
Base	<u>\$ 25,174,190</u>	<u>\$ 13,485,633</u>	<u>\$ 38,659,823</u>
Debt Limitation:			
Limit for School Building Purposes (4.5 times base)			\$ <u>173,969,204</u>
Indebtedness:			
Bonds outstanding			<u>2,025,000</u>
Net Indebtedness			<u>2,025,000</u>
Debt Limitation in Excess of Net Indebtedness			<u>\$ 171,944,204</u>

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