

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, 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.

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, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Regional School District No.13 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

During fiscal year ended June 30, 2022, the Regional School District No. 13 adopted GASB Statement No. 87, *Leases*. 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 1). Our auditors' opinion was not modified with respect to the restatement.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Regional School District No.13's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional School District No.13's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Regional School District No.13's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional School District No.13's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financials is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

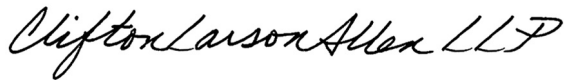
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the debt limitation schedule but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2022, 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 6, 2022

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**REGIONAL SCHOOL DISTRICT NO.13
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

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, 2022.

Financial Highlights

- The assets of the Region exceeded its liabilities at the close of the most recent fiscal year by \$25,257,765 (net position).
- The Region's total net position decreased by \$826,766, resulting primarily from a bond issuance and includes the restatement for the implementation of GASB 87 *Leases*.
- As of the close of the current fiscal year, the Region's governmental funds reported a combined ending fund balance of \$8,277,691, an increase of \$5,459,654 in comparison with the prior year balance due to a bond issuance.
- At the end of the current fiscal year, the fund balance for the general fund was \$780,603, a decrease of \$877,886 of which \$493,856 is designated for subsequent year budgets.
- Long-term bonds payable increased by \$6,215,000, the net of a bond issuance and bond payments.

Overview of the Basic Financial Statements

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

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

The statement of net 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.

**REGIONAL SCHOOL DISTRICT NO.13
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

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.

**REGIONAL SCHOOL DISTRICT NO.13
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

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 \$25,257,765 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 \$(5,072,927).

NET POSITION

| | Governmental Activities | |
|---|----------------------------|----------------------|
| | 2022 | 2021 |
| Assets: | | |
| Current and Other Assets | \$ 8,525,489 | \$ 3,680,052 |
| Capital Assets, Net of Accumulated Depreciation | 36,719,681 | 36,397,083 |
| Total Assets | 45,245,170 | 40,077,135 |
| Deferred Outflows of Resources | 1,857,976 | 1,274,398 |
| Liabilities: | | |
| Long-Term Liabilities Outstanding | 18,688,523 | 11,011,631 |
| Other Liabilities | 301,563 | 439,998 |
| Total Liabilities | 18,990,086 | 11,451,629 |
| Deferred Inflows of Resources | <u>2,855,295</u> | <u>3,815,373</u> |
| Net Position: | | |
| Net Investment in Capital Assets | 29,294,571 | 29,932,314 |
| Restricted | 1,036,121 | 1,806,750 |
| Unrestricted | (5,072,927) | (5,654,533) |
| Total Net Position | \$ 25,257,765 | \$ 26,084,531 |

Governmental Activities. The Region's net position decreased by \$406,368 during the current fiscal year. The increase is attributed to an increase in Long Term Liabilities due to a bond issuance. There was also an additional decrease of \$420,398 due to a restatement caused by the implementation of GASB 87 Leases.

**REGIONAL SCHOOL DISTRICT NO.13
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

CHANGES IN NET POSITION

| | Governmental Activities | |
|------------------------------------|----------------------------|----------------------|
| | 2022 | 2021 |
| Revenues: | | |
| Program Revenues: | | |
| Charges for Services: | | |
| General Instruction | \$ 27,595 | \$ 29,080 |
| Special Education | 740,062 | 645,455 |
| Student Services | 389,532 | 159,794 |
| Buildings | 25,568 | 945 |
| Operating Grants and Contributions | 5,572,115 | 12,499,442 |
| Capital Grants and Contributions | 15,000 | 5,160 |
| General Revenues: | | |
| Assessments from Member Towns | 35,470,647 | 34,602,207 |
| Investment Income | 12,101 | 5,774 |
| Miscellaneous | 164,747 | 601,157 |
| Total Revenues | 42,417,367 | 48,549,014 |
| Expenses: | | |
| General Instruction | 19,401,748 | 24,544,340 |
| Special Education | 9,375,457 | 9,962,042 |
| Student Services | 2,769,985 | 2,635,003 |
| Administration | 5,476,997 | 5,711,242 |
| Buildings | 3,574,922 | 3,670,421 |
| Transportation | 1,941,243 | 1,740,770 |
| Interest Expense | 283,383 | 121,694 |
| Total Expenses | 42,823,735 | 48,385,512 |
| Change in Net Position | (406,368) | 163,502 |
| Net Position - Beginning of Year | 26,084,531 | 25,921,029 |
| Restatement for GASB 87 - Leases | (420,398) | - |
| Net Position - End of Year | \$ 25,257,765 | \$ 26,084,531 |

- The Region's net position decreased by \$826,766 during the current fiscal year including the restatement. The decrease is attributed to an increase in Long Term Liabilities due to a bond issuance and the implementation of GASB 87 *Leases*

**REGIONAL SCHOOL DISTRICT NO.13
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

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 \$8,277,691, an increase of \$5,459,654 in comparison with the prior year. 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 a positive variance (over budget) in the areas of miscellaneous revenue and tuition. Negative variances were experienced in interest income and miscellaneous special education grants.

Expenditures

- We saw positive variances (under budget) in the areas of employee benefits, purchased services, operations and debt service. Negative variances (over budget) were experienced in salaries being budgeted at 95% as well as expenditures in property services due to repairs and maintenance.

Capital Assets and Debt Administration

Capital Assets. The Region's investment in capital assets for its governmental activities as of June 30, 2022 amounts to \$36,719,681 (net of accumulated depreciation). This investment in capital assets includes land, buildings and machinery and equipment. The net decrease of \$646,704 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
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

**CAPITAL ASSETS
(NET OF DEPRECIATION)**

| | Governmental Activities | |
|----------------------------|----------------------------|---------------|
| | 2022 | 2021 |
| Land | \$ 200,000 | \$ 200,000 |
| Construction in progress | 1,368,215 | |
| Buildings and improvements | 27,120,906 | 28,117,434 |
| Land improvements | 2,739,513 | 2,989,014 |
| Equipment | 1,540,193 | 912,702 |
| Vehicles | 405 | 5,265 |
| Right-to-Use Leased Asset | 3,750,449 | 3,848,562 |
| Total | \$ 36,719,681 | \$ 36,072,977 |

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 \$8,240,000. All of this debt comprises debt backed by the full faith and credit of the Region.

**OUTSTANDING DEBT
GENERAL OBLIGATION BONDS**

| | Governmental Activities | |
|--------------------------|----------------------------|--------------|
| | 2022 | 2021 |
| General Obligation Bonds | \$ 8,240,000 | \$ 2,025,000 |

The Region's outstanding general obligation bonds increased by \$6,215,000 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 \$169,663,291, 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.

BASIC FINANCIAL STATEMENTS

REGIONAL SCHOOL DISTRICT NO.13
STATEMENT OF NET POSITION
JUNE 30, 2022

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| ASSETS | |
| Cash and Cash Equivalents | \$ 8,282,858 |
| Accounts Receivable | 227,580 |
| Other Assets | 15,051 |
| Capital Assets not Being Depreciated | 1,568,215 |
| Capital Assets Net of Accumulated Depreciation | <u>35,151,466</u> |
| Total Assets | 45,245,170 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred Charge on Refunding | 11,028 |
| Deferred Outflows - OPEB | 1,000,889 |
| Deferred Outflows - Pension | <u>846,059</u> |
| Total Deferred Outflows of Resources | 1,857,976 |
| LIABILITIES | |
| Current Liabilities: | |
| Accounts and Other Payables | 108,438 |
| Accrued Interest Payable | 57,805 |
| Unearned Revenue | 135,320 |
| Noncurrent Liabilities: | |
| Due Within One Year | 1,345,585 |
| Due in More than One Year | <u>17,342,938</u> |
| Total Liabilities | 18,990,086 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred Inflows Related to OPEB | 2,754,849 |
| Deferred Inflows Related to Pension | <u>100,446</u> |
| Total Deferred Inflows of Resources | <u>2,855,295</u> |
| NET POSITION | |
| Net Investment in Capital Assets | 29,294,571 |
| Restricted for: | |
| Student Activities | 231,406 |
| Enabling Legislation | 493,856 |
| School Lunch Program | 310,859 |
| Unrestricted | <u>(5,072,927)</u> |
| Total Net Position | <u><u>\$ 25,257,765</u></u> |

See accompanying Notes to Financial Statements.

**REGIONAL SCHOOL DISTRICT NO.13
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|---|----------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| GOVERNMENTAL ACTIVITIES | | | | | |
| General Instruction | \$ 19,401,748 | \$ 27,595 | \$ 2,540,989 | \$ - | \$ (16,833,164) |
| Special Education | 9,375,457 | 740,062 | 1,459,271 | - | (7,176,124) |
| Student Services | 2,769,985 | 389,532 | 927,847 | - | (1,452,606) |
| Administration | 5,476,997 | - | 644,008 | - | (4,832,989) |
| Buildings | 3,574,922 | 25,568 | - | 15,000 | (3,534,354) |
| Transportation | 1,941,243 | - | - | - | (1,941,243) |
| Debt Service Interest and Related Costs | 283,383 | - | - | - | (283,383) |
| Total Governmental Activities | <u>\$ 42,823,735</u> | <u>\$ 1,182,757</u> | <u>\$ 5,572,115</u> | <u>\$ 15,000</u> | (36,053,863) |
| GENERAL REVENUES | | | | | |
| Assessments from District Member Towns | | | | | 35,470,647 |
| Investment Income | | | | | 12,101 |
| Miscellaneous | | | | | 164,747 |
| Total General Revenues | | | | | <u>35,647,495</u> |
| CHANGE IN NET POSITION | | | | | |
| | | | | | (406,368) |
| | | | | | <u>25,664,133</u> |
| | | | | | <u>\$ 25,257,765</u> |

See accompanying Notes to Financial Statements.

**REGIONAL SCHOOL DISTRICT NO.13
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

| | <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 | \$ 884,717 | \$ 149,585 | \$ 66,724 | \$ 6,880,231 | \$ 301,601 | \$ 8,282,858 |
| Intergovernmental Receivable | - | 185,746 | 41,834 | - | - | 227,580 |
| Other Assets | - | 15,051 | - | - | - | 15,051 |
| Total Assets | <u>\$ 884,717</u> | <u>\$ 350,382</u> | <u>\$ 108,558</u> | <u>\$ 6,880,231</u> | <u>\$ 301,601</u> | <u>\$ 8,525,489</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | |
| LIABILITIES | | | | | | |
| Accounts and Other Payables | \$ 101,114 | \$ - | \$ 2,564 | \$ 1,677 | \$ 3,083 | \$ 108,438 |
| Unearned Revenue | 3,000 | 24,472 | 107,848 | - | - | 135,320 |
| Total Liabilities | <u>104,114</u> | <u>24,472</u> | <u>110,412</u> | <u>1,677</u> | <u>3,083</u> | <u>243,758</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable Revenue - Grants | - | - | 4,040 | - | - | 4,040 |
| Total Deferred Inflow of Resources | <u>-</u> | <u>-</u> | <u>4,040</u> | <u>-</u> | <u>-</u> | <u>4,040</u> |
| FUND BALANCES | | | | | | |
| Nonspendable | - | 15,051 | - | - | - | 15,051 |
| Restricted | 493,856 | 310,859 | - | - | 231,406 | 1,036,121 |
| Committed | - | - | - | 6,822,626 | 63,753 | 6,886,379 |
| Assigned | 286,747 | - | - | 55,928 | 3,359 | 346,034 |
| Unassigned | - | - | (5,894) | - | - | (5,894) |
| Total Fund Balances | <u>780,603</u> | <u>325,910</u> | <u>(5,894)</u> | <u>6,878,554</u> | <u>298,518</u> | <u>8,277,691</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 884,717</u> | <u>\$ 350,382</u> | <u>\$ 108,558</u> | <u>\$ 6,880,231</u> | <u>\$ 301,601</u> | <u>\$ 8,525,489</u> |

See accompanying Notes to Financial Statements.

**REGIONAL SCHOOL DISTRICT NO.13
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022**

RECONCILIATION TO THE STATEMENT OF NET POSITION

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

| | | |
|---|----|--------------|
| Total Fund Balances (Exhibit III) | \$ | 8,277,691 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds: | | |
| Governmental Capital Assets | | 66,706,711 |
| Less: Accumulated Depreciation | | (29,987,030) |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds: | | |
| Deferred Outflows - OPEB | | 1,000,889 |
| Deferred Outflows - Pension | | 846,059 |
| Other Receivables and Deferred Amounts | | 4,040 |
| Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds: | | |
| Bonds Payable | | (8,240,000) |
| Notes Payable | | (604,022) |
| Bond Premium | | (463,639) |
| Deferred Charge on Refunding | | 11,028 |
| Compensated Absences | | (89,361) |
| Net Pension Liability | | (1,619,608) |
| Total OPEB Liability | | (3,817,280) |
| Lease Liability | | (3,854,613) |
| Accrued Interest Payable | | (57,805) |
| Deferred Inflows - OPEB | | (2,754,849) |
| Deferred Inflows - Pension | | (100,446) |
| | | (100,446) |
| Net Position of Governmental Activities (Exhibit I) | \$ | 25,257,765 |

See accompanying Notes to Financial Statements.

REGIONAL SCHOOL DISTRICT NO.13
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

| | General | School Cafeteria Fund | Special School Grants and Programs | Capital Reserve Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|-------------------|-----------------------------|--|----------------------------|-----------------------------------|--------------------------------|
| REVENUES | | | | | | |
| Assessments from District Member Towns | \$ 35,470,647 | \$ - | \$ - | \$ - | \$ - | \$ 35,470,647 |
| Intergovernmental | 5,210,180 | 799,017 | 986,165 | 15,000 | - | 7,010,362 |
| Charges for Services | 53,163 | 61,531 | - | - | 740,062 | 854,756 |
| Other | - | - | - | - | 328,001 | 328,001 |
| Investment Income (Loss) | 2,519 | 104 | - | 9,505 | (27) | 12,101 |
| Miscellaneous | 164,747 | - | - | - | - | 164,747 |
| Total Revenues | <u>40,901,256</u> | <u>860,652</u> | <u>986,165</u> | <u>24,505</u> | <u>1,068,036</u> | <u>43,840,614</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General Instruction | 20,030,091 | 22,993 | 209,864 | - | 592 | 20,263,540 |
| Special Education | 8,682,477 | - | 466,336 | - | 521,436 | 9,670,249 |
| Student Services | 1,812,732 | 677,832 | - | - | 18,450 | 2,509,014 |
| Administration | 5,236,384 | 1,100 | 265,597 | - | - | 5,503,081 |
| Buildings | 2,340,210 | - | - | - | 11,182 | 2,351,392 |
| Transportation | 1,859,092 | - | 20,000 | - | 57,291 | 1,936,383 |
| Education | - | - | - | - | 332,896 | 332,896 |
| Capital Outlay | 778,292 | 4,142 | - | 1,808,641 | - | 2,591,075 |
| Debt Service | 807,557 | - | - | 107,095 | - | 914,652 |
| Total Expenditures | <u>41,546,835</u> | <u>706,067</u> | <u>961,797</u> | <u>1,915,736</u> | <u>941,847</u> | <u>46,072,282</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (645,579) | 154,585 | 24,368 | (1,891,231) | 126,189 | (2,231,668) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers In | 155,262 | 192,404 | - | 525,727 | - | 873,393 |
| Transfers Out | (718,131) | - | (30,262) | - | (125,000) | (873,393) |
| Issuance of Bonds | - | - | - | 6,900,000 | - | 6,900,000 |
| Premium on Bonds Issued | - | - | - | 460,760 | - | 460,760 |
| Issuance of Notes Payable | 330,562 | - | - | - | - | 330,562 |
| Total Other Financing Sources | <u>(232,307)</u> | <u>192,404</u> | <u>(30,262)</u> | <u>7,886,487</u> | <u>(125,000)</u> | <u>7,691,322</u> |
| NET CHANGE IN FUND BALANCES | (877,886) | 346,989 | (5,894) | 5,995,256 | 1,189 | 5,459,654 |
| Fund Balances - Beginning 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> |
| FUND BALANCES - END OF YEAR | <u>\$ 780,603</u> | <u>\$ 325,910</u> | <u>\$ (5,894)</u> | <u>\$ 6,878,554</u> | <u>\$ 298,518</u> | <u>\$ 8,277,691</u> |

See accompanying Notes to Financial Statements.

**REGIONAL SCHOOL DISTRICT NO.13
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

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

| | | |
|---|----|-----------|
| Net change in fund balances - total governmental funds (Exhibit IV) | \$ | 5,459,654 |
|---|----|-----------|

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 | | 2,482,882 |
| Depreciation Expense | | (1,827,132) |

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net assets. In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.

(9,046)

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 - OPEB | | (101,861) |
| Change in Deferred Outflows - Pension | | 718,521 |
| Change in Net Pension Asset | | (453,372) |
| Grant Receivables - Accrual Basis Change | | 4,040 |

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:

| | | |
|--------------------------------------|--|-------------|
| Issuance of General Obligation Bonds | | (6,900,000) |
| Payments on General Obligation Bonds | | 685,000 |
| Premium on Bonds Issued | | (460,760) |
| Issuance of Notes Payable | | (130,000) |
| Payments on Notes Payable | | 248,907 |
| Lease Proceeds | | (200,562) |
| Principal Payments on Leases | | 194,511 |

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 | | 643,539 |
| Net Pension Liability | | (1,619,608) |
| Accrued Interest Payable | | (26,450) |
| Compensated Absences | | (47,428) |
| Bond Premium | | 5,801 |
| Deferred Charge on Refunding | | (33,082) |
| Change in Deferred Inflows - OPEB | | (453,177) |
| Change in Deferred Inflows - Pension | | 1,413,255 |

| | | |
|--|----|------------------|
| Change in Net Position of Governmental Activities (Exhibit II) | \$ | <u>(406,368)</u> |
|--|----|------------------|

See accompanying Notes to Financial Statements.

**REGIONAL SCHOOL DISTRICT NO.13
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022**

| | Pension Trust Fund | Custodial Fund Middlesex Consortium |
|--|-----------------------------|--|
| | <u> </u> | <u> </u> |
| ASSETS | | |
| Cash and Cash Equivalents | \$ 524,254 | \$ 99,365 |
| Investments, at Fair Value: | | |
| Corporate Bonds | 2,406,248 | - |
| U.S. Government Obligations | 28,972 | - |
| U.S. Government Securities | 13,973 | - |
| Common Stocks | 7,547,731 | - |
| Preferred Stocks | 35,258 | - |
| Accrued Interest | 18,014 | - |
| Total Investments, at Fair Value | <u>10,050,196</u> | <u>-</u> |
| Total Assets | 10,574,450 | 99,365 |
| NET POSITION | | |
| Restricted for Middlesex Consortium | - | 99,365 |
| Held in Trust for Pension Benefits and Individuals | <u>10,574,450</u> | <u>-</u> |
| Total Net Position | <u>\$ 10,574,450</u> | <u>\$ 99,365</u> |

See accompanying Notes to Financial Statements.

**REGIONAL SCHOOL DISTRICT NO.13
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2022**

| | Pension Trust Fund | Custodial Fund Middlesex Consortium |
|---|-----------------------------|--|
| | <u> </u> | <u> </u> |
| ADDITIONS: | | |
| Contributions: | | |
| Employer | \$ 314,916 | \$ - |
| Employee | 172,171 | - |
| Other | - | 35,038 |
| Total Contributions | <u>487,087</u> | <u>35,038</u> |
| Investment Income: | | |
| Net Change in Fair Value of Investments | (1,135,995) | - |
| Interest and Dividends | 169,584 | - |
| Total Investment Income | <u>(966,411)</u> | <u>-</u> |
| Less Investment Management Fees | 1,158 | - |
| Net Investment Income | <u>(967,569)</u> | <u>-</u> |
| Total Additions | (480,482) | 35,038 |
| DEDUCTIONS: | | |
| Benefits | 814,578 | - |
| Other | - | 23,493 |
| Total Deductions | <u>814,578</u> | <u>23,493</u> |
| CHANGE IN NET POSITION | (1,295,060) | 11,545 |
| Net Position - Beginning of Year | <u>11,869,510</u> | <u>87,820</u> |
| NET POSITION - END OF YEAR | <u>\$ 10,574,450</u> | <u>\$ 99,365</u> |

See accompanying Notes to Financial Statements.

REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The District was organized under provisions of the Connecticut General Statutes in 1970 for the purpose of providing education for grades 1 through 12 to the residents of the towns of Durham and Middlefield, Connecticut. The District consists of 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 2022 assessment percentages are 66.74% for Durham and 33.26% for Middlefield.

Accounting principles generally accepted in the United States 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.

REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)**

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:

General Fund

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.

School Cafeteria Fund

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

Special School Grants and Programs

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

Capital Reserve Fund

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

Additionally, the District reports the following fund types:

The Pension Trust Fund

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

The Middlesex Consortium 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.

REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The Middlesex Consortium Custodial Fund (Continued)

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, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

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.

E. Receivables

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

F. 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).

G. 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.

H. 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.

REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

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

| | |
|-----------------------|----------------|
| Buildings | 45 to 50 Years |
| Building Improvements | 45 to 50 Years |
| Land Improvements | 10 to 40 Years |
| Vehicles | 5 to 15 Years |
| Office Equipment | 5 to 15 Years |
| Computer Equipment | 5 to 7 Years |

I. 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.

REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. 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.

K. 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.

L. 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.

M. Total Other Postemployment 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.

REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. 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.

O. Leases

The District determines if an arrangement is a lease at inception. Leases are included in lease liabilities in the statements of net position.

Lease assets represent the District's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the Town will exercise that option.

The District has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

Some of the individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the District has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Leases (Continued)

The District accounts for contracts containing both lease and non-lease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and non-lease components, and it is impractical to estimate the price of such components, the District treats the components as a single lease unit.

P. 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.

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.

REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. 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.

R. Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Beginning net position was reduced by \$420,398 within governmental activities for the implementation of GASB Statement No. 87 to report right-to-use lease assets and related lease liabilities.

The Entity adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the period of adoption.

NOTE 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, 2022

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

- 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, 2022.
- 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. Excess of Expenditures Over Appropriations

- The certified personnel line was overspent by \$270,999.
- The professional purchased services line was overspent by \$15,864.
- The technical purchased services line was overspent by \$24,561.
- The disposal services line was overspent by \$1,874.
- The lawn service line was overspent by \$13,295.
- The repairs and maintenance line was overspent \$37,402.
- The rentals and leases line was overspent by \$17,137.
- The liability insurance line was overspent by \$25,871.
- The advertising line was overspent by \$1,460.
- The natural gas line was overspent by \$26,790.
- The electricity line was overspent by \$20,780.
- The bottled gas line was overspent by \$1,569.
- The heating oil line was overspent by \$4,856.
- The transfer to capital reserve line was overspent by \$31,880.

C. Deficit Fund Equity

The Special School Grants and Programs had a deficit fund balance of \$5,894, which will be eliminated in fiscal year 2023 with the recognition of grant receivables.

**REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 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 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*, \$8,581,207 of the District's bank balance of \$8,905,726 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 | 8,581,207 |
| Total Amount Subject to Custodial Credit Risk | <u>\$ 8,581,207</u> |

Cash Equivalents

At June 30, 2022, the District's cash equivalents amounted to \$524,254. 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

REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES (CONTINUED)

B. Investments

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

As of June 30, 2022, the District had the following investments:

| | Fair Value | Investment Maturities (Years) | | |
|-------------------------------|---------------|-------------------------------|--------------|--------------|
| | | Less Than 1 | 1 - 10 | More Than 10 |
| Interest-Bearing Investments: | | | | |
| U.S. Government Agencies | \$ 28,972 | \$ 28,972 | \$ - | \$ - |
| U.S. Government Securities | 13,973 | 13,973 | - | - |
| Corporate Bonds | 2,406,248 | 631,270 | 1,774,978 | - |
| Total | 2,449,193 | \$ 674,215 | \$ 1,774,978 | \$ - |
| Other Investments: | | | | |
| Common Stock | 7,547,731 | | | |
| Preferred Stock | 35,258 | | | |
| Accrued Interest | 18,014 | | | |
| Total Investments | \$ 10,050,196 | | | |

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

| Average Rating | Corporate Bonds | U.S. Government Agencies | U.S. Government Securities |
|----------------|-----------------|--------------------------|----------------------------|
| Aaa | \$ 34,858 | \$ 28,972 | \$ 13,973 |
| Aa1 | - | - | - |
| Aa2 | 31,095 | - | - |
| Aa3 | 32,049 | - | - |
| A1 | 251,662 | - | - |
| A2 | 154,096 | - | - |
| A3 | 497,190 | - | - |
| Baa1 | 475,145 | - | - |
| Baa2 | 817,286 | - | - |
| Baa3 | 65,281 | - | - |
| Unrated | 47,586 | - | - |
| Total | \$ 2,406,248 | \$ 28,972 | \$ 13,973 |

**REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 DETAILED NOTES (CONTINUED)

B. Investments (Continued)

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, 2022:

| | Fair Value | Fair Value Measurements Using | | |
|--|----------------------|-------------------------------|-------------|-------------|
| | | Level 1 | Level 2 | Level 3 |
| Investments by Fair Value Level: | | | | |
| U.S. Government Agencies | \$ 28,972 | \$ 28,972 | \$ - | \$ - |
| U.S. Government Securities | 13,973 | 13,973 | - | - |
| Corporate Bonds | 2,406,248 | 2,406,248 | - | - |
| Common Stock | 7,547,731 | 7,547,731 | - | - |
| Preferred Stock | 35,258 | 35,258 | - | - |
| Total Investments by Fair Value Level | 10,032,182 | <u>\$ 10,032,182</u> | <u>\$ -</u> | <u>\$ -</u> |
| Investments not Recorded at Fair Value: | | | | |
| Accrued Interest | 18,014 | | | |
| Total Investments | <u>\$ 10,050,196</u> | | | |

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.

REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES (CONTINUED)

B. Investments (Continued)

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.

C. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

| | Beginning Balance Restated | Increases | Decreases | Ending Balance |
|---|----------------------------------|------------|-----------|-------------------|
| Governmental Activities: | | | | |
| Capital Assets not Being Depreciated: | | | | |
| Land | \$ 200,000 | \$ - | \$ - | \$ 200,000 |
| Construction in Progress | - | 1,368,215 | - | 1,368,215 |
| Total Capital Assets not Being Depreciated | 200,000 | 1,368,215 | - | 1,568,215 |
| Capital Assets Being Depreciated: | | | | |
| Buildings and Improvements | 52,090,881 | - | 631,906 | 51,458,975 |
| Land Improvements | 6,073,174 | - | - | 6,073,174 |
| Equipment | 2,465,823 | 914,105 | - | 3,379,928 |
| Vehicles | 177,295 | - | - | 177,295 |
| Right-to-Use Leased Asset | 3,848,562 | 200,562 | - | 4,049,124 |
| Total Capital Assets Being Depreciated | 64,655,735 | 1,114,667 | 631,906 | 65,138,496 |
| Less: Accumulated Depreciation for: | | | | |
| Buildings | 23,973,447 | 987,482 | 622,860 | 24,338,069 |
| Land Improvements | 3,084,160 | 249,501 | - | 3,333,661 |
| Equipment | 1,553,121 | 286,614 | - | 1,839,735 |
| Vehicles | 172,030 | 4,860 | - | 176,890 |
| Right-to-Use Leased Asset | - | 298,675 | - | 298,675 |
| Total Accumulated Depreciation | 28,782,758 | 1,827,132 | 622,860 | 29,987,030 |
| Total Capital Assets Being Depreciated, Net | 35,872,977 | (712,465) | 9,046 | 35,151,466 |
| Governmental Activities Capital Assets, Net | \$ 36,072,977 | \$ 655,750 | \$ 9,046 | \$ 36,719,681 |

The opening balance was restated to include right-to-use leased equipment of \$3,848,562 and remove \$4,172,668 of Construction in Progress for to the implementation of GASB Standard 87.

**REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 DETAILED NOTES (CONTINUED)

C. Capital Assets (Continued)

Depreciation expense was charged as follows:

| | |
|----------------|---------------------|
| Administration | \$ 585,289 |
| Buildings | 1,236,983 |
| Transportation | 4,860 |
| Total | <u>\$ 1,827,132</u> |

D. 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. There were no interfund receivables or payable at June 20, 2022.

A summary of interfund transfers as of June 30, 2022 is as follows:

| | Transfers In | | | Total Transfers Out |
|------------------------------------|-------------------|-----------------------------|----------------------------|---------------------------|
| | General Fund | School Cafeteria Fund | Capital Reserve Fund | |
| Transfers Out: | | | | |
| General Fund | \$ - | \$ 192,404 | \$ 525,727 | \$ 718,131 |
| Special School Grants and Programs | 30,262 | - | - | 30,262 |
| Nonmajor Governmental Funds | 125,000 | - | - | 125,000 |
| Total Transfers In | <u>\$ 155,262</u> | <u>\$ 192,404</u> | <u>\$ 525,727</u> | <u>\$ 873,393</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, 2022

NOTE 3 DETAILED NOTES (CONTINUED)

E. Changes in Long-Term Obligations

Summary of Changes

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

| | Original Amount | Date of Issue | Date of Maturity | Interest Rate | Beginning Balance | Increases | Decreases | Ending Balance | Due Within One Year |
|-------------------------------|--------------------|------------------|---------------------|------------------|----------------------|---------------------|---------------------|----------------------|------------------------|
| Governmental Activities: | | | | | | | | | |
| Bonds Payable: | | | | | | | | | |
| Improvement Bond | | 7/15/09 | 7/15/24 | 2.50-4.50 | \$ 1,320,000 | \$ - | \$ 330,000 | \$ 990,000 | \$ 330,000 |
| Improvement Bond | | 10/14/10 | 3/1/23 | 2.00-4.00 | 705,000 | - | 355,000 | 350,000 | 350,000 |
| Improvement Bond | | 5/11/22 | 5/15/42 | 4.00-5.00 | - | 6,900,000 | - | 6,900,000 | - |
| Subtotal | | | | | 2,025,000 | 6,900,000 | 685,000 | 8,240,000 | 680,000 |
| Plus Deferred Amounts: | | | | | | | | | |
| Bond Premium | | | | | 8,680 | 460,760 | 5,801 | 463,639 | - |
| Total Bonds Payable | | | | | 2,033,680 | 7,360,760 | 690,801 | 8,703,639 | 680,000 |
| Notes Payable | | | | | 722,929 | 130,000 | 248,907 | 604,022 | 215,206 |
| Lease Liability | | | | | 3,848,562 | 200,562 | 194,511 | 3,854,613 | 217,690 |
| Compensated Absences | | | | | 41,933 | 280,044 | 232,616 | 89,361 | 89,361 |
| Net Pension Liability (Asset) | | | | | - | 1,619,608 | - | 1,619,608 | - |
| Total OPEB Liability | | | | | 4,460,819 | - | 643,539 | 3,817,280 | 143,328 |
| Total Governmental Activities | | | | | | | | | |
| Long-Term Liabilities | | | | | <u>\$ 11,107,923</u> | <u>\$ 9,590,974</u> | <u>\$ 2,010,374</u> | <u>\$ 18,688,523</u> | <u>\$ 1,345,585</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, 2022 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> |
|-----------------------------|---------------------------|--------------------------|
| 2023 | \$ 680,000 | \$ 343,440 |
| 2024 | 680,000 | 308,007 |
| 2025 | 680,000 | 290,507 |
| 2026 | 360,000 | 266,200 |
| 2027 | 365,000 | 248,200 |
| Thereafter | 5,475,000 | 1,773,900 |
| Total | <u>\$ 8,240,000</u> | <u>\$ 3,230,254</u> |

REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES (CONTINUED)

E. Changes in Long-Term Obligations (Continued)

Lease Liability

The Town leases equipment as well as certain operating and office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2037.

Total future minimum lease payments under lease agreements are as follows:

| <u>Year Ending June 30,</u> | <u>Lease Principal</u> | <u>Lease Interest</u> |
|-----------------------------|----------------------------|---------------------------|
| 2023 | \$ 217,690 | \$ 84,847 |
| 2024 | 240,398 | 78,783 |
| 2025 | 260,842 | 72,202 |
| 2026 | 241,746 | 65,695 |
| 2027 | 217,673 | 60,360 |
| 2028-2032 | 1,252,623 | 225,103 |
| 2033-2037 | 1,423,642 | 72,184 |
| Total | <u>\$ 3,854,613</u> | <u>\$ 659,174</u> |

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

| | |
|--------------------------------|---------------------|
| Equipment | \$ 4,049,124 |
| Less: Accumulated Amortization | (298,675) |
| | <u>\$ 3,750,449</u> |

Notes Payable – Direct Placement

The District has financing agreements for various technology equipment. These agreements vary in duration through June 30, 2026, with interest rates ranging from 0% to 4.47%.

The following is a schedule of future payments as of June 30, 2022:

| <u>Year Ending June 30,</u> | <u>Note Principal</u> | <u>Note Interest</u> |
|-----------------------------|---------------------------|--------------------------|
| 2023 | \$ 215,206 | \$ 21,293 |
| 2024 | 173,279 | 13,275 |
| 2025 | 147,580 | 7,184 |
| 2026 | 67,957 | 2,130 |
| Total | <u>\$ 604,022</u> | <u>\$ 43,882</u> |

**REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 DETAILED NOTES (CONTINUED)

E. Changes in Long-Term Obligations (Continued)

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:

| Category | Debt Limit | Net Indebtedness | Balance |
|----------|----------------|---------------------|----------------|
| Schools | \$ 179,187,291 | \$ 9,524,000 | \$ 169,663,291 |

F. Fund Balance

The components of fund balance for the governmental funds at June 30, 2022 are as follows:

| | General Fund | School Cafeteria Fund | Special School Grants and Program | Capital Reserve Fund | Nonmajor Governmental Funds | Total |
|--------------------------------|-------------------|-----------------------------|--|----------------------------|-----------------------------------|---------------------|
| Fund Balances: | | | | | | |
| Nonspendable: | | | | | | |
| Inventory | \$ - | \$ 15,051 | \$ - | \$ - | \$ - | \$ 15,051 |
| Restricted for: | | | | | | |
| Student Activities | - | - | - | - | 231,406 | 231,406 |
| Enabling Legislation | 493,856 | - | - | - | - | 493,856 |
| School Lunch Program | - | 310,859 | - | - | - | 310,859 |
| Committed to: | | | | | | |
| Middlesex Transition Academy | - | - | - | - | 63,753 | 63,753 |
| Capital Projects | - | - | - | 6,822,626 | - | 6,822,626 |
| Assigned to: | | | | | | |
| Administration Encumbrances - | | | | | | |
| Employee Benefits | 8,569 | - | - | - | - | 8,569 |
| Purchased Services | 102,822 | - | - | - | 3,359 | 106,181 |
| Property Services | 73,903 | - | - | - | - | 73,903 |
| Operational Services | 50,691 | - | - | - | - | 50,691 |
| Supplies | 23,798 | - | - | - | - | 23,798 |
| Capital Improvements/Equipment | 26,964 | - | - | 55,928 | - | 82,892 |
| Unassigned | - | - | (5,894) | - | - | (5,894) |
| Total Fund Balances | <u>\$ 780,603</u> | <u>\$ 325,910</u> | <u>\$ (5,894)</u> | <u>\$ 6,878,554</u> | <u>\$ 298,518</u> | <u>\$ 8,277,691</u> |

Significant encumbrances of \$286,747 are included in the General Fund as of June 30, 2022.

REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 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.

NOTE 5 PENSION PLANS

Regional School District No. 13 Employee Retirement Plan

A. 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 10 members. Administration of the plan rests with a five-member committee appointed by the Board of Education.

B. 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.

**REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 PENSION PLANS (CONTINUED)

Regional School District No. 13 Employee Retirement Plan (Continued)

C. Classes of Employees Covered

As of July 1, 2021, the date of the last actuarial valuation, the plan's membership consisted of the following:

| | |
|--|---------------|
| Retirees, Disabled and Beneficiaries Currently Receiving Benefits | \$ 49 |
| Terminated Employees Entitled to Benefits But Not Yet Receiving Them | 16 |
| Current Plan Members | 71 |
| Total | <u>\$ 136</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 10 years of service.

Contributions

Contribution requirements of the plan members and the District are established and may be amended by the Board of Education. Plan members are required to contribute 5% of their earnings to the plan. The District is required to contribute at an actuarially determined rate. The District's contribution for the year ended June 30, 2022 represented 9.02% of covered payroll. Administrative costs of the plan are financed through investment earnings of the plan's assets.

**REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 PENSION PLANS (CONTINUED)

Regional School District No. 13 Employee Retirement Plan (Continued)

D. 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, 2022:

| Asset Class | Target Allocation |
|---|----------------------|
| 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 |
| Total | 100.00% |

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -8.24%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 PENSION PLANS (CONTINUED)

Regional School District No. 13 Employee Retirement Plan (Continued)

E. Net Pension Asset of the District

The components of the net pension liability of the District at June 30, 2022 were as follows:

| | |
|---|---------------------|
| Total Pension Liability | \$ 12,194,058 |
| Plan Fiduciary Net Position | 10,574,450 |
| District's Net Pension Liability | <u>\$ 1,619,608</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 86.72% |

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2021, rolled forward to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|-------|
| Inflation | 2.40% |
| Salary Increases | 3.30% |
| Investment Rate of Return | 6.75% |

Mortality rates were based on the Pub-2010 Public Retirement Plans Amount-Weighted Mortality Table projected to the valuation date with Scale MP-2021.

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, 2022 (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 | 5.25% |
| Mid Cap Core Equity | 5.75 |
| Small Cap Core Equity | 5.75 |
| International Equity | 5.75 |
| Emerging Market Equity | 7.75 |
| Intermediate Duration Inv Grade Tax Fixed | 1.75 |
| Short Duration Inv Grade Tax Fixed | (0.25) |
| Cash | (0.25) |

**REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 PENSION PLANS (CONTINUED)

Regional School District No. 13 Employee Retirement Plan (Continued)

E. Net Pension Asset of the District (Continued)

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.

Changes in the Net Pension Liability

| | Increase (Decrease) | | |
|--|----------------------------|--------------------------------|----------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Asset |
| | (a) | (b) | (a)-(b) |
| Balances as of July 1, 2021 | \$ 11,416,138 | \$ 11,869,510 | \$ (453,372) |
| Changes for the Year: | | | |
| Service Cost | 375,502 | - | 375,502 |
| Interest on Total Pension Liability | 768,892 | - | 768,892 |
| Differences Between Expected and Actual Experience | 324,799 | - | 324,799 |
| Changes in Assumptions | 123,305 | - | 123,305 |
| Employer Contributions | - | 314,916 | (314,916) |
| Member Contributions | - | 172,171 | (172,171) |
| Net Investment Income | - | (966,411) | 966,411 |
| Benefit Payments, Including Refund to Employee Contributions | (814,578) | (814,578) | - |
| Administrative Expenses | - | (1,158) | 1,158 |
| Other Changes | - | - | - |
| Net Changes | <u>777,920</u> | <u>(1,295,060)</u> | <u>2,072,980</u> |
| Balances as of June 30, 2022 | <u>\$ 12,194,058</u> | <u>\$ 10,574,450</u> | <u>\$ 1,619,608</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:

| | Current | | |
|-------------------------------------|--------------|---------------|-------------|
| | 1% Decrease | Discount Rate | 1% Increase |
| | (5.75%) | (6.75%) | (7.75%) |
| Total Net Pension Liability (Asset) | \$ 2,894,117 | \$ 1,619,608 | \$ 529,007 |

**REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 PENSION PLANS (CONTINUED)

Regional School District No. 13 Employee Retirement Plan (Continued)

E. Net Pension Asset of the District (Continued)

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

For the year ended June 30, 2022, the District recognized pension expense of \$256,120. At June 30, 2022, 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 | \$ 261,113 | \$ 87,711 |
| Changes of Assumptions | 191,238 | 12,735 |
| Net Difference Between Projected and Actual Earning on Pension Plan Investments | 393,708 | - |
| Total | \$ 846,059 | \$ 100,446 |

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

| Year Ending June 30, | Amount |
|----------------------|------------|
| 2023 | \$ 38,810 |
| 2024 | 171,855 |
| 2025 | 86,959 |
| 2026 | 439,200 |
| 2027 | 8,789 |
| Total | \$ 745,613 |

Connecticut Teachers Retirement System – Pension

A. 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.

REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

B. 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.

C. 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.

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 \$4,747,236 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

**REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

C. Contributions (Continued)

Employees

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

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

At June 30, 2022, 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 | | 56,694,275 |
| Total | | \$ 56,694,275 |

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. At June 30, 2022, the District has no proportionate share of the net pension liability.

For the year ended June 30, 2022, the District recognized pension expense and revenue of \$3,659,747 in Exhibit II.

E. 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 |

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.

**REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

E. Actuarial Assumptions (Continued)

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.

Assumption changes since the prior year are as follows:

- There were no changes in assumptions that affected the measurement of the TPL since the prior measurement date.

Benefit changes since the prior year are as follows:

- There were no changes in benefit provisions that affected the measurement of the TPL since the prior measurement date.

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:

**REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

E. Actuarial Assumptions (Continued)

Long-Term Rate of Return (Continued)

| Asset Class | Expected Return | Target Allocation |
|-----------------------------------|--------------------|----------------------|
| 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> |

F. 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.

G. 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.

H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

I. 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.

REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS

Retiree Health Plan

A. 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, 2022, 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.

B. 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, 2022 was as follows:

Certified Teachers:

| | |
|-----------|-------------------|
| Single: | \$9,036 annually |
| 2-Person: | \$19,427 annually |

Certified Admin and Non-Certified Nurses:

| | |
|-----------|-------------------|
| Single: | \$9,964 annually |
| 2-Person: | \$20,842 annually |

Other Non-Certified:

| | |
|-----------|-------------------|
| Single: | \$9,937 annually |
| 2-Person: | \$22,133 annually |

**REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)

Retiree Health Plan (Continued)

C. Employees Covered by Benefit Terms

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.

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 | 10 |
| Active Employees | 318 |
| Total | 328 |

D. Total OPEB Liability

The District's total OPEB liability of \$3,817,280 was measured as of June 30, 2022 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, 2022, 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 | 3.54% |
| Healthcare Cost Trend Rates | 6.50% for 2020, Decreasing 0.2% Per Year to an Ultimate Rate of 4.40% for 2031 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 nonannuitants 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, 2022**

NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)

Retiree Health Plan (Continued)

E. Changes in the Total OPEB Liability

| | Total OPEB Liability |
|---|-------------------------|
| Balances as of July 1, 2021 | \$ 4,460,819 |
| Changes for the Year: | |
| Service Cost | 84,828 |
| Interest on Total OPEB liability | 96,786 |
| Difference Between Expected and Actual Experience | 22,609 |
| Changes in Assumptions or Other Inputs | (717,464) |
| Benefit Payments | (130,298) |
| Net Changes | (643,539) |
| Balances as of June 30, 2022 | \$ 3,817,280 |

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% in 2021 to 3.54% in 2022.

F. 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:

| | 1% Decrease (2.54%) | Current Discount Rate (3.54%) | 1% Increase (4.54%) |
|----------------------|------------------------|--|------------------------|
| Total OPEB Liability | \$ 4,319,876 | \$ 3,817,280 | \$ 3,392,053 |

**REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)

Retiree Health Plan (Continued)

G. 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 | \$ 3,300,373 | \$ 3,817,280 | \$ 4,437,743 |

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$11,905. At June 30, 2022, 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 | \$ 315,465 | \$ 1,263,767 |
| Changes of Assumptions | 685,424 | 1,491,082 |
| Total | <u>\$ 1,000,889</u> | <u>\$ 2,754,849</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> | <u>Amount</u> |
|----------------------------|-----------------------|
| 2023 | \$ (139,817) |
| 2024 | (139,817) |
| 2025 | (139,817) |
| 2026 | (139,817) |
| 2027 | (139,817) |
| Thereafter | <u>(1,054,875)</u> |
| Total | <u>\$ (1,753,960)</u> |

REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)

Other Postemployment Benefit - Connecticut State Teachers Retirement Plan

A. 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 postemployment 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.

B. 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 and 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.

REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)

**Other Postemployment Benefit - Connecticut State Teachers Retirement Plan
(Continued)**

B. Benefit Provisions (Continued)

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.

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.

**REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)

**Other Postemployment Benefit - Connecticut State Teachers Retirement Plan
(Continued)**

B. Benefit Provisions (Continued)

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.

C. 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, 2022, the amount of "on-behalf" contributions made by the state was \$111,712 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

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.

**REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)

**Other Postemployment Benefit - Connecticut State Teachers Retirement Plan
(Continued)**

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

At June 30, 2022, 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 | | 6,176,737 |
| Total | \$ | 6,176,737 |

The net OPEB liability was measured as of June 30, 2021, 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, 2022, the District has no proportionate share of the net OPEB liability.

For the year ended June 30, 2022, the District recognized OPEB expense and revenue of (\$228,087) in Exhibit II.

E. 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 | 2.17%, Net of OPEB Plan Investment Expense, Including Inflation |
| Year Fund Net Position will be Depleted | 2023 |

REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)

Other Postemployment Benefit - Connecticut State Teachers Retirement Plan
(Continued)

E. Actuarial Assumptions (Continued)

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.

The changes in the assumptions since the prior year are as follows:

- Discount rate changed from 2.21% to 2.17%
- Expected annual per capita claims costs were updated to better reflect anticipated Medicare and prescription drug claim experience based on scheduled premium increases through calendar year 2024.

The changes in the benefit terms since the prior year are as follows:

- There were no changes to benefit terms in the two years preceding the measurement date.

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%).

F. Discount Rate

The discount rate used to measure the total OPEB liability was 2.17%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2020.

**REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)

**Other Postemployment Benefit - Connecticut State Teachers Retirement Plan
(Continued)**

F. Discount Rate (Continued)

In addition to the actuarial methods and assumptions of the June 30, 2020, actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- 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 were assumed to be made at the current member contribution rate. Employee 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 toward the fund.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2023 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

G. 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.

H. OPEB Plan Fiduciary Net Position

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.

I. 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.

REGIONAL SCHOOL DISTRICT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 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.

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).

REQUIRED SUPPLEMENTARY INFORMATION

**REGIONAL SCHOOL DISTRICT NO.13
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL – BUDGETARY BASIS
YEAR ENDED JUNE 30, 2022**

| | Budgeted Amounts | | Actual | Variance Positive (Negative) |
|--|------------------|---------------|---------------|------------------------------------|
| | Original | Final | | |
| Assessments from District Member Towns | \$ 35,470,647 | \$ 35,470,647 | \$ 35,470,647 | \$ - |
| Local Sources: | | | | |
| Interest Income | 9,800 | 9,800 | 2,519 | (7,281) |
| Intergovernmental: | | | | |
| Miscellaneous State Grants | 383,547 | 383,547 | 341,052 | (42,495) |
| Adult Education | 9,900 | 9,900 | 10,180 | 280 |
| Total Intergovernmental | 393,447 | 393,447 | 351,232 | (42,215) |
| Charges for Services: | | | | |
| Buildings/Grounds Rentals | 25,000 | 25,000 | 25,568 | 568 |
| Tuition | - | - | 27,595 | 27,595 |
| Total Charges for Services | 25,000 | 25,000 | 53,163 | 28,163 |
| Other Revenue: | | | | |
| Miscellaneous | 89,800 | 89,800 | 164,747 | 74,947 |
| Total Revenues | 35,988,694 | 35,988,694 | 36,042,308 | 53,614 |
| Other Financing Sources: | | | | |
| Transfer In | 250,000 | 250,000 | 155,262 | (94,738) |
| Appropriation of Fund Balance | 784,282 | 784,282 | - | (784,282) |
| Total Other Financing Sources | 1,034,282 | 1,034,282 | 155,262 | (879,020) |
| Total Revenues and Other Financing Sources | \$ 37,022,976 | \$ 37,022,976 | 36,197,570 | \$ (825,406) |

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. | 4,747,236 |
| State of Connecticut OPEB on-behalf payments related to the Connecticut State Teachers' Retirement System for District teachers are not budgeted. | 111,712 |
| Issuance of note payable | 330,562 |

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV

\$ 41,387,080

REGIONAL SCHOOL DISTRICT NO.13
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL BUDGETARY BASIS
YEAR ENDED JUNE 30, 2022

| | Budgeted Amounts | | Actual | Variance |
|--|-------------------|-------------------|-------------------|------------------------|
| | Original | Final | | Positive (Negative) |
| Salaries: | | | | |
| Certified Personnel | \$ 17,046,529 | \$ 17,046,529 | \$ 17,317,528 | \$ (270,999) |
| Support Personnel | 4,896,198 | 4,896,198 | 4,894,650 | 1,548 |
| Total Salaries | <u>21,942,727</u> | <u>21,942,727</u> | <u>22,212,178</u> | <u>(269,451)</u> |
| Employee Benefits: | | | | |
| Employee Benefits | 6,077,227 | 6,077,227 | 5,818,563 | 258,664 |
| Purchased Services: | | | | |
| Education | 500,677 | 500,677 | 316,287 | 184,390 |
| Conferences | 67,427 | 67,427 | 32,716 | 34,711 |
| Professional | 441,487 | 441,487 | 457,351 | (15,864) |
| Technical | 402,205 | 402,205 | 426,766 | (24,561) |
| Total Purchased Services | <u>1,411,796</u> | <u>1,411,796</u> | <u>1,233,120</u> | <u>178,676</u> |
| Property Services: | | | | |
| Disposal Services | 25,960 | 25,960 | 27,834 | (1,874) |
| Snow Removal | 65,898 | 65,898 | 40,628 | 25,270 |
| Lawn Service | 125,226 | 125,226 | 138,521 | (13,295) |
| Repairs and Maintenance | 279,165 | 279,165 | 316,567 | (37,402) |
| Rentals and Leases | 633,701 | 633,701 | 650,838 | (17,137) |
| Total Property Services | <u>1,129,950</u> | <u>1,129,950</u> | <u>1,174,388</u> | <u>(44,438)</u> |
| Operational Services: | | | | |
| Pupil Transportation | 1,786,791 | 1,786,791 | 1,673,602 | 113,189 |
| Field Trips/Athletics | 263,036 | 263,036 | 234,423 | 28,613 |
| Liability Insurance | 144,296 | 144,296 | 170,167 | (25,871) |
| Dues and Fees | 62,037 | 62,037 | 53,956 | 8,081 |
| Communication | 94,316 | 94,316 | 87,273 | 7,043 |
| Advertising | 1,500 | 1,500 | 2,960 | (1,460) |
| Printing | 57,500 | 57,500 | 52,682 | 4,818 |
| Tuition | 1,064,529 | 1,064,529 | 973,566 | 90,963 |
| Travel | 17,270 | 17,270 | 8,146 | 9,124 |
| Total Operational Services | <u>3,491,275</u> | <u>3,491,275</u> | <u>3,256,775</u> | <u>234,500</u> |
| Supplies: | | | | |
| Supplies | 572,144 | 572,144 | 508,573 | 63,571 |
| Books/Resource Materials | 119,922 | 119,922 | 109,701 | 10,221 |
| Natural Gas | 67,001 | 67,001 | 93,791 | (26,790) |
| Electricity | 458,508 | 458,508 | 479,288 | (20,780) |
| Bottled Gas | 4,200 | 4,200 | 5,769 | (1,569) |
| Heating Oil | 82,201 | 82,201 | 87,057 | (4,856) |
| Gasoline and Oil Vehicles | 6,200 | 6,200 | 5,327 | 873 |
| Total Supplies | <u>1,310,176</u> | <u>1,310,176</u> | <u>1,289,506</u> | <u>20,670</u> |
| Capital Improvements/Equipment: | | | | |
| Transfer to Capital Reserve Fund | 360,000 | 360,000 | 391,880 | (31,880) |
| Equipment | 480,018 | 480,018 | 461,251 | 18,767 |
| Total Capital Improvements/Equipment | <u>840,018</u> | <u>840,018</u> | <u>853,131</u> | <u>(13,113)</u> |

**REGIONAL SCHOOL DISTRICT NO.13
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL BUDGETARY BASIS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

| | Budgeted Amounts | | Actual | Variance Positive (Negative) |
|---|------------------|---------------|---------------|------------------------------------|
| | Original | Final | | |
| Debt Service: | | | | |
| Principal | \$ 685,000 | \$ 685,000 | \$ 685,000 | \$ - |
| Interest | 134,807 | 134,807 | 96,057 | 38,750 |
| Total Debt Service | 819,807 | 819,807 | 781,057 | 38,750 |
| Total Expenditures | \$ 37,022,976 | \$ 37,022,976 | 36,618,718 | \$ 404,258 |
| Other Finance Uses: | | | | |
| Transfer to School Cafeteria Fund | \$ - | \$ - | 177,404 | \$ (177,404) |
| Total Expenditures and Other Financing Uses | \$ 37,022,976 | \$ 37,022,976 | 36,796,122 | \$ 226,854 |
| 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. | | | 4,747,236 | |
| State of Connecticut OPEB on-behalf payments related to the Connecticut State Teachers' Retirement System for District teachers are not budgeted. | | | 111,712 | |
| 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. | | | (286,747) | |
| 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. | | | 566,081 | |
| Capital Outlay Related to Leases | | | 200,562 | |
| Capital Outlay Related to Notes Payable | | | 130,000 | |
| Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV | | | \$ 42,264,966 | |

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

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total Pension Liability: | | | | | | | | | |
| Service Cost | \$ 375,502 | \$ 362,804 | \$ 341,419 | \$ 329,873 | \$ 371,087 | \$ 362,003 | \$ 367,442 | \$ 351,588 | \$ 336,448 |
| Interest | 768,892 | 740,943 | 718,714 | 680,726 | 735,283 | 672,025 | 623,204 | 574,926 | 531,037 |
| Differences Between Expected and Actual Experience | 324,799 | - | (9,281) | - | (604,656) | - | (104,288) | - | - |
| Changes of Assumptions | 123,305 | - | 198,394 | - | (92,315) | - | 356,383 | - | - |
| Benefit Payments, including Refunds of Member Contributions | (814,578) | (593,767) | (529,070) | (431,502) | (462,049) | (430,351) | (253,084) | (342,618) | (253,857) |
| Net Change in Total Pension Liability | 777,920 | 509,980 | 720,176 | 579,097 | (52,650) | 603,677 | 989,657 | 583,896 | 613,628 |
| Total Pension Liability - Beginning | 11,416,138 | 10,906,158 | 10,185,982 | 9,606,885 | 9,659,535 | 9,055,858 | 8,066,201 | 7,482,305 | 6,868,677 |
| Total Pension Liability - Ending | 12,194,058 | 11,416,138 | 10,906,158 | 10,185,982 | 9,606,885 | 9,659,535 | 9,055,858 | 8,066,201 | 7,482,305 |
| Plan Fiduciary Net Position: | | | | | | | | | |
| Contributions - Employer | 314,916 | 307,673 | 253,071 | 246,932 | 335,575 | 326,520 | 330,684 | 322,555 | 320,180 |
| Contributions - Member | 172,171 | 184,053 | 184,269 | 168,036 | 158,650 | 160,535 | 179,303 | 165,524 | 163,275 |
| Net Investment Income | (967,569) | 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 | (814,578) | (593,767) | (529,070) | (431,502) | (462,049) | (430,351) | (253,084) | (342,618) | (253,857) |
| Net Change in Plan Fiduciary Net Position | (1,295,060) | 2,395,402 | 196,582 | 762,503 | 353,190 | 643,700 | 479,990 | 308,090 | 1,229,598 |
| Plan Fiduciary Net Position - Beginning | 11,869,510 | 9,474,108 | 9,277,526 | 8,515,023 | 8,161,833 | 7,518,133 | 7,038,143 | 6,730,053 | 5,500,455 |
| Plan Fiduciary Net Position - Ending | 10,574,450 | 11,869,510 | 9,474,108 | 9,277,526 | 8,515,023 | 8,161,833 | 7,518,133 | 7,038,143 | 6,730,053 |
| Net Pension Liability (Asset) - Ending | \$ 1,619,608 | \$ (453,372) | \$ 1,432,050 | \$ 908,456 | \$ 1,091,862 | \$ 1,497,702 | \$ 1,537,725 | \$ 1,028,058 | \$ 752,252 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 86.72% | 103.97% | 86.87% | 91.08% | 88.63% | 84.50% | 83.02% | 87.25% | 89.95% |
| Covered Payroll | \$ 3,491,394 | \$ 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 | 46.39% | -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**

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Actuarially Determined Contribution | \$ 314,916 | \$ 307,673 | \$ 253,071 | \$ 246,932 | \$ 335,575 | \$ 326,520 | \$ 330,684 | \$ 322,555 | \$ 320,180 | \$ 289,746 |
| Contributions in Relation to the Actuarially Determined Contribution | <u>314,916</u> | <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> |
| 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 | \$ 3,491,394 | \$ 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 |
| Contributions as a Percentage of Covered Payroll | 9.02% | 8.72% | 7.43% | 7.58% | 10.66% | 9.72% | 10.28% | 9.43% | 9.78% | 9.09% |

Notes to Schedule

Valuation Date: July 1, 2021
 Measurement Date: June 30, 2022

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 | 2.4% |
| Salary Increases | 3.3% |
| Investment Rate of Return | 6.75% |

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

| | <u>2022</u> | <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 | -8.24% | 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 EIGHT FISCAL YEARS**

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| District's Proportion of the Net Pension Liability | 0.00% | 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>56,694,275</u> | <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>\$ 56,694,275</u> | <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 | \$ 17,160,060 | \$ 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% | 0.00% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 60.77 | 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 | None |
| 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 FIVE FISCAL YEARS***

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Total OPEB liability: | | | | | |
| Service Cost | \$ 84,828 | \$ 127,805 | \$ 95,735 | \$ 173,987 | \$ 172,599 |
| Interest | 96,786 | 128,758 | 167,477 | 203,898 | 187,833 |
| Differences Between Expected and Actual Experience | 22,609 | (1,469,726) | (1,426) | 441,957 | 15,766 |
| Changes of Assumptions and Other Inputs | (717,464) | 36,572 | 893,270 | (1,081,623) | (196,608) |
| Benefit Payments | (130,298) | (121,226) | (143,033) | (170,973) | (147,436) |
| Net Change in Total OPEB Liability | <u>(643,539)</u> | <u>(1,297,817)</u> | <u>1,012,023</u> | <u>(432,754)</u> | <u>32,154</u> |
| Total OPEB Liability - Beginning | <u>4,460,819</u> | <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><u>\$ 3,817,280</u></u> | <u><u>\$ 4,460,819</u></u> | <u><u>\$ 5,758,636</u></u> | <u><u>\$ 4,746,613</u></u> | <u><u>\$ 5,179,367</u></u> |
| Covered Employee Payroll | \$ 21,846,670 | \$ 21,334,639 | \$ 19,472,465 | \$ 18,979,011 | \$ 21,299,064 |
| Total OPEB Liability as a Percentage of Covered Employee Payroll | 17.47% | 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 FIVE FISCAL YEARS***

| | <u>2022</u> | <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% | 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>6,176,737</u> | <u>10,676,594</u> | <u>9,993,677</u> | <u>9,877,274</u> | <u>13,226,256</u> |
| Total | <u>\$ 6,176,737</u> | <u>\$ 10,676,594</u> | <u>\$ 9,993,677</u> | <u>\$ 9,877,274</u> | <u>\$ 13,226,256</u> |
| District's Covered Payroll | \$ 17,160,060 | \$ 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% | 0.00% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 6.11% | 2.50% | 2.08% | 1.49% | 1.79% |

Notes to Schedule

Changes in Benefit Terms
Changes of Assumptions

None

Based on the procedure described in GASB 75, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2021 was updated to equal the Municipal Bond Index Rate as Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience based on scheduled premium increases through calendar year 2024

Actuarial Cost Method
Amortization Method
Remaining Amortization Period
Asset Valuation Method
Investment Rate of Return
Price Inflation

Entry age
Level percent of payroll over an open period
30 years
Market value of assets
3.00%, net of investment related expense including 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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SUPPLEMENTAL SCHEDULES

**REGIONAL SCHOOL DISTRICT NO.13
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022**

| | Special Revenue Funds | | Permanent Fund | Total Nonmajor Governmenta Funds |
|--------------------------------------|------------------------------------|-----------------------------|------------------------------------|---|
| | Middlesex Transition Academy | Student Activity Fund | Haake Science and History | |
| ASSETS | | | | |
| Cash and Cash Equivalents | <u>\$ 68,036</u> | <u>\$ 233,565</u> | <u>\$ -</u> | <u>\$ 301,601</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable and Accrued Items | \$ 924 | \$ 2,159 | \$ - | \$ 3,083 |
| FUND BALANCES | | | | |
| Restricted | - | 231,406 | - | 231,406 |
| Committed | 63,753 | - | - | 63,753 |
| Assigned | 3,359 | - | - | 3,359 |
| Total Fund Balances | <u>67,112</u> | <u>231,406</u> | <u>-</u> | <u>298,518</u> |
| Total Liabilities and Fund Balances | <u>\$ 68,036</u> | <u>\$ 233,565</u> | <u>\$ -</u> | <u>\$ 301,601</u> |

**REGIONAL SCHOOL DISTRICT NO.13
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
YEAR ENDED JUNE 30, 2022**

| | Special Revenue Funds | | Permanent Fund | Total Nonmajor Governmental Funds |
|--|------------------------------------|-----------------------------|------------------------------------|--|
| | Middlesex Transition Academy | Student Activity Fund | Haake Science and History | |
| REVENUES | | | | |
| Charges for Services | \$ 740,062 | \$ - | \$ - | \$ 740,062 |
| Other | - | 328,001 | - | 328,001 |
| Investment Income (Loss) | - | - | (27) | (27) |
| Total Revenues | <u>740,062</u> | <u>328,001</u> | <u>(27)</u> | <u>1,068,036</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Salaries | 456,660 | - | - | 456,660 |
| Employee Benefits | 15,442 | - | - | 15,442 |
| Purchased Services | 25,946 | - | - | 25,946 |
| Operational Services | 104,477 | - | - | 104,477 |
| Supplies | 5,834 | - | 592 | 6,426 |
| Education | - | 332,896 | - | 332,896 |
| Total Expenditures | <u>608,359</u> | <u>332,896</u> | <u>592</u> | <u>941,847</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 131,703 | (4,895) | (619) | 126,189 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | <u>(125,000)</u> | <u>-</u> | <u>-</u> | <u>(125,000)</u> |
| NET CHANGE IN FUND BALANCES | 6,703 | (4,895) | (619) | 1,189 |
| Fund Balances - Beginning of Year | <u>60,409</u> | <u>236,301</u> | <u>619</u> | <u>297,329</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 67,112</u> | <u>\$ 231,406</u> | <u>\$ -</u> | <u>\$ 298,518</u> |

**REGIONAL SCHOOL DISTRICT NO.13
SCHEDULE OF DEBT LIMITATION
THE DISTRICT
YEAR ENDED JUNE 30, 2022**

| | Town of | | Total |
|--|----------------------|----------------------|-----------------------|
| | Durham | Middlefield | |
| Total Tax Collections (Including Interest and Lien Fees) For the Year Ended June 30, 2021 | \$ 25,518,459 | \$ 14,300,939 | \$ 39,819,398 |
| Property Tax Relief Elderly | - | - | - |
| Base | <u>\$ 25,518,459</u> | <u>\$ 14,300,939</u> | <u>\$ 39,819,398</u> |
| Debt Limitation: | | | |
| Limit for School Building Purposes (4.5 Times Base) | | | \$ 179,187,291 |
| Indebtedness: | | | |
| Bonds Outstanding | | | 8,240,000 |
| Overlapping Debt | | | <u>1,284,000</u> |
| Net Indebtedness | | | <u>9,524,000</u> |
| Debt Limitation in Excess of Net Indebtedness | | | <u>\$ 169,663,291</u> |

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