

**REGIONAL SCHOOL DISTRICT NO. 1**  
**Audited Financial Statements**  
**June 30, 2013**  
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# King, King & Associates, CPAs

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Education  
Regional School District No. 1  
Falls Village, Connecticut

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. 1, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Regional School District No. 1, as of June 30, 2013, and the respective changes in financial position and the respective budgetary comparison for the General Fund, Pupil Services Fund, and Regional Services Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

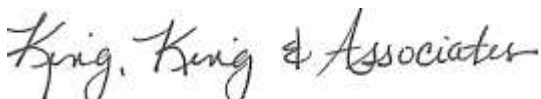
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional School District No. 1's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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



King, King & Associates, CPAs  
Winsted, Connecticut  
December 16, 2013

# REGIONAL SCHOOL DISTRICT NO. 1

## Management's Discussion and Analysis

June 30, 2013

As management of the Regional School District No. 1, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2013.

The District serves the towns of Falls Village, Cornwall, Kent, North Canaan, Salisbury, and Sharon and operates a regional high school located in Falls Village, CT, regional special education, and central office services. The student population at Housatonic Valley Regional High School is 413 students while there are 1,262 PK-8 students in the member town K-8 schools.

The District accepts tuition students from surrounding towns and out of state students into its Ag-Ed program. During the year, there were three students who attended the high school and they are included in the count of students.

### Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$10,099,947 (*net position*). Of this amount, \$2,728,488 (*unrestricted net position*) may be used to meet the District's ongoing obligations to citizens and creditors. The remainder of net position, \$7,371,459 is invested in capital assets.
- The District's total net position increased by \$887,725. This increase is attributable primarily to an increase in cash in the building fund from the Roof and ADA projects.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$2,728,488, an increase of \$2,037,977 in comparison with the prior year. Of this amount, \$94,713 is available for spending at the government's discretion (*unassigned fund balance*), \$410,829 has been assigned to member towns, and \$24,906 has been assigned to the cafeteria fund.
- At the end of the current fiscal year, the fund balance for the general fund was \$324,061, of which \$80,499 has been assigned to member towns and \$146,000 has been committed to building security leaving an unassigned fund balance for the general fund of \$97,562 or 1% percent of total general fund expenditures.
- Long-term obligations as of June 30, 2013 are \$5,903,529, which compares to the June 30, 2012 debt obligations of \$3,826,783; an increase of \$2,076,746. The increase in debt was a result of the district issuing a Bond Anticipation Note (BAN) of \$2,550,000 in the previous year. The district will issue a long-term general obligation bond in early 2014, paying off the BAN.

### Overview of the Financial Statements

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

**District-wide financial statements.** The *district-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net

## REGIONAL SCHOOL DISTRICT NO. 1

Management's Discussion and Analysis

June 30, 2013

position may serve as a useful indicator whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position has 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 future cash inflows (revenues) and outflows (expenditures).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by grants and member towns assessments (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activity of the District is education.

The government-wide financial statements can be found on pages 10-11 of this report.

**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 District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental 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 in evaluating a government'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 government'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 District maintains seven (7) 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 District reports the Pupil Services, Regional Services, Federal and State Grants, and Building Funds as major funds.

The basic governmental fund financial statements can be found on pages 12-15 of this report.

The District adopts annual appropriated budgets for its General Fund, Pupil Services Fund, and Regional Services Fund. Budgetary comparison statements have been provided for these funds on pages 16-18 to demonstrate compliance with the budgets.

**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 District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

# REGIONAL SCHOOL DISTRICT NO. 1

## Management's Discussion and Analysis

June 30, 2013

The basic fiduciary fund financial statements can be found on pages 19-20 of this report.

**Notes to the 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. The notes to the financial statements can be found on pages 21-33 of this report.

### District-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 District, assets exceeded liabilities by \$10,099,947 at the close of the most recent fiscal year.

	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 3,118,195	\$ 910,268
Capital Assets	<u>13,274,988</u>	<u>12,348,494</u>
Total Assets	<u>16,393,183</u>	<u>13,258,762</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Other liabilities	389,707	716,136
Long-term liabilities outstanding	<u>5,903,529</u>	<u>3,330,404</u>
Total Liabilities	<u>6,293,236</u>	<u>4,046,540</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>
Net Position:		
Net Investment in Capital Assets	7,371,459	8,657,711
Unrestricted	<u>2,728,488</u>	<u>554,511</u>
Total Net Position	<u>\$ 10,099,947</u>	<u>\$ 9,212,222</u>

The balance of *unrestricted net position* (\$2,728,488) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the District is able to report positive balances in all categories of net position, for the government as a whole.



# REGIONAL SCHOOL DISTRICT NO. 1

Management's Discussion and Analysis

June 30, 2013

	<u>2013</u>	<u>2012</u>
<b>Revenues</b>		
General Revenues:		
Unrestricted Investment Income	\$ 8,309	\$ 11,337
Other income	57,039	47,022
Program Revenues:		
Charges for Services	14,747,938	14,649,301
Operating Grants and Contributions	3,446,119	3,529,451
Capital Grants and Contributions	<u>629,713</u>	<u>359,703</u>
Total Revenues	<u>18,889,118</u>	<u>18,596,814</u>
<b>Expenses</b>		
Governmental Activities:		
Education	11,057,233	11,278,822
Regional Services	937,832	911,507
Pupil Services	5,593,833	5,606,358
Cafeteria	227,144	237,079
Interest on Long-Term Debt	<u>185,351</u>	<u>183,842</u>
Total Expenses	<u>18,001,393</u>	<u>18,217,608</u>
Change in Net Position	887,725	379,206
Beginning Net Position	<u>9,212,222</u>	<u>8,833,016</u>
<b>Ending Net Position</b>	<b><u>\$ 10,099,947</u></b>	<b><u>\$ 9,212,222</u></b>

**Governmental activities.** Governmental activities increased the District's net position by \$887,725.

Seventy-eight percent (78%) of the revenues of the District were derived from charges for services, eighteen percent (18%) from operating grants and contributions, and four percent (4%) from other sources.

The District's total revenues were \$18,889,118, or \$292,304 more than the district's revenue for the year ending June 30, 2012. This increase is attributable to an increase in capital grants funded from the State of Connecticut for the roof project.

#### Major revenue factors included:

- Interest rates continue to decline causing a reduction in investment income which is used to offset expenses. State and Federal Grants are consistent with prior years, mainly the Ag-Ed operating grant and the special education excess cost placement grant which is based on high cost out of district students.

#### Major expense factors include:

- Salaries were less than budgeted due to replacement teachers being hired at lower salaries. Related savings was achieved with replacement teachers with health insurance coverage, which was less than budgeted. Fuel oil and electricity cost was lower than anticipated due to consortium pricing.
- Cost overruns in legal costs were offset by salaries and benefit savings as noted above.

# REGIONAL SCHOOL DISTRICT NO. 1

Management's Discussion and Analysis

June 30, 2013

## Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$2,728,488, an increase of \$2,037,977 in comparison with the prior year. Four percent (4%) of this total amount constitutes *unassigned fund balance*, which is available for spending at the government's discretion.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$97,562. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 1.0 percent of total general fund expenditures.

The District's General Fund increased by \$192,209 during the current fiscal year.

## Budgetary Highlights

The General Fund budget was under-expended by \$35,139. This was due to savings in hiring replacement teachers and energy savings. The District used \$146,000 from the 2012-2013 high school unexpended fund balance to enhance building security issues at Housatonic.

The Pupil Services budget was under-expended by \$102,848. This was due to savings in outplacement services including tuition and transportation.

The Regional School Services Center budget ended the year over expended by \$18,367 due to legal cost associated with an employee settlement.

## Capital Asset and Debt Administration

**Capital assets.** The District's investment in capital assets for its governmental activities as of June 30, 2013, amounts to \$13,274,988 (net of accumulated depreciation). This investment in capital assets includes land and buildings, vehicles, machinery and equipment.

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

- Increased security of high school with door access control.

(Net of Depreciation)

	<u>2013</u>	<u>2012</u>
Buildings & Improvements	\$ 12,139,265	\$ 11,072,913
Vehicles & Equipment	1,135,723	1,275,581
Total	<u>\$ 13,274,988</u>	<u>\$ 12,348,494</u>

# REGIONAL SCHOOL DISTRICT NO. 1

## Management's Discussion and Analysis

June 30, 2013

Additional information on the District's capital assets can be found in Note 3 on page 28 of this report.

**Long-term debt.** The District has the following obligations.

	<u>2013</u>	<u>2012</u>
Bonds	\$ 3,341,411	\$ 3,180,000
BANS	2,562,118	-
Early retirement Incentive	-	136,000
Loans	-	510,783
Total	<u>\$ 5,903,529</u>	<u>\$ 3,826,783</u>

The District's total debt was increased by \$2,076,746 during the current fiscal year, due to the issuance of a \$2,550,000 BAN.

Additional information on the District's long-term debt can be found in Note 3 on pages 29-31 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

- The district continues to utilize IDEA and Preschool grants to offset special education costs in the 2012-2013 year. The district continues to seek ways to reduce special education costs while providing mandated services. The district is continuing to build capacity through training of staff to service special education in district instead of through high cost out of district placements.
- The district continues to monitor health insurance premiums carefully. The District switched carriers during the 2010-2011 year from Anthem to Aetna. The District continues to seek savings for health, dental and life insurance premiums.
- Collective Bargaining Agreements are in place for certified and non-certified staff through 6/30/2015. Multi-year agreements for the 3 administrators in Region One (Supt., Asst. Supt., Business Mgr. are in place), the other four administrators formed a collective bargaining in the fall of 2012.
- Enrollment has been declining district wide. The high school anticipates that enrollment will be flat for the next few years at the current level of 413 resident students before dropping below 400 students.
- The district began the ADA code violations at the high school. This is expected to be completed over the next summer.

These factors were considered in preparing the District's budget for the 2014 fiscal year.

# **REGIONAL SCHOOL DISTRICT NO. 1**

Management's Discussion and Analysis

June 30, 2013

## **Request for Information**

This financial report is designed to provide a general overview of the District'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 the Board of Education, Regional School District No. 1, 246 Warren Turnpike, Falls Village, CT 06031.

# REGIONAL SCHOOL DISTRICT NO. 1

## Statement of Net Position

June 30, 2013

### Governmental Activities

#### **Assets**

##### Current Assets:

Cash and Cash Equivalents	\$ 2,933,785
Investments	24,773
State and Federal Grants Receivable	126,896
Other Receivables	30,314
Inventories	<u>2,427</u>
Total Current Assets	<u>3,118,195</u>

##### Noncurrent Assets:

Capital Assets, net of Depreciation	<u>13,274,988</u>
-------------------------------------	-------------------

#### **Total Assets**

16,393,183

#### **Deferred Outflows of Resources**

-

#### **Liabilities**

##### Current Liabilities:

Accounts Payable	310,680
Deferred Revenue	8,451
Accrued Expenses	70,576
Current Portion of Long-Term Obligations	<u>2,985,000</u>
Total Current Liabilities	<u>3,374,707</u>

##### Noncurrent Liabilities:

Noncurrent Portion of Long-Term Obligations	<u>2,918,529</u>
---	------------------

#### **Total Liabilities**

6,293,236

#### **Deferred Inflows of Resources**

-

#### **Net Position**

Net Investment in Capital Assets	7,371,459
Unrestricted	<u>2,728,488</u>

#### **Total Net Position**

\$ 10,099,947

The notes to the financial statements are an integral part of this statement

**REGIONAL SCHOOL DISTRICT NO. 1**

Statement of Activities

For the Year Ended June 30, 2013

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (expense) revenue</u>
		<u>Charges</u>	<u>Operating Grants</u>	<u>Capital Grants</u>	<u>and changes in net position</u>
<b>Functions/programs</b>		<u>for Services</u>	<u>and Contributions</u>	<u>and Contributions</u>	<u>Governmental Activities</u>
Primary government:					
Governmental Activities					
Education	\$ 11,057,233	\$ 9,878,263	\$ 3,194,734	629,713	\$ 2,645,477
Regional Services	937,832	687,203	-	-	(250,629)
Pupil Services	5,593,833	4,015,300	223,649	-	(1,354,884)
Cafeteria	227,144	167,172	27,736	-	(32,236)
Interest on Long-Term Debt	185,351	-	-	-	(185,351)
Total Primary Government	<u>\$ 18,001,393</u>	<u>\$ 14,747,938</u>	<u>\$ 3,446,119</u>	<u>\$ 629,713</u>	<u>\$ 822,377</u>
		General Revenues:			
					8,309
					57,039
					<u>65,348</u>
					887,725
					<u>9,212,222</u>
					<u>\$ 10,099,947</u>

The notes to the financial statements are an integral part of this statement

**REGIONAL SCHOOL DISTRICT NO. 1**

Balance Sheet  
Governmental Funds  
June 30, 2013

	(High School) <u>General</u>	Pupil <u>Services</u>	Regional <u>Services</u>	Federal and State Grants <u>Fund</u>	Building <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Totals</u>
<b>Assets</b>							
Cash and Cash Equivalents	\$ 866,313	\$ -	\$ -	\$ 63,924	\$1,836,533	\$ 167,015	\$ 2,933,785
Investments	-	-	-	-	-	24,773	24,773
State and Federal Grants Receivable	122,315	-	-	-	-	4,581	126,896
Other Receivables	30,314	-	-	-	-	-	30,314
Due from Other Funds	-	416,181	9,940	-	-	-	426,121
Inventories	-	-	-	-	-	2,427	2,427
<b>Total Assets</b>	<b><u>\$1,018,942</u></b>	<b><u>\$416,181</u></b>	<b><u>\$ 9,940</u></b>	<b><u>\$ 63,924</u></b>	<b><u>\$1,836,533</u></b>	<b><u>\$ 198,796</u></b>	<b><u>\$ 3,544,316</u></b>
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Accounts Payable	\$ 198,184	\$ 64,391	\$ 12,789	\$ 35,316	\$ -	\$ -	\$ 310,680
Due to Other Funds	426,121	-	-	-	-	-	426,121
Deferred Revenue	-	-	-	8,451	-	-	8,451
Accrued Expenses	<u>70,576</u>	-	-	-	-	-	<u>70,576</u>
<b>Total Liabilities</b>	<b><u>694,881</u></b>	<b><u>64,391</u></b>	<b><u>12,789</u></b>	<b><u>43,767</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>815,828</u></b>
Fund Balances:							
Nonspendable: Inventories	-	-	-	-	-	2,427	2,427
Restricted for Pupil Services	-	21,460	-	-	-	-	21,460
Restricted for Fed & State Grants	-	-	-	20,157	-	-	20,157
Restricted for Building Fund	-	-	-	-	1,836,533	-	1,836,533
Committed to Capital Outlay	-	-	-	-	-	171,463	171,463
Committed to Building Security	146,000	-	-	-	-	-	146,000
Assigned to Member Towns	80,499	330,330	-	-	-	-	410,829
Assigned to Cafeteria Fund	-	-	-	-	-	24,906	24,906
Unassigned	<u>97,562</u>	-	<u>(2,849)</u>	-	-	-	<u>94,713</u>
<b>Total Fund Balances</b>	<b><u>324,061</u></b>	<b><u>351,790</u></b>	<b><u>(2,849)</u></b>	<b><u>20,157</u></b>	<b><u>1,836,533</u></b>	<b><u>198,796</u></b>	<b><u>2,728,488</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$1,018,942</u></b>	<b><u>\$416,181</u></b>	<b><u>\$ 9,940</u></b>	<b><u>\$ 63,924</u></b>	<b><u>\$1,836,533</u></b>	<b><u>\$ 198,796</u></b>	<b><u>\$ 3,544,316</u></b>

The notes to the financial statements are an integral part of this statement

# REGIONAL SCHOOL DISTRICT NO. 1

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
June 30, 2013

**Fund Balances Reported in Governmental Funds Balance Sheet** \$ 2,728,488

**Amounts reported for governmental activities in the government-wide  
Statement of Net Position are different because:**

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

<i>Capital Assets</i>	22,808,417
<i>Depreciation</i>	(9,533,429)

During the year the District refunded some of its existing debt. The amount borrowed is received in the governmental funds and increases fund balance. The amount that was sent to the paying agent (\$3,425,000) to be escrowed for payment of the old debt (\$3,330,404) as it comes due is paid out of governmental funds and reduces fund balance. The difference between those amounts (\$94,596) will be amortized as an adjustment of interest expense in the statement of activities over the remaining life of the refunded debt. Unamortized bonding costs of refunding debt (\$22,350) will be included in the deferred amount on refunding. In addition, the District received a premium of \$45,475. The premium will be amortized as an adjustment of interest expense in the statement of activities over the remaining life of the new debt.

<i>Deferred Amount on Refunding</i>	116,946
<i>Unamortized Premiums</i>	(45,475)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements.

<i>Bond Anticipation Notes</i>	(2,550,000)
<i>General Obligation Bonds</i>	<u>(3,425,000)</u>

**Net Position of Governmental Activities** \$10,099,947



**REGIONAL SCHOOL DISTRICT NO. 1**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2013

	(High School) General	Pupil Services	Regional Services	Federal and State Grants Fund	Building Fund	Other Governmental Funds	Total
<b>Revenues</b>							
Assessments to Towns	\$ 9,848,262	\$ 3,970,493	\$ 687,203	\$ -	\$ -	\$ -	\$ 14,505,958
State and Federal Grants	309,088	223,649	-	2,885,646	629,713	27,736	4,075,832
Investment Income	4,617	2,307	492	85	497	311	8,309
Tuition and Charges for Services	30,001	44,807	-	-	-	167,172	241,980
Other Revenue	46,460	-	-	-	-	10,579	57,039
Interfund Services Provided	-	1,425,219	246,991	-	-	-	1,672,210
Total Revenues	<u>10,238,428</u>	<u>5,666,475</u>	<u>934,686</u>	<u>2,885,731</u>	<u>630,210</u>	<u>205,798</u>	<u>20,561,328</u>
<b>Expenditures</b>							
Current:							
Salaries	4,714,096	3,309,725	666,918	1,024,703	-	79,680	9,795,122
Employee Benefits	1,303,481	1,046,406	161,417	1,582,166	-	42,185	4,135,655
Purchased Services	629,651	654,051	88,562	256,855	-	-	1,629,119
Tuition	-	518,279	-	25,985	-	-	544,264
Supplies and Materials	662,834	35,439	12,049	25,588	-	99,013	834,923
Other	74,998	-	6,379	-	-	-	81,377
Interfund Services Used	1,672,210	-	-	-	-	-	1,672,210
Capital Outlay	275,146	2,874	2,507	48,716	1,528,833	-	1,858,076
Debt Service							
Bond Issuance Costs	116,946	-	-	-	9,980	-	126,926
Principal and Interest	528,292	-	-	-	14,477	-	542,769
Total Expenditures	<u>9,977,654</u>	<u>5,566,774</u>	<u>937,832</u>	<u>2,964,013</u>	<u>1,553,290</u>	<u>220,878</u>	<u>21,220,441</u>
Excess/(Deficiency) of Revenues over Expenditures	260,774	99,701	(3,146)	(78,282)	(923,080)	(15,080)	(659,113)
<b>Other Financing Sources/(Uses)</b>							
Premiums on Debt Issued	33,357	-	-	-	19,137	-	52,494
BANS Issued	-	-	-	-	4,100,000	-	4,100,000
Repayment of BANS	-	-	-	-	(1,550,000)	-	(1,550,000)
Refunding Bonds Issued	3,425,000	-	-	-	-	-	3,425,000
Payment to Refunded							
Bond Escrow Agent	(3,330,404)	-	-	-	-	-	(3,330,404)
Transfers In	-	-	-	61,518	-	135,000	196,518
Transfers Out	(196,518)	-	-	-	-	-	(196,518)
Total Other Financing Sources/(Uses)	<u>(68,565)</u>	<u>-</u>	<u>-</u>	<u>61,518</u>	<u>2,569,137</u>	<u>135,000</u>	<u>2,697,090</u>
Net Change in Fund Balances	192,209	99,701	(3,146)	(16,764)	1,646,057	119,920	2,037,977
<b>Fund Balances - Beginning</b>	<u>131,852</u>	<u>252,089</u>	<u>297</u>	<u>36,921</u>	<u>190,476</u>	<u>78,876</u>	<u>690,511</u>
<b>Fund Balances - Ending</b>	<u>\$ 324,061</u>	<u>\$ 351,790</u>	<u>\$ (2,849)</u>	<u>\$ 20,157</u>	<u>\$ 1,836,533</u>	<u>\$ 198,796</u>	<u>\$ 2,728,488</u>

The notes to the financial statements are an integral part of this statement

## REGIONAL SCHOOL DISTRICT NO. 1

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2013

**Net Change in Fund Balances - Governmental Funds** \$ 2,037,977

**Amounts reported for governmental activities in the Statement of Activities  
are different because:**

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 as depreciation expense.

Capital Expenditures	1,492,895
Loss on Disposition of Fixed Assets	(1,563)
Depreciation Expense	(564,838)

Bond and lease proceeds provide current financial resources to governmental  
funds, but issuing debt increases long-term liabilities in the Statement of Net  
Position. Repayment of debt principal is an expenditure in the governmental  
funds, but the repayment reduces long-term liabilities in the Statement of  
Net Position.

Debt Issued:

Refunding Bonds	(3,425,000)
Premium on the refunding debt	(33,357)
BANS	(2,550,000)
Premium on BANS	(12,118)

Repayments:

To Paying Agent:	
For Bond Principal	3,330,404
Additional Amount--Deferred Interest	116,946
Early Retirement Incentive	136,000
Principal payments on long-term debt	<u>360,379</u>

**Change in Net Position of Governmental Activities** \$ 887,725

The notes to the financial statements are an integral part of this statement

**REGIONAL SCHOOL DISTRICT NO. 1**

Budgetary Comparison Statement

General Fund

For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Differences
	Original	Final	Budgetary Basis	Over/(Under)
<b>Revenues</b>				
Assessments to Towns	\$ 9,960,934	\$ 9,960,934	\$ 9,848,262	\$ (112,672)
State and Federal Grants	286,949	286,949	302,488	15,539
Other Income	35,480	35,480	132,692	97,212
Total Revenues	10,283,363	10,283,363	10,283,442	79
<b>Expenditures</b>				
Current				
Salaries	4,815,973	4,815,973	4,714,096	101,877
Employee Benefits	1,350,593	1,350,593	1,286,831	63,762
Purchased Services	2,480,201	2,480,201	2,490,706	(10,505)
Supplies and Materials	742,842	742,842	678,020	64,822
Other	136,893	136,893	136,516	377
Capital Outlay	228,571	228,571	390,415	(161,844)
Debt Service				
Interest Expense	167,913	167,913	167,913	-
Redemption of Principal	360,379	360,379	383,729	(23,350)
Total Expenditures	10,283,365	10,283,365	10,248,226	35,139
<b>Excess/(Deficiency) of Revenues</b>				
<b>Over Expenditures Before Other</b>				
<b>Financing Sources/(Uses)</b>	(2)	(2)	35,216	35,218
<b>Other Financing Sources/(Uses)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources/(Uses)</b>	-	-	-	-
<b>Excess/(Deficiency) of Revenues</b>				
<b>Over Expenditures and Other</b>				
<b>Financing Sources/(Uses)</b>	\$ (2)	\$ (2)	35,216	\$ 35,218
Beginning Budgetary Fund Balance			45,283	
Ending Budgetary Fund Balance			\$ 80,499	

The notes to the financial statements are an integral part of this statement

**REGIONAL SCHOOL DISTRICT No. 1**

## Budgetary Comparison Statement

## Pupil Services

For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Differences
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Over/(Under)</u>
<b>Revenues</b>				
Member Assessments	\$ 5,494,716	\$ 5,494,716	\$ 5,395,712	\$ (99,004)
State and Federal Grants	145,728	145,728	223,649	77,921
Other Income	47,724	47,724	51,285	3,561
Total Revenues	<u>5,688,168</u>	<u>5,688,168</u>	<u>5,670,646</u>	<u>(17,522)</u>
<b>Expenditures</b>				
Current				
Salaries	3,308,909	3,308,909	3,309,725	(816)
Employee Benefits	1,056,841	1,056,841	1,046,406	10,435
Tuition	576,271	576,271	518,279	57,992
Purchased Services	707,547	707,547	662,382	45,165
Supplies and Materials	29,350	29,350	39,278	(9,928)
Capital Outlay	9,250	9,250	9,250	-
Total Expenditures	<u>5,688,168</u>	<u>5,688,168</u>	<u>5,585,320</u>	<u>102,848</u>
<b>Excess/(Deficiency) of Revenues Over Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,326</u>	<u>\$ 85,326</u>
Beginning Budgetary Fund Balance			245,004	
Ending Budgetary Fund Balance			<u>\$ 330,330</u>	

The notes to the financial statements are an integral part of this statement

**REGIONAL SCHOOL DISTRICT No. 1**

## Budgetary Comparison Statement

## Regional Services

For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		<b>Actual Amounts</b> <b><u>Budgetary Basis</u></b>	Differences <u>Over/(Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Member Assessments	\$ 932,628	\$ 932,628	\$ <b>934,194</b>	\$ 1,566
Other Income	<u>800</u>	<u>800</u>	<u><b>1,940</b></u>	<u>1,140</u>
Total Revenues	<u>933,428</u>	<u>933,428</u>	<u><b>936,134</b></u>	<u>2,706</u>
<b>Expenditures</b>				
Current				
Salaries	670,917	670,917	<b>688,918</b>	(18,001)
Employee Benefits	163,578	163,578	<b>161,417</b>	2,161
Purchased Services	98,215	98,215	<b>102,733</b>	(4,518)
Supplies and Materials	14,454	14,454	<b>11,841</b>	2,613
Capital Outlay	1,500	1,500	<b>2,507</b>	(1,007)
Other	<u>(15,235)</u>	<u>(15,235)</u>	<u><b>(15,620)</b></u>	<u>385</u>
Total Expenditures	<u>933,429</u>	<u>933,429</u>	<u><b>951,796</b></u>	<u>(18,367)</u>
<b>Excess/(Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<u><b>\$ (1)</b></u>	<u><b>\$ (1)</b></u>	<u><b>\$ (15,662)</b></u>	<u><b>\$ (15,661)</b></u>
Beginning Budgetary Fund Balance			<u>(1,568)</u>	
Ending Budgetary Fund Balance			<u><b>\$ (17,230)</b></u>	

The notes to the financial statements are an integral part of this statement

**REGIONAL SCHOOL DISTRICT NO. 1**

## Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2013

	Private-Purpose <u>Trust Funds</u>	Agency <u>Funds</u>	<u>Totals</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ -	\$ 220,087	\$ 220,087
Investments	<u>1,290,074</u>	<u>16,109</u>	<u>1,306,183</u>
<b>Total Assets</b>	<b><u>\$ 1,290,074</u></b>	<b><u>\$ 236,196</u></b>	<b><u>\$ 1,526,270</u></b>
<b>Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Liabilities</b>			
Scholarships Payable	27,215	-	27,215
Fiduciary Deposits	<u>-</u>	<u>236,196</u>	<u>236,196</u>
<b>Total Liabilities</b>	<b><u>27,215</u></b>	<b><u>236,196</u></b>	<b><u>263,411</u></b>
<b>Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position</b>			
Held in Trust for Scholarships	<u>1,262,859</u>	<u>-</u>	<u>1,262,859</u>
<b>Total Net Position</b>	<b><u>1,262,859</u></b>	<b><u>-</u></b>	<b><u>1,262,859</u></b>

The notes to the financial statements are an integral part of this statement

**REGIONAL SCHOOL DISTRICT NO. 1**  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2013

	Private Purpose <u>Trust Funds</u>
<b>Additions</b>	
Donations	\$ 350,638
Investment Income	<u>57,397</u>
Total Additions	<u>408,035</u>
<b>Deductions</b>	
Scholarships and Awards	<u>61,215</u>
Total Deductions	<u>61,215</u>
Change in Net Position	346,820
<b>Net Position - Beginning</b>	<u>916,039</u>
<b>Net Position - Ending</b>	<u>\$ 1,262,859</u>

The notes to the financial statements are an integral part of this statement

**REGIONAL SCHOOL DISTRICT NO. 1**  
Notes to the Financial Statements

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting entity**

Regional School District No. 1 (the District) is administered by a Board of Education, comprised of representatives from each member town: Canaan, Cornwall, Kent, North Canaan, Salisbury and Sharon. Financing is provided by the member towns in proportion to the number of pupils attending school from each town.

The Legislative authority of the District is vested in the Board of Education meetings. The Superintendent is the chief executive, chief administrative officer and budget-making authority of the District. The Board of Education is responsible for revising the proposed budget and submitting the final budget to the Board meetings and referendums. The Board of Education is also responsible for establishing the annual assessments. The District has the power to incur indebtedness by issuing bonds or notes as provided by the Connecticut General Statutes.

The accounting and reporting policies of the District relating to the funds included in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. The more significant accounting policies of the District are described below.

The District's financial statements include the accounts of all District controlled operations. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the District (the primary government) and its component units. The basic criterion for inclusion of a component unit in a governmental unit's reporting entity for general purpose financial reporting is the exercise of oversight responsibility. Oversight responsibility is determined on the basis of financial interdependence, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters and scope of public service. Currently, there are no entities considered component units of the District. The District includes all funds, agencies, boards, and authorities that are controlled by or dependent on the District's executive and legislative branches.

The financial statements presented herein do not include agencies which have been formed under applicable State laws or separate and distinct units of government apart from the District.

**District-wide and fund financial statements**

The district-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 Town assessments and intergovernmental revenues.

The statement of activities demonstrates the degree to which the revenues of a given function or segment offset direct program expenses. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students, member towns, and others 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. Assessments and other items not properly included among program revenues are reported instead as general revenues.



## REGIONAL SCHOOL DISTRICT NO. 1

### Notes to the Financial Statements

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

#### **Measurement focus, basis of accounting, and financial statements presentation**

The district-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 revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Their revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Exceptions to this general rule include: voluntary non-exchange transactions when all eligibility requirements have been met. Expenditures are generally recorded when a liability is incurred. Exceptions to this general rule include: compensated absences, debt service, and claims and judgments which are recorded only when payment is due.

Assessments when levied, tuition, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government, or specifically identified.

The District reports the following major governmental funds:

The *General Fund* is the general operating fund of the Housatonic Valley Regional High School (HVRHS) and related activities. It is used to account for all financial resources except those required to be accounted for in another manner.

The *Pupil Services Fund* is a special revenue fund funded by assessments paid by member Towns and accounts for special education services for District students with special needs.

The *Regional Services Fund* is a special revenue fund funded by assessments paid by member Towns and accounts for the administration of the District.

The *Federal and State Grants Fund* is a special revenue fund funded by governmental grants used to account for educational grants administered by the District.

The *Building Fund* is a capital project fund funded by governmental grants and long-term financing and continues to be utilized to account for a major renovation and expansion project at Housatonic Valley Regional High School and its vocational/agricultural education center.

Additionally, the government reports the following fiduciary fund types:

The *Private-Purpose Trust Funds* consist of scholarship funds held in trust for the benefit of individuals.

*Agency Funds* account for monies held as a custodian for school-related groups and outside agencies.

## REGIONAL SCHOOL DISTRICT NO. 1

### Notes to the Financial Statements

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Boards. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

#### **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

#### **Assets, liabilities, and net position or equity**

*Cash and cash equivalents:* The deposit of public funds is controlled by the Connecticut General Statutes. The District maintains separate accounts with depositories where necessary. Cash applicable to a particular fund is readily identifiable. Cash in excess of current requirements is invested in various interest-bearing accounts, certificates of deposit, and pooled investment funds which may be deemed to be cash equivalents based on maturity date or availability of conversion to cash. Cash and cash equivalents are stated at cost, which approximates market value and have maturities of three months or less.

*Receivables and payables:* All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The District has not established an allowance for estimated uncollectibles because the majority of receivables are in the form of state and federal grants.

*Investments:* In general, State of Connecticut Statutes allow the District to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust, in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. The trust funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee.

*Inventories:* Unused food supplies are recorded as inventory in the financial statements at cost on the FIFO method.

*Advances to and from other funds:* Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either Interfund receivables or payables. Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

*Interfund services provided/(used):* Amounts charged for services provided to one or more funds that are reported as revenues in the major and nonmajor funds and as an expense in the General Fund.

*Capital assets:* Capital assets, which include equipment, fixtures, and other long-lived assets, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

## REGIONAL SCHOOL DISTRICT NO. 1

### Notes to the Financial Statements

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	45-50
Land Improvements	20
Furniture and Equipment	5-20

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

Long-term debt is recognized as a liability of a governmental fund when it is due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

*Fund equity and net position:* In the government-wide financial statements, net position is classified in the following categories:

*Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

*Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations or other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* – This category represents the net position of the District, which is not restricted for any project or other purpose.

In the fund financial statements, fund balances of governmental funds are classified in the following five separate categories:

*Nonspendable Fund Balance* – Indicates amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact. Examples are items that are not expected to be converted to cash including prepaid expenditures and permanent fund principal.

*Restricted Fund Balance* – Indicates amounts that are restricted to specific purposes. The spending constraints placed on the use of fund balance amounts are externally imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

## REGIONAL SCHOOL DISTRICT NO. 1

### Notes to the Financial Statements

*Committed Fund Balance* – Indicates amounts that can be used only for specific purposes pursuant to constraints imposed by formal budgetary action of the Board of Education as approved by member Towns in accordance with provisions of the Connecticut General Statutes.

*Assigned Fund Balance* – Indicates amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by formal action of the Board of Education.

*Unassigned Fund Balance* – Represents the remaining fund balance after amounts are set aside for all other classifications.

The District has not established a formal policy for its use of restricted and unrestricted (committed, assigned, unassigned) fund balance; however, the District generally uses restricted fund balance first if the expenditure meets the restricted purpose, followed by committed, assigned and unassigned amounts.

The District has not formally enacted legislation or Board policies requiring it to maintain a minimum fund balance.

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

##### **Budgetary information and accounting**

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- A proposed operating budget is submitted for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- The budget is approved by a vote of the District member towns, and the annual budgets authorize and provide the basis for control over financial operations for the fiscal year.
- The Board of Education is authorized to transfer budgeted amounts between departments within any fund.
- Formal budgetary integration is employed as a management control device during the year for the General Fund.
- Encumbrance accounting is used.

**REGIONAL SCHOOL DISTRICT NO. 1**

## Notes to the Financial Statements

The Statement of Revenue and Expenditures-Budget (non-GAAP Budgetary Basis) and Actual-General Fund represents comparisons of the legally adopted budget with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of differences in excess of revenues and expenditures and other sources of financial resources with expenditures for the year ended June 30, 2013 is presented as follows:

**General Fund**

	<u>GAAP Basis</u>	<u>Entity Differences</u>	<u>Perspective Differences</u>	<u>Budgetary Basis</u>
Revenues	\$ 10,238,428	\$ -	\$ 45,014	\$ 10,283,442
Expenditures	(9,977,654)	(196,518)	(74,054)	(10,248,226)
Other Financing Sources/Uses	<u>(68,565)</u>	<u>196,518</u>	<u>(127,953)</u>	<u>-</u>
Excess of Revenues Over/ (Under) Expenditures	<u>\$ 192,209</u>	<u>\$ -</u>	<u>\$ (156,993)</u>	<u>\$ 35,216</u>

**Pupil Services**

	<u>GAAP Basis</u>	<u>Entity Differences</u>	<u>Perspective Differences</u>	<u>Budgetary Basis</u>
Revenues	\$ 5,666,475	\$ -	\$ 4,171	\$ 5,670,646
Expenditures	(5,566,774)	-	(18,546)	(5,585,320)
Other Financing Sources/Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over/ (Under) Expenditures	<u>\$ 99,701</u>	<u>\$ -</u>	<u>\$ (14,375)</u>	<u>\$ 85,326</u>

**Regional Services**

	<u>GAAP Basis</u>	<u>Entity Differences</u>	<u>Perspective Differences</u>	<u>Budgetary Basis</u>
Revenues	\$ 934,686	\$ -	\$ 1,448	\$ 936,134
Expenditures	(937,832)	-	(13,964)	(951,796)
Other Financing Sources/Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over/ (Under) Expenditures	<u>\$ (3,146)</u>	<u>\$ -</u>	<u>\$ (12,516)</u>	<u>\$ (15,662)</u>

The perspective basis differences include recognition of grants, issuance of debt and encumbered expenditures. Entity differences are due to interfund transactions budgeted as revenues and expenses for budgeting purposes.

Budgeted amounts are presented as originally adopted as well as amended by the Board of Education.

Annual budgets are adopted for the General Fund, Pupil Services, and Regional Services Funds. All appropriations lapse at year-end, except for capital appropriations.

# REGIONAL SCHOOL DISTRICT NO. 1

## Notes to the Financial Statements

### Excess of expenditures over appropriations

For the year ended June 30, 2013, expenditures exceeded appropriations at the legal level of budgetary control, as presented in the budgetary comparison statements, in the following line items:

<u>General Fund</u>	<u>Pupil Services</u>	<u>Regional Services</u>
Purchased Services	Salaries	Salaries
Capital Outlay	Supplies and Materials	Purchased Services
Redemption of Principal		Capital Outlay

### NOTE 3 – DETAILED NOTES ON ALL FUNDS

#### Deposits and investments

The deposits of public funds are controlled by the Connecticut General Statutes. The following is a summary of cash and cash equivalents at June 30, 2013:

#### Detailed Cash Notes on all Funds

Demand Accounts	<u>\$ 3,153,872</u>
-----------------	---------------------

#### Deposits and Investments

*Custodial Credit Risk - Deposits:* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk; however, it has obtained a pledge for \$3,500,000 of collateral to be maintained by Salisbury Bank & Trust. At year-end, the District's carrying amount of deposits was \$3,153,872. The bank balance was \$3,421,497. Of the bank balance, Federal Depository Insurance Corporation covered \$533,998.

As of June 30, 2013, \$2,887,499 of the District's bank balance of \$3,421,497 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ -
Uninsured and collateral held by pledging bank's Trust department not in the District's name	<u>2,887,499</u>
Total	<u>\$ 2,887,499</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.* The District has no investment policy that limits the investment choices further than the State Statutes listed above. The U.S. Government Bond Fund's underlying investments are in U.S. government securities. The District was not able to determine if its mutual funds have credit ratings.

*Custodial Credit Risk - Investments.* This is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District's investments are not subject to custodial credit risk, as they are not directly held.

**REGIONAL SCHOOL DISTRICT NO. 1**  
Notes to the Financial Statements

As of June 30, 2013, the District had the following investments:

	Fair Value	Investment Maturities	
		Less Than 1 yr.	1-5 yrs.
Short-term Investments	\$ 1,279,042	N/A	-
U.S. Government Bond Funds	14,323	N/A	-
CDs	37,591	37,591	-
Total Investments	<u>\$ 1,330,956</u>	<u>\$ 37,591</u>	<u>\$ -</u>

**Inventories**

Inventories are valued at cost using the first-in/first-out (FIFO) method. Governmental funds record costs of inventories as expenditures and expenses when consumed rather than when purchased. Inventories at year end consisted of:

<b>Governmental Funds</b>	
School Cafeteria	\$2,427

**Capital assets**

Capital assets activity for the year ended June 30, 2013 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balances
<b>Governmental Activities:</b>				
Capital assets, being depreciated:				
Buildings & Improvements	15,983,987	1,419,651	-	17,403,638
Furniture and Equipment	5,153,205	28,707	(5,228)	5,176,684
Vehicles	183,558	44,537	-	228,095
Total capital assets being depreciated	<u>21,320,750</u>	<u>1,492,895</u>	<u>(5,228)</u>	<u>22,808,417</u>
Less accumulated depreciation for:				
Buildings & Improvements	4,911,074	353,299	-	5,264,373
Furniture and Equipment	3,904,435	201,969	(3,665)	4,102,739
Vehicles	156,747	9,570	-	166,317
Total accumulated depreciation	<u>8,972,256</u>	<u>564,838</u>	<u>(3,665)</u>	<u>9,533,429</u>
Total capital assets, being depreciated, net	<u>12,348,494</u>	<u>928,057</u>	<u>(1,563)</u>	<u>13,274,988</u>
Governmental activities capital assets, net	<u>\$ 12,348,494</u>	<u>\$ 928,057</u>	<u>\$ (1,563)</u>	<u>\$ 13,274,988</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

	<u>2013</u>
Governmental Activities:	
Education	\$ 531,513
Pupil Services	27,059
Cafeteria	6,266
Total	<u>\$ 564,838</u>

**REGIONAL SCHOOL DISTRICT NO. 1**  
Notes to the Financial Statements

**Interfund Transfers**

Interfund Transfers during the year ended June 30, 2013 were as follows:

	Transfer to:		
	<u>Grants Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<u>Transfers from:</u>			
General Fund	\$ 61,518	\$ 135,000	\$ 196,518
Total	\$ 61,518	\$ 135,000	\$ 196,518

The transfers from the General Fund to Nonmajor Funds represent a budgeted transfer to the Cafeteria Fund for \$18,000, a budgeted transfer to the Reserve for Capital Outlay Fund for \$12,000, and an additional \$105,000 transfer to the Reserve for Capital Outlay Fund for generators.

Transfer from General Fund to the Grants Fund represents Title I grant funds of \$61,518.

**Interfund Advances**

	<u>Pupil Services</u>	<u>Regional Services</u>	<u>Total</u>
<u>Due from:</u>			
General Fund	\$ 416,181	\$ 9,940	\$ 426,121
Total	\$ 416,181	\$ 9,940	\$ 426,121

The amount due from the General Fund to Pupil Services and Regional Services represents cash balances held on behalf of the funds.

**Encumbrances**

At June 30, 2013, the following encumbrances were authorized and outstanding:

General Fund (High School)	\$ 97,562
Pupil Services Fund	21,460
Regional Services Fund	14,381
Total	\$ 133,403

**Long-term obligations**

**Long-term obligation activity**

The District's high school addition and improvement project bonds were issued June 1, 2002 for \$3,700,000, with maturities through 2022, requiring annual principal payments each June 1<sup>st</sup> beginning with \$125,000 in 2003, and increasing by either \$5,000, \$10,000 or \$15,000 each year until a final principal payment of \$275,000 in 2022. Semi-annual interest payments are due each December 1<sup>st</sup> and June 1<sup>st</sup> at variable rates which average 4.667% of the unpaid balance.



## REGIONAL SCHOOL DISTRICT NO. 1

### Notes to the Financial Statements

The District's high school infrastructure improvement project was funded with a loan from the U.S. Department of Agriculture. The loan was issued January 28, 1998, requiring twenty equal annual installments each January 28<sup>th</sup> of \$100,283 including principal and interest at 4.875% on the unpaid balance. Final installment is due January 28<sup>th</sup> 2018.

The District's renovation bond was issued June 1, 2006 for \$1,575,000. The bond requires annual principal payments of \$105,000 beginning March 1, 2007, with the final payment due March 1, 2021. Semi-annual interest payments are due each September 1<sup>st</sup> and March 1<sup>st</sup> at variable rates which average 4.058% of the unpaid balance.

A General Obligation Bond of \$3,425,000 was issued on 6/27/13 to refund the earlier loan and bond issues, with an interest rate of 2.3%. The note matures March 1, 2022.

The District's Bond Anticipation Note of \$1,550,000 was issued on August 16, 2012. The BAN matured on May 15, 2013. The District's Bond Anticipation Note of \$2,550,000 was issued on May 15, 2013. The BAN matures February 14, 2014. The BAN is included in long term debt as it is expected to be repaid by a General Obligation Bond to be issued upon the BAN's maturity date of February 14, 2014.

An early retirement incentive was accepted and offered to teachers. The offer consisted of three annual payments of \$17,000 to each teacher that accepted the offer. The CTRB subsidy for health insurance will be retained by the District during that three-year period. No discount rates were used to value the District's liability under the agreement.

	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30, 2013</u>
<i>Governmental activities</i>				
General Obligation Bond	2.300%	06-27-13	03-01-22	3,425,000
Bond Anticipation Note	1.000%	05-15-13	02-14-14	<u>2,550,000</u>
Total governmental long-term obligations				<u>\$5,975,000</u>

Changes in long-term obligations for the year ended June 30, 2013, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion</u>
<i>Governmental Activities:</i>					
Bonds	\$ 3,180,000	\$ 3,425,000	\$ (3,180,000)	\$ 3,425,000	\$ 435,000
Deferred Amount on Refunding	-	(116,946)	-	(116,946)	-
Unamortized Premiums	-	33,357	-	33,357	-
BANS	-	4,100,000	(1,550,000)	2,550,000	2,550,000
Unamortized Premiums	-	12,118	-	12,118	-
Early Retirement Incentive	136,000	-	(136,000)	-	-
Loans	510,783	-	(510,783)	-	-
Total	<u>\$ 3,826,783</u>	<u>\$ 7,453,529</u>	<u>\$ (5,376,783)</u>	<u>\$ 5,903,529</u>	<u>\$ 2,985,000</u>

#### **Debt service requirements**

Historically, the General Fund has been used to liquidate long-term liabilities. Debt service requirements on long-term debt at June 30, 2013, are as follows:

**REGIONAL SCHOOL DISTRICT NO. 1**

## Notes to the Financial Statements

Year <u>Ending</u>	<u>Long-Term Obligations</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 2,985,000	\$ 73,102
2015	418,000	69,725
2016	421,000	60,142
2017	426,000	50,160
2018	431,000	40,226
2019-2022	<u>1,294,000</u>	<u>72,538</u>
Total	<u>\$ 5,975,000</u>	<u>\$ 365,893</u>

**Interest expense**

Interest expense for the year ended June 30, 2013 was \$185,351.

**Advance refunding of debt**

On June 27, 2013, a General Obligation Bond was issued to refund an earlier loan and bond issues. The refunding resulted in an economic gain as well as savings from refunding. The economic gain realized in the funding was \$267,015 and the savings resulting from the refunding was as follows:

Cash flow requirements to service (old) debt	\$ 4,079,261
Less: Cash flow requirements for new debt	<u>(3,771,839)</u>
Net savings from refunding	<u>\$ 307,422</u>

In the current year, the District defeased a loan and bonds by placing the proceeds of a new bond in an irrevocable trust to provide for all future debt service payment on the old loan and bonds. Accordingly, the trust account assets and the liability for the defeased loan and bonds are not included in the District's financial statements. At June 30, 2013, \$3,330,404 of loan and bonds outstanding are considered defeased, which includes debt defeased during this current year.

**NOTE 4 – OPERATING LEASES**

The District entered into an operating lease for several copiers. During 2012-13 lease payments totaled \$18,852.

Future minimum lease payments under current agreements are as follows:

<u>Year</u>	<u>Amount</u>
2014	28,935
2015	38,580
2016	38,580
2017	38,580
2018	38,580
2019	9,645

**REGIONAL SCHOOL DISTRICT NO. 1**  
Notes to the Financial Statements

**NOTE 5 – OTHER INFORMATION**

**Compensated Absences**

Employees are paid for absence due to vacation and illness under various agreements and policies. Vacation pay is generally not accrued beyond the fiscal year it is earned. Unused sick leave however, may be accumulated, and in certain circumstances paid upon separation. It is the District's policy to recognize sick leave costs at the time payments are made, and no liability has been determined as of June 30, 2013.

**Risk management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. Additionally, employee health coverage is purchased from a commercial carrier. The District does not maintain a self-insurance fund. The District is a member of the Connecticut Interlocal Risk Management Agency (CIRMA) workers compensation pool, a risk sharing pool. The Worker's Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Worker's Compensation Act. The coverage is subject to an incurred loss retrospective rating plan and losses incurred are evaluated at 24, 36, and 48 months after the effective date of coverage. The pool is allowed to make additional assessments, and is expected to make an additional assessment payable over four years. There are no significant reductions in insurance coverage, and there have been no settlements in excess of insurance coverage in the past three years.

**NOTE 6 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

**Teacher's Retirement Board**

The State of Connecticut Teachers Retirement Board (CTRB) covers certified teachers of the District. The District does not contribute to CTRB, which is State administered as required by State statutes. Full-time certified teachers contribute 7.25% of their salary to CTRB and are vested in the board after 10 years of service in this State. The District's certified teachers' contribution to CTRB for the fiscal year ended June 30, 2013 was \$514,659. Covered payroll for the year ended June 30, 2013 was approximately \$7,098,745. The State contributes to the CTRB on behalf of the District. The contributions made by the State on behalf of the District for the year ended June 30, 2013 were estimated to be \$1,488,806, and were recognized as revenues and expenditures in the Federal and State Education Grants Fund. The District has no liability to fund this plan.

**Non-Certified Employees**

Substantially all other eligible full time employees are covered under the Regional School District No. 1 of Litchfield County Employees Pension Plan, a money purchase pension plan. The plan is a single employer defined contribution pension plan, administered by a pension committee of Regional School District No. 1. Current participants total 55 employees.

The plan covers all full-time employees who have completed at least thirty-six months of service and have attained the age twenty-five. Employees become eligible to participate on the July first following the completion of the above requirements. At June 30, 2013, all 55 employees were vested.

Vesting begins after three years service, at which time participants become 100% vested. Effective July 1<sup>st</sup> 2009, new participants become fully vested following three years of service. As a result, all participants are fully vested. Normal retirement is at age 65, with provisions for early retirement at age 55. Plan contributions are either 6% or 7.5% of annual compensation, depending on the employee's date of hire. There is provision for employee voluntary contributions. Employer contributions for the fiscal year ended June 30, 2013 totaled \$119,346.

**REGIONAL SCHOOL DISTRICT NO. 1**  
Notes to the Financial Statements

The plan allows for amendment by the District as employer.

**Deferred Compensation Plan**

The District sponsors a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Participants' direct investment of deferred amounts and employee accounts are not reported in the financial statements of the District.

**NOTE 7 – ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT**

The District adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, during the current fiscal year. The GASB considers deferred outflows of resources and deferred inflows of resources to be distinct from assets and liabilities, and as a result of this statement now requires distinct reporting of these elements in a Statement of Net Position. Prior to the implementation of GASB Statement No. 63, reporting standards required the District to present a government-wide Statement of Net Assets that did not provide for those financial statement elements. Currently, the District has no financial statement elements meeting the criteria to be reported as either deferred inflows of resources or deferred outflows of resources.

**REGIONAL SCHOOL DISTRICT NO. 1**  
 Schedule of Revenues and Expenditures Compared to Budget  
 General Fund  
 For the Year Ended June 30, 2013

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Assessments:				
Canaan	\$ 996,093	\$ 996,093	\$ <b>984,221</b>	\$ (11,872)
Cornwall	1,126,019	1,126,019	<b>1,115,267</b>	(10,752)
Kent	1,515,794	1,515,794	<b>1,498,322</b>	(17,472)
North Canaan	2,771,738	2,771,738	<b>2,743,290</b>	(28,448)
Salisbury	1,840,608	1,840,608	<b>1,819,328</b>	(21,280)
Sharon	<u>1,710,682</u>	<u>1,710,682</u>	<b><u>1,687,834</u></b>	<u>(22,848)</u>
Total Member Towns	<u>9,960,934</u>	<u>9,960,934</u>	<b><u>9,848,262</u></b>	<u>(112,672)</u>
Government Grants:				
Vocational Agriculture	280,800	280,800	<b>293,775</b>	12,975
Adult Education	6,149	6,149	<b>8,713</b>	2,564
Transportation Grant	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Government Grants	<u>286,949</u>	<u>286,949</u>	<b><u>302,488</u></b>	<u>15,539</u>
Other:				
Investment Income	7,500	7,500	<b>4,617</b>	(2,883)
Tuition Out-of-District	19,980	19,980	<b>39,960</b>	19,980
Rental of Facilities-Charge for Services	8,000	8,000	<b>5,500</b>	(2,500)
Unused Encumbrances	-	-	<b>18,287</b>	18,287
Miscellaneous	<u>-</u>	<u>-</u>	<b><u>64,328</u></b>	<u>64,328</u>
Total Other	<u>35,480</u>	<u>35,480</u>	<b><u>132,692</u></b>	<u>97,212</u>
<b>Total Revenues</b>	<b>10,283,363</b>	<b>10,283,363</b>	<b>10,283,442</b>	<b>79</b>
<b>Expenditures</b>				
Salaries:				
Certified Personnel	3,876,687	3,876,687	<b>3,738,354</b>	138,333
Noncertified Personnel	<u>939,286</u>	<u>939,286</u>	<b><u>975,742</u></b>	<u>(36,456)</u>
Total Salaries	<u>4,815,973</u>	<u>4,815,973</u>	<b><u>4,714,096</u></b>	<u>101,877</u>
Employee Benefits:				
Health Insurance	936,381	936,381	<b>889,409</b>	46,972
Social Security	134,945	134,945	<b>126,766</b>	8,179
Pension Plan	50,072	50,072	<b>49,521</b>	551
Retirement Incentive	126,430	126,430	<b>129,400</b>	(2,970)

See accountant's report.

**REGIONAL SCHOOL DISTRICT NO. 1**

Schedule of Revenues and Expenditures Compared to Budget

General Fund

For the Year Ended June 30, 2013

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Tuition	\$ 6,000	\$ 6,000	\$ <b>2,315</b>	\$ 3,685
Unemployment Compensation	15,226	15,226	<b>8,286</b>	6,940
Workers Compensation	72,148	72,148	<b>71,834</b>	314
Life Insurance	<u>9,391</u>	<u>9,391</u>	<u><b>9,300</b></u>	<u>91</u>
Total Employee Benefits	<u>1,350,593</u>	<u>1,350,593</u>	<u><b>1,286,831</b></u>	<u>63,762</u>
Purchased Services:				
Referendum Expenses	7,000	7,000	<b>26,683</b>	(19,683)
Educational Services	97,462	97,462	<b>95,700</b>	1,762
Professional Services	64,997	64,997	<b>66,963</b>	(1,966)
Computer/Copier Services	24,316	24,316	<b>23,942</b>	374
Cleaning Services	53,400	53,400	<b>48,811</b>	4,589
Repairs and Maintenance	286,578	286,578	<b>304,188</b>	(17,610)
Student Transportation	96,502	96,502	<b>112,758</b>	(16,256)
Insurance	70,343	70,343	<b>73,481</b>	(3,138)
Communications	13,000	13,000	<b>8,850</b>	4,150
Postage	14,883	14,883	<b>14,114</b>	769
Advertising	500	500	-	500
Printing and Binding	16,156	16,156	<b>10,766</b>	5,390
Travel-Staff	16,381	16,381	<b>13,643</b>	2,738
Tuition	<u>1,718,683</u>	<u>1,718,683</u>	<u><b>1,690,807</b></u>	<u>27,876</u>
Total Purchased Services	<u>2,480,201</u>	<u>2,480,201</u>	<u><b>2,490,706</b></u>	<u>(10,505)</u>
Supplies and Materials:				
General Supplies	198,973	198,973	<b>181,696</b>	17,277
Custodial Supplies	47,000	47,000	<b>40,286</b>	6,714
Heat and Energy	436,500	436,500	<b>401,006</b>	35,494
Textbooks	<u>60,369</u>	<u>60,369</u>	<u><b>55,032</b></u>	<u>5,337</u>
Total Supplies and Materials	<u>742,842</u>	<u>742,842</u>	<u><b>678,020</b></u>	<u>64,822</u>
Capital Outlay:				
Building Security	-	-	<b>146,000</b>	(146,000)
Equipment & Furniture	<u>228,571</u>	<u>228,571</u>	<u><b>244,415</b></u>	<u>(15,844)</u>
Total Capital Outlay	<u>228,571</u>	<u>228,571</u>	<u><b>390,415</b></u>	<u>(161,844)</u>

See accountant's report.

**REGIONAL SCHOOL DISTRICT NO. 1**  
Schedule of Revenues and Expenditures Compared to Budget  
General Fund  
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Other Objects:</b>				
Dues and Fees	\$ 15,375	\$ 15,375	\$ 15,131	\$ 244
Athletic-Subsidies	60,000	60,000	59,867	133
Miscellaneous	<u>61,518</u>	<u>61,518</u>	<u>61,518</u>	<u>-</u>
Total Other Objects	<u>136,893</u>	<u>136,893</u>	<u>136,516</u>	<u>377</u>
<b>Debt Service:</b>				
Interest Expense	167,913	167,913	167,913	-
Redemption of Principal	<u>360,379</u>	<u>360,379</u>	<u>383,729</u>	<u>(23,350)</u>
Total Debt Service	<u>528,292</u>	<u>528,292</u>	<u>551,642</u>	<u>(23,350)</u>
<b>Total Expenditures</b>	<b><u>10,283,365</u></b>	<b><u>10,283,365</u></b>	<b><u>10,248,226</u></b>	<b><u>35,139</u></b>
Excess/(deficiency) of revenues over expenditures before Other Financing Sources/(Uses)	(2)	(2)	35,216	35,218
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess/(deficiency) of revenues over expenditures and other sources(uses)	<u>\$ (2)</u>	<u>\$ (2)</u>	35,216	<u>\$ 35,218</u>
<b>Budgetary Fund Balance, Beginning of Year</b>			<u>45,283</u>	
<b>Budgetary Fund Balance, End of Year</b>			<u>\$ 80,499</u>	

See accountant's report.

**REGIONAL SCHOOL DISTRICT NO. 1**  
 Schedule of Revenues and Expenditures Compared to Budget  
 Pupil Services  
 For the Year Ended June 30, 2013

page 1 of 2

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Assessments:				
Canaan	\$ 271,578	\$ 271,578	\$ 266,892	\$ (4,686)
Cornwall	334,736	334,736	328,470	(6,266)
Kent	877,891	877,891	862,253	(15,638)
North Canaan	972,628	972,628	955,301	(17,327)
Salisbury	982,101	982,101	965,210	(16,891)
Sharon	603,156	603,156	592,367	(10,789)
Housatonic Valley H.S.-Charge for Services	<u>1,452,626</u>	<u>1,452,626</u>	<u>1,425,219</u>	<u>(27,407)</u>
Total Assessments	<u>5,494,716</u>	<u>5,494,716</u>	<u>5,395,712</u>	<u>(99,004)</u>
Government Grants:				
Services for the Blind	-	-	-	-
Medicaid	14,400	14,400	12,621	(1,779)
Sp Ed Ag Plcmnt & Exc	<u>131,328</u>	<u>131,328</u>	<u>211,028</u>	<u>79,700</u>
Total Government Grants	<u>145,728</u>	<u>145,728</u>	<u>223,649</u>	<u>77,921</u>
Other:				
Tuition Out of District	19,980	19,980	6,736	(13,244)
Pre K Education	24,000	24,000	38,071	14,071
Investment income	3,744	3,744	2,307	(1,437)
Unused Encumbrances	-	-	4,171	4,171
Miscellaneous Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Income	<u>47,724</u>	<u>47,724</u>	<u>51,285</u>	<u>3,561</u>
<b>Total Revenues</b>	<b>5,688,168</b>	<b>5,688,168</b>	<b>5,670,646</b>	<b>(17,522)</b>
<b>Expenditures</b>				
Salaries:				
Certified Personnel	2,649,190	2,649,190	2,609,766	39,424
Noncertified Personnel	<u>659,719</u>	<u>659,719</u>	<u>699,959</u>	<u>(40,240)</u>
Total Salaries	<u>3,308,909</u>	<u>3,308,909</u>	<u>3,309,725</u>	<u>(816)</u>
Employee Benefits:				
Health Insurance	894,217	894,217	893,835	382
Social Security	105,793	105,793	105,455	338
Unemployment Compensation	5,000	5,000	-	5,000
Pension Plan	43,403	43,403	41,374	2,029
Tuition Reimbursement	2,500	2,500	-	2,500
Life Insurance	<u>5,928</u>	<u>5,928</u>	<u>5,742</u>	<u>186</u>
Total Employee Benefits	<u>1,056,841</u>	<u>1,056,841</u>	<u>1,046,406</u>	<u>10,435</u>

See accountant's report.



**REGIONAL SCHOOL DISTRICT NO. 1**  
Schedule of Revenues and Expenditures Compared to Budget  
Pupil Services  
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<b><u>Actual</u></b>	<b>Variance Favorable (Unfavorable)</b>
Tuition	\$ 576,271	\$ 576,271	<b>\$ 518,279</b>	\$ 57,992
Total Tuition	<u>576,271</u>	<u>576,271</u>	<b><u>518,279</u></b>	<u>57,992</u>
 Purchased Services:				
Consulting Services	39,380	39,380	<b>42,353</b>	(2,973)
Professional Services	59,443	59,443	<b>46,657</b>	12,786
Repairs and Maintenance	3,484	3,484	<b>2,464</b>	1,020
Student Transportation	424,913	424,913	<b>403,139</b>	21,774
Student Services OT/PT	163,704	163,704	<b>147,076</b>	16,628
Communications	2,623	2,623	<b>2,181</b>	442
Postage	1,000	1,000	<b>999</b>	1
Travel-Staff	<u>13,000</u>	<u>13,000</u>	<b><u>17,513</u></b>	<u>(4,513)</u>
Total Purchased Services	<u>707,547</u>	<u>707,547</u>	<b><u>662,382</u></b>	<u>45,165</u>
 Supplies and Materials:				
General Supplies	26,100	26,100	<b>36,278</b>	(10,178)
Medical Supplies	250	250	-	250
Utilities	<u>3,000</u>	<u>3,000</u>	<b><u>3,000</u></b>	<u>-</u>
Total Supplies and Materials	<u>29,350</u>	<u>29,350</u>	<b><u>39,278</u></b>	<u>(9,928)</u>
 Capital Outlay:				
Equipment and Furniture	<u>9,250</u>	<u>9,250</u>	<b><u>9,250</u></b>	<u>-</u>
Total Capital Outlay	<u>9,250</u>	<u>9,250</u>	<b><u>9,250</u></b>	<u>-</u>
<b>Total Expenditures</b>	<b><u>5,688,168</u></b>	<b><u>5,688,168</u></b>	<b><u>5,585,320</u></b>	<b><u>102,848</u></b>
Excess/(deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<b>85,326</b>	<b><u>\$ 85,326</u></b>
Budgetary Fund Balance, Beginning of Year			<b><u>245,004</u></b>	
Budgetary Fund Balance, End of Year			<b><u>\$ 330,330</u></b>	

See accountant's report.

**REGIONAL SCHOOL DISTRICT NO. 1**  
Schedule of Revenues and Expenditures Compared to Budget  
Regional Services  
For the Year Ended June 30, 2013

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues</b>				
Assessments:				
Canaan	\$ 46,095	\$ 46,095	\$ 46,169	\$ 74
Cornwall	56,815	56,815	56,914	99
Kent	149,006	149,006	149,253	247
North Canaan	165,086	165,086	165,360	274
Salisbury	166,694	166,694	166,961	267
Sharon	102,375	102,375	102,546	171
Housatonic Valley H.S.-Charge for Services	<u>246,557</u>	<u>246,557</u>	<u>246,991</u>	<u>434</u>
Total Assessments	<u>932,628</u>	<u>932,628</u>	<u>934,194</u>	<u>1,566</u>
Other:				
Investment Income	800	800	492	(308)
Unused Encumbrances	<u>-</u>	<u>-</u>	<u>1,448</u>	<u>1,448</u>
Total Other Income	<u>800</u>	<u>800</u>	<u>1,940</u>	<u>1,140</u>
<b>Total Revenues</b>	<b><u>933,428</u></b>	<b><u>933,428</u></b>	<b><u>936,134</u></b>	<b><u>2,706</u></b>
<b>Expenditures</b>				
Salaries:				
Certified Personnel	405,001	405,001	406,143	(1,142)
Non-certified Personnel	<u>265,916</u>	<u>265,916</u>	<u>282,775</u>	<u>(16,859)</u>
Total Salaries	<u>670,917</u>	<u>670,917</u>	<u>688,918</u>	<u>(18,001)</u>
Employee Benefits:				
Health Insurance	104,340	104,340	103,380	960
Social Security	34,100	34,100	33,474	626
Pension Plan	22,217	22,217	22,182	35
Life Insurance	<u>2,921</u>	<u>2,921</u>	<u>2,381</u>	<u>540</u>
Total Employee Benefits	<u>163,578</u>	<u>163,578</u>	<u>161,417</u>	<u>2,161</u>
Purchased Services:				
Educational Services	47,200	47,200	33,012	14,188
Professional Services	28,245	28,245	46,896	(18,651)
Rentals/Repairs/Copier	4,225	4,225	3,852	373
Communications	4,250	4,250	3,173	1,077
Postage	3,000	3,000	3,000	-
Advertising	2,395	2,395	2,854	(459)
Utilities	2,500	2,500	2,500	-
Travel-Staff	6,400	6,400	7,446	(1,046)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Purchased Services	<u>98,215</u>	<u>98,215</u>	<u>102,733</u>	<u>(4,518)</u>

See accountant's report.

**REGIONAL SCHOOL DISTRICT NO. 1**  
Schedule of Revenues and Expenditures Compared to Budget  
Regional Services  
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Supplies and Materials:				
General Supplies	\$ 12,650	\$ 12,650	<b>\$ 10,034</b>	\$ 2,616
Instructional Supplies	<u>1,804</u>	<u>1,804</u>	<u><b>1,807</b></u>	<u>(3)</u>
Total Supplies and Materials	<u>14,454</u>	<u>14,454</u>	<u><b>11,841</b></u>	<u>2,613</u>
Capital Outlay				
Equipment & Furniture	<u>1,500</u>	<u>1,500</u>	<u><b>2,507</b></u>	<u>(1,007)</u>
Total Capital Outlay	<u>1,500</u>	<u>1,500</u>	<u><b>2,507</b></u>	<u>(1,007)</u>
Other Objects:				
Salary Allocation	(22,000)	(22,000)	<b>(22,000)</b>	-
Dues and Fees	<u>6,765</u>	<u>6,765</u>	<u><b>6,380</b></u>	<u>385</u>
Total Other Objects	<u>(15,235)</u>	<u>(15,235)</u>	<u><b>(15,620)</b></u>	<u>385</u>
<b>Total Expenditures</b>	<u><b>933,429</b></u>	<u><b>933,429</b></u>	<u><b>951,796</b></u>	<u><b>(18,367)</b></u>
<b>Excess/(deficiency) of revenues         over expenditures</b>	<u><b>\$ (1)</b></u>	<u><b>\$ (1)</b></u>	<u><b>(15,662)</b></u>	<u><b>\$ (15,661)</b></u>
<b>Budgetary Fund Balance, Beginning of Year</b>			<u><b>(1,568)</b></u>	
<b>Budgetary Fund Balance, End of Year</b>			<u><b>\$ (17,230)</b></u>	

See accountant's report.

**REGIONAL SCHOOL DISTRICT NO. 1**  
Combining Balance Sheet - Nonmajor Governmental Funds  
June 30, 2013

	<b>Special Revenue</b>	<b>Capital Projects</b>	
	<u>Funds</u>	<u>Funds</u>	
	Cafeteria	Reserve for	
	Fund	Capital	
		Outlay	<u>Total</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 20,325	\$ 146,690	\$ 167,015
Investments	-	24,773	24,773
State and Federal Grants Receivable	4,581	-	4,581
Due from Other funds	-	-	-
Inventories	2,427	-	2,427
<b>Total Assets</b>	<u>\$ 27,333</u>	<u>\$ 171,463</u>	<u>\$ 198,796</u>
 <b>Liabilities and Fund Balances</b>			
Accrued Payroll	-	-	-
Total Liabilities	-	-	-
 Fund Balances:			
Nonspendable: Inventories	2,427	-	2,427
Committed	-	171,463	171,463
Assigned	24,906	-	24,906
Total Fund Balances	<u>27,333</u>	<u>171,463</u>	<u>198,796</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 27,333</u>	<u>\$ 171,463</u>	<u>\$ 198,796</u>

See accountant's report.

**REGIONAL SCHOOL DISTRICT NO. 1**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds

For the Year Ended June 30, 2013

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	
	Cafeteria Fund	Reserve for Capital Outlay	Total
<b>Revenues</b>			
State and Federal Grants	\$ 27,736	\$ -	\$ 27,736
Investment Income	-	311	311
Daily Sales	167,172	-	167,172
Other Revenue	10,579	-	10,579
Total Revenues	<u>205,487</u>	<u>311</u>	<u>205,798</u>
<b>Expenditures</b>			
Current:			
Salaries	79,680	-	79,680
Benefits	42,185	-	42,185
Capital Outlay	-	-	-
Supplies	99,013	-	99,013
Total Expenditures	<u>220,878</u>	<u>-</u>	<u>220,878</u>
Excess/(Deficiency) of Revenues Over Expenditures Before Other Financing Sources/(Uses)	(15,391)	311	(15,080)
<b>Other Financing Sources/(Uses)</b>			
Transfers In	18,000	117,000	135,000
Transfers Out	-	-	-
Total Other Financing Sources/(Uses)	<u>18,000</u>	<u>117,000</u>	<u>135,000</u>
Change in Fund Balances	2,609	117,311	119,920
<b>Fund Balances - Beginning</b>	<u>24,724</u>	<u>54,152</u>	<u>78,876</u>
<b>Fund Balances - Ending</b>	<u>\$ 27,333</u>	<u>\$ 171,463</u>	<u>\$198,796</u>

See accountant's report.

**REGIONAL SCHOOL DISTRICT NO. 1**  
 Combining Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2013

Private-Purpose Trust Funds

	John Juliano	Mary S. Trant	E.M. Kirby	John Hoffman	Hausman	Paul W. Stoddard	I. Kent & Fulton	Horace Stump	Dichello	Helen Halley	Salisbury Pythian
<b>Assets</b>											
Other Receivables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	4,216	12,796	338,557	1,209	10,480	153,075	163,493	21,133	166,855	1,693	5,183
<b>Total Assets</b>	<u>\$ 4,216</u>	<u>\$12,796</u>	<u>\$338,557</u>	<u>\$ 1,209</u>	<u>\$ 10,480</u>	<u>\$ 153,075</u>	<u>\$163,493</u>	<u>\$21,133</u>	<u>\$166,855</u>	<u>\$ 1,693</u>	<u>\$ 5,183</u>
<b>Deferred Outflows of Resources</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Liabilities</b>											
Scholarships Payable	-	-	-	-	-	-	25,465	1,750	-	-	-
Total Liabilities	-	-	-	-	-	-	25,465	1,750	-	-	-
<b>Deferred Inflows of Resources</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Net Position</b>											
Held in Trust for Scholarships	4,216	12,796	338,557	1,209	10,480	153,075	138,028	19,383	166,855	1,693	5,183
Total Net Position	<u>4,216</u>	<u>12,796</u>	<u>338,557</u>	<u>1,209</u>	<u>10,480</u>	<u>153,075</u>	<u>138,028</u>	<u>19,383</u>	<u>166,855</u>	<u>1,693</u>	<u>5,183</u>

See accountant's report.

**REGIONAL SCHOOL DISTRICT NO. 1**  
Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2013

Private-Purpose Trust Funds									
	Henry Burgess	Clyde Skelly	Marcia Mahon	Daniel Parsons Memorial	Sidney Shoifet Scholarship	Jane & Philip Bishop Memorial	Picken Memorial	McBennett Fund	Total
<b>Assets</b>									
Other Receivables	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
Investments	1,427	31,312	9,112	52,871	974	619	154,018	161,051	1,290,074
<b>Total Assets</b>	<u>\$ 1,427</u>	<u>\$31,312</u>	<u>\$ 9,112</u>	<u>\$ 52,871</u>	<u>\$ 974</u>	<u>\$ 619</u>	<u>\$ 154,018</u>	<u>\$ 161,051</u>	<u>\$ 1,290,074</u>
<b>Deferred Outflows of Resources</b>	-	-	-	-	-	-	-	-	-
<b>Liabilities</b>									
Scholarships Payable	-	-	-	-	-	-	-	-	27,215
Total Liabilities	-	-	-	-	-	-	-	-	27,215
<b>Deferred Inflows of Resources</b>	-	-	-	-	-	-	-	-	-
<b>Net Position</b>									
Held in Trust for Scholarships	1,427	31,312	9,112	52,871	974	619	154,018	161,051	1,262,859
Total Net Position	<u>1,427</u>	<u>31,312</u>	<u>9,112</u>	<u>52,871</u>	<u>974</u>	<u>619</u>	<u>154,018</u>	<u>161,051</u>	<u>1,262,859</u>

See accountant's report.

**REGIONAL SCHOOL DISTRICT NO. 1**  
Combining Statement of Revenues, Expenses and Changes in Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2013

Private-Purpose Trust Funds

	John Juliano	Mary S. Trant	E.M. Kirby	John Hoffman	Hausman	Paul W. Stoddard	I. Kent & Fulton	Horace Stump	Dichello	Helen Halley	Salisbury Pythian
<b>Additions</b>											
Investment Income	\$ (8)	\$ 161	\$ 33,388	\$ (15)	\$ 93	\$ 2,157	\$ 317	\$ (453)	\$ 810	\$ (3)	\$ (15)
Contributions	-	-	308,016	-	-	-	28,560	455	12,007	-	-
Total Additions	<u>(8)</u>	<u>161</u>	<u>341,404</u>	<u>(15)</u>	<u>93</u>	<u>2,157</u>	<u>28,877</u>	<u>2</u>	<u>12,817</u>	<u>(3)</u>	<u>(15)</u>
<b>Expenditures</b>											
Scholarships and Awards	-	1,000	3,000	1,500	-	5,750	25,465	4,750	7,000	-	500
Total Deductions	<u>-</u>	<u>1,000</u>	<u>3,000</u>	<u>1,500</u>	<u>-</u>	<u>5,750</u>	<u>25,465</u>	<u>4,750</u>	<u>7,000</u>	<u>-</u>	<u>500</u>
Change in Net Position Before Other Changes	(8)	(839)	338,404	(1,515)	93	(3,593)	3,412	(4,748)	5,817	(3)	(515)
<b>Other Changes in Net Position</b>											
Transfers In	-	-	-	-	-	-	-	-	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	(8)	(839)	338,404	(1,515)	93	(3,593)	3,412	(4,748)	5,817	(3)	(515)
<b>Net Position- Beginning</b>	<u>4,224</u>	<u>13,635</u>	<u>153</u>	<u>2,724</u>	<u>10,387</u>	<u>156,668</u>	<u>134,616</u>	<u>24,131</u>	<u>161,038</u>	<u>1,696</u>	<u>5,698</u>
<b>Net Position - Ending</b>	<u>\$4,216</u>	<u>\$12,796</u>	<u>\$ 338,557</u>	<u>\$ 1,209</u>	<u>\$ 10,480</u>	<u>\$ 153,075</u>	<u>\$ 138,028</u>	<u>\$ 19,383</u>	<u>\$ 166,855</u>	<u>\$ 1,693</u>	<u>\$ 5,183</u>

See accountant's report.



**REGIONAL SCHOOL DISTRICT NO. 1**  
Combining Statement of Revenues, Expenses and Changes in Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2013

	Private-Purpose Trust Funds								Totals
	Henry <u>Burgess</u>	Clyde <u>Skelly</u>	Marcia <u>Mahon</u>	Daniel <u>Parsons Memorial</u>	Sidney <u>Shoifet Scholarship</u>	Jane & <u>Philip Bishop Memorial</u>	Picken <u>Memorial</u>	McBennett <u>Fund</u>	
<b>Additions</b>									
Investment Income	\$ (4)	\$ 19	\$ 91	\$ 364	\$ (3)	\$ (9)	\$ 10,253	\$ 10,254	\$ 57,397
Contributions	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350,638</u>
Total Additions	<u>1,496</u>	<u>19</u>	<u>91</u>	<u>364</u>	<u>97</u>	<u>(9)</u>	<u>10,253</u>	<u>10,254</u>	<u>408,035</u>
<b>Expenditures</b>									
Scholarships and Awards	<u>1,000</u>	<u>2,000</u>	<u>1,000</u>	<u>2,250</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>2,000</u>	<u>61,215</u>
Total Deductions	<u>1,000</u>	<u>2,000</u>	<u>1,000</u>	<u>2,250</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>2,000</u>	<u>61,215</u>
Change in Net Position Before Other Changes	496	(1,981)	(909)	(1,886)	(1,903)	(9)	8,253	8,254	346,820
<b>Other Changes in Net Position</b>									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	496	(1,981)	(909)	(1,886)	(1,903)	(9)	8,253	8,254	346,820
<b>Net Position- Beginning</b>	<u>931</u>	<u>33,293</u>	<u>10,021</u>	<u>54,757</u>	<u>2,877</u>	<u>628</u>	<u>145,765</u>	<u>152,797</u>	<u>916,039</u>
<b>Net Position - Ending</b>	<u>\$ 1,427</u>	<u>\$ 31,312</u>	<u>\$ 9,112</u>	<u>\$ 52,871</u>	<u>\$ 974</u>	<u>\$ 619</u>	<u>\$ 154,018</u>	<u>\$ 161,051</u>	<u>\$ 1,262,859</u>

See accountant's report.

**REGIONAL SCHOOL DISTRICT NO. 1**  
Combining Statement of Changes in Assets and Liabilities  
Fiduciary Fund - Agency Funds  
June 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Student Activities Fund</b>				
<b>Assets:</b>				
Cash	\$ 155,258	\$ 275,055	\$ 232,973	\$ 197,340
Investments	<u>12,804</u>	<u>346</u>	<u>3</u>	<u>13,147</u>
Total Assets	<u>\$ 168,062</u>	<u>\$ 275,401</u>	<u>\$ 232,976</u>	<u>\$ 210,487</u>
<b>Liabilities:</b>				
Due to Beneficiaries	<u>\$ 168,062</u>	<u>\$ 275,401</u>	<u>\$ 232,976</u>	<u>\$ 210,487</u>
<b>Donald Kobler-Visiting Artists</b>				
<b>Assets:</b>				
Investments	<u>\$ 2,968</u>	<u>\$ 3</u>	<u>\$ 9</u>	<u>\$ 2,962</u>
<b>Liabilities:</b>				
Due to Beneficiaries	<u>\$ 2,968</u>	<u>\$ 3</u>	<u>\$ 9</u>	<u>\$ 2,962</u>
<b>Revolving</b>				
<b>Assets:</b>				
Cash	<u>\$ 13,806</u>	<u>\$ 246,657</u>	<u>\$ 237,716</u>	<u>\$ 22,747</u>
<b>Liabilities:</b>				
Due to Beneficiaries	<u>\$ 13,806</u>	<u>\$ 246,657</u>	<u>\$ 237,716</u>	<u>\$ 22,747</u>
Total Assets	<u>\$ 184,836</u>	<u>\$ 522,061</u>	<u>\$ 470,701</u>	<u>\$ 236,196</u>
Total Liabilities	<u>\$ 184,836</u>	<u>\$ 522,061</u>	<u>\$ 470,701</u>	<u>\$ 236,196</u>

The notes to the financial statements are an integral part of this statement