
REGIONAL SCHOOL DISTRICT NO. 1

AUDITED FINANCIAL STATEMENTS

June 30, 2021

REGIONAL SCHOOL DISTRICT NO. 1

June 30, 2021

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	10
Statement of Activities	11
<i>Fund Financial Statements:</i>	
Governmental Funds	
Balance Sheet	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Budgetary Comparison Statement – General Fund	16
Budgetary Comparison Statement – Pupil Services	17
Budgetary Comparison Statement – Regional Services	18
Fiduciary Funds	
Statement of Fiduciary Net Position	19
Statement of Changes in Fiduciary Net Position	20
Notes to the Financial Statements	21
REQUIRED SUPPLEMENTARY INFORMATION	
Pension Plans	
State Teacher's Retirement System-Proportionate Share of Net Pension Liability and Schedule of Contributions	43
Notes to Required Supplementary Information	44
Schedule of District's Proportionate Share of the Net OPEB Liability – Teachers Retirement Plan	45
COMBINING INDIVIDUAL NONMAJOR FUND STATEMENTS	
Schedule of Revenues and Expenditures Compared to Budget – General Fund	46
Schedule of Revenues and Expenditures Compared to Budget – Pupil Services	49
Schedule of Revenues and Expenditures Compared to Budget – Regional Services	51

REGIONAL SCHOOL DISTRICT NO. 1

June 30, 2021

Table of Contents

	<u>Page</u>
Nonmajor Funds	
Combining Balance Sheet – Nonmajor Governmental Funds	53
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	54
Fiduciary Funds	
Combining Statement of Fiduciary Net Position	55
Combining Statement of Revenues, Expenses and Changes in Net Position	57
SUPPLEMENTARY INFORMATION	
Schedule of Debt Limitation	59

- THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Regional School District No. 1, as of and for the year ended June 30, 2021, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Regional School District No. 1, as of June 30, 2021, 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 4–9 and pension schedules on pages 33-40 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

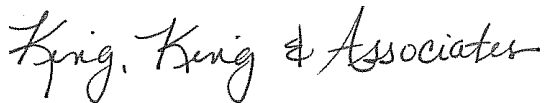
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional School District No. 1's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and supplemental schedules are presented 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2022, on our consideration of the Regional School District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Regional School District No. 1's internal control over financial reporting and compliance.



King, King & Associates, CPAs
Winsted, Connecticut
February 22, 2022

REGIONAL SCHOOL DISTRICT NO. 1

Management's Discussion and Analysis

June 30, 2021

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, 2021.

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 324 students while there are 974 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 ten 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 \$13,021,270 (*net position*). Of this amount, \$1,614,904 (*unrestricted net position*) may be used to meet the District's ongoing obligations to citizens and creditors. Restricted net position is \$358,962. \$16,216 is restricted for Pupil Services, \$8,707 is restricted for Regional Services, \$230,161 is restricted for Student Activities, and \$33,431 is restricted for Federal and State Grants. The remainder of net position, \$11,047,404 is invested in capital assets.
- The District's total net position increased by \$788,642. This increase is attributable primarily to the principal payments on the district's three long-term debt obligations which lowered the long-term debt.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,973,866 an increase of \$222,452 in comparison with the prior year. Of this amount, \$253,801 is available for spending at the government's discretion (*unassigned fund balance*) and \$543,324 has been assigned to member towns.
- At the end of the current fiscal year, the fund balance for the general fund was \$515,104, of which the district reported an unassigned fund balance for the general fund of \$253,801 or 2% percent of total general fund expenditures.
- Long-term obligations as of June 30, 2021, are \$5,084,706, which compares to the June 30, 2020 debt obligations of \$5,862,413; a decrease of \$777,707.

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.

Government-wide financial statements. The *government-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 position may serve as a useful indicator whether the financial position of the District is improving or deteriorating.

REGIONAL SCHOOL DISTRICT NO. 1

Management's Discussion and Analysis

June 30, 2021

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 eight (8) 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, Building, and Federal and State Grants 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.

REGIONAL SCHOOL DISTRICT NO. 1

Management's Discussion and Analysis

June 30, 2021

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.

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 21-42 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets exceeded liabilities by \$13,021,270 at the close of the most recent fiscal year.

	<u>2021</u>	<u>2020</u>
Current and Other Assets	\$ 2,119,689	\$ 1,898,793
Capital Assets	<u>16,119,116</u>	<u>16,317,639</u>
Total Assets	<u>18,238,805</u>	<u>18,216,432</u>
Deferred Outflows of Resources	<u>12,994</u>	<u>25,988</u>
Other Liabilities	826,823	921,379
Long-term Liabilities Outstanding	<u>4,403,706</u>	<u>5,088,413</u>
Total Liabilities	<u>5,230,529</u>	<u>6,009,792</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>
Net Position:		
Net Investment in Capital Assets	11,047,404	10,481,214
Restricted	358,962	479,423
Unrestricted	<u>1,614,904</u>	<u>1,271,991</u>
Total Net Position	<u>\$ 13,021,270</u>	<u>\$ 12,232,628</u>

The restricted portion of the District's net position primarily represents net position restricted for student activities and grants. The balance of *unrestricted net position* \$1,614,904 may be used to meet the district'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 district as a whole.

REGIONAL SCHOOL DISTRICT NO. 1

Management's Discussion and Analysis

June 30, 2021

	<u>2021</u>	<u>2020</u>
Revenues		
General Revenues:		
Unrestricted Investment Income	\$ 9,883	\$ 36,389
Other income	399,885	377,585
Loss on Disposal of Assets	(1,640)	(290)
Program Revenues:		
Charges for Services	15,737,641	15,758,543
Operating Grants and Contributions	7,192,758	5,242,962
Capital Grants and Contributions	12,983	11,947
Total Revenues	<u>23,351,510</u>	<u>21,427,136</u>
Expenses		
Governmental Activities:		
Education	13,635,214	13,154,589
Regional Services	2,365,959	1,386,780
Pupil Services	6,239,412	6,078,316
Cafeteria	121,361	163,845
Interest on Long-Term Debt	200,922	222,087
Total Expenses	<u>22,562,868</u>	<u>21,005,617</u>
Change in Net Position	788,642	421,519
Beginning Net Position, as Restated	<u>12,232,628</u>	<u>11,811,109</u>
Ending Net Position	<u>\$ 13,021,270</u>	<u>\$ 12,232,628</u>

Governmental activities. Governmental activities increased the District's net position by 788,642.

Sixty-seven percent (67%) of the revenues of the District were derived from charges for services, thirty-one percent (31%) from operating grants and contributions, and two percent (2%) from other sources.

The District's total revenues were \$23,351,510 or \$1,924,374 more than the district's revenue for the year ending June 30, 2020. This increase is attributable to more funds received from the state and federal grants to support the safe reopening and sustaining safe operations of schools while meeting students' academic, social, emotional, and mental health needs resulting from the COVID-19 pandemic.

Major revenue factors included:

- Elementary and Secondary School Emergency Relief Funds (CRF, ESSR I).

Major expense factors included:

- Due to Covid the district achieved significant savings in the 2019-2020 budget several areas of the budget including but not limited to athletics, field trips, transportations, supplies, etc. Spending in the 2020-21 fiscal year was more typical of a regular school year.

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.

REGIONAL SCHOOL DISTRICT NO. 1

Management's Discussion and Analysis

June 30, 2021

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 (\$1,973,866) an increase of \$222,452 in comparison with the prior year. \$253,801 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 \$253,801. 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 two percent (2%) of total general fund expenditures.

The District's General Fund increased by \$436,299 during the current fiscal year.

Budgetary Highlights

The General Fund budget surplus was \$341,935. Significant savings in the salaries and benefits budgetary lines were achieved and unexpended prior year encumbrances resulted in an increase in revenue in the 2020-21 fiscal year.

The Pupil Services budget surplus was \$266,994. Savings were achieved in salaries and benefits, transportation costs, evaluations, and consultation services. Additionally, the district received more excess cost grant funding from the state than was anticipated.

The Regional School Services Center budget surplus was \$15,207. Revenues were higher than expected as a result of unexpended encumbrances from the previous year and savings in the Asst Superintendent Salary budget line.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2021, amounts to \$16,119,116 (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:

- Replacing the drain lines in the original high school building, replacing the booster pumps in the water system and heating controls upgrades were completed in the 2020/21 school year.

(Net of Depreciation)

	<u>2021</u>	<u>2020</u>
Buildings & Improvements	\$ 14,835,321	\$ 15,311,779
Construction in Progress	73,396	-
Vehicles & Equipment	1,210,399	1,005,860
Total	<u>\$ 16,119,116</u>	<u>\$ 16,317,639</u>

Additional information on the District's capital assets can be found in Note 3 on page 30 of this report.

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

REGIONAL SCHOOL DISTRICT NO. 1

Management's Discussion and Analysis

June 30, 2021

	<u>2021</u>	<u>2020</u>
Bonds and BANS	\$ 5,084,706	\$ 5,862,413
Total	<u>\$ 5,084,706</u>	<u>\$ 5,862,413</u>

The District's total debt was decreased by \$777,707 during the current fiscal year, due primarily to current year debt payments.

Additional information on the District's long-term debt can be found in Note 3 on pages 31-32 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 2021-2022 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 students in-district instead of through high cost out-of-district placements. The implementation of an in-house program at the high school has proven to be effective in its fifth year
- The District continues to monitor health insurance premiums carefully and seek savings for health insurance premiums. The district moved to the State Partnership Plan 2.0 through negotiations with the faculty associations and non-certified unions. There was a significant cost savings associated with this move. Health insurance premiums have not been a strain on the budgets for the past 3 years.
- Collective Bargaining Agreements were negotiated for one year for the certified and non-certified staff through 6/30/2022. The Region One Federation of Administrators Agreement is in place for through 2025.
- Enrollment has been declining district-wide. The high school anticipates that enrollment will level off during the next few years from its current level of 324 resident students after several years of declines. The district has undertaken marketing initiatives to increase enrollment.

These factors were considered in preparing the District's budget for the 2022 fiscal year.

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 District'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.

- THIS PAGE INTENTIONALLY LEFT BLANK -

REGIONAL SCHOOL DISTRICT NO. 1

Statement of Net Position

June 30, 2021

	<u>Governmental Activities</u>
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 2,010,338
Investments	41,287
State and Federal Grants Receivable	65,837
Due from Other Governments	-
Inventories	<u>2,227</u>
Total Current Assets	<u>2,119,689</u>
Noncurrent Assets:	
Capital Assets, net of Depreciation	<u>16,119,116</u>
Total Assets	<u><u>\$ 18,238,805</u></u>
Deferred Outflows of Resources	
Deferred Amount on Bond Refunding	<u>12,994</u>
Total Deferred Outflows of Resources	<u>12,994</u>
Liabilities	
Current Liabilities:	
Accounts Payable	\$ 73,182
Due to State	6,746
Unearned Revenue	2,999
Accrued Expenses	62,896
Current Portion of Long-Term Obligations	<u>681,000</u>
Total Current Liabilities	<u>826,823</u>
Noncurrent Liabilities:	
Noncurrent Portion of Long-Term Obligations	<u>4,403,706</u>
Total Liabilities	<u>5,230,529</u>
Deferred Inflows of Resources	<u>-</u>
Net Position	
Net Investment in Capital Assets	11,047,404
Restricted	358,962
Unrestricted	<u>1,614,904</u>
Total Net Position	<u><u>\$ 13,021,270</u></u>

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, 2021

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)/Revenue and Changes in Net Position Governmental Activities</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
Functions/Programs					
Primary Government:					
Governmental Activities					
Education	\$ 13,635,214	\$ 10,221,208	\$ 6,997,396	\$ 12,983	3,596,373
Regional Services	2,365,959	1,078,553	-	-	(1,287,406)
Pupil Services	6,239,412	4,429,134	127,928	-	(1,682,350)
Cafeteria	121,361	8,746	67,434	-	(45,181)
Interest on Long-Term Debt	200,922	-	-	-	(200,922)
Total Primary Government	<u>\$ 22,562,868</u>	<u>\$ 15,737,641</u>	<u>\$ 7,192,758</u>	<u>\$ 12,983</u>	<u>380,514</u>
		General Revenues:			
		Unrestricted Investment Income			9,883
		Other Income			399,885
		Loss on Disposal of Assets			(1,640)
		Total General Revenues, Special Items, and Transfers			<u>408,128</u>
		Change in Net Position			788,642
		Net Position - Beginning, as Restated			<u>12,232,628</u>
		Net Position - Ending			<u>\$ 13,021,270</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, 2021

	<u>General (High School)</u>	<u>Pupil Services</u>	<u>Regional Services</u>	<u>Building Fund</u>	<u>Federal and State Grants Fund</u>	<u>Reserve for Culinary Green House Project</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
Assets								
Cash and Cash Equivalents	\$ 1,129,272	\$ -	\$ -	\$ 386,970	\$ 50,607	\$ -	\$ 443,489	\$ 2,010,338
Investments	-	-	-	-	-	-	41,287	41,287
State and Federal Grants Receivable	51,385	-	-	-	-	-	14,452	65,837
Due from Other Funds	-	314,709	56,675	978	-	230,161	-	602,523
Inventories	-	-	-	-	-	-	2,227	2,227
Total Assets	\$ 1,180,657	\$ 314,709	\$ 56,675	\$ 387,948	\$ 50,607	\$ 230,161	\$ 501,455	\$ 2,722,212
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable	\$ 19,383	\$ 27,526	\$ 18,853	\$ -	\$ 7,420	\$ -	\$ -	\$ 73,182
Due to State of CT	-	-	-	-	6,746	-	-	6,746
Due to Other Funds	602,523	-	-	-	-	-	-	602,523
Unearned Revenue	-	-	-	-	2,999	-	-	2,999
Accrued Expenses	43,647	3,973	14,088	-	11	-	1,177	62,896
Total Liabilities	665,553	31,499	32,941	-	17,176	-	1,177	748,346
Fund Balances:								
Nonspendable: Inventories	-	-	-	-	-	-	2,227	2,227
Restricted for Pupil Services	-	16,216	-	-	-	-	-	16,216
Restricted for Regional Services	-	-	8,707	-	-	-	-	8,707
Restricted for Fed & State Grants	-	-	-	-	33,431	-	-	33,431
Restricted for Student Activities Fund	-	-	-	-	-	-	300,608	300,608
Committed to Capital Outlay	-	-	-	387,948	-	230,161	127,696	745,805
Committed to Cafeteria Fund	-	-	-	-	-	-	47,810	47,810
Assigned to Member Towns	261,303	266,994	15,027	-	-	-	-	543,324
Assigned to Other Purposes	-	-	-	-	-	-	21,937	21,937
Unassigned	253,801	-	-	-	-	-	-	253,801
Total Fund Balances	515,104	283,210	23,734	387,948	33,431	230,161	500,278	1,973,866
Total Liabilities and Fund Balances	\$ 1,180,657	\$ 314,709	\$ 56,675	\$ 387,948	\$ 50,607	\$ 230,161	\$ 501,455	\$ 2,722,212

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, 2021

Fund Balances Reported in Governmental Funds Balance Sheet \$ 1,973,866

**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.

Capital Assets	31,613,463
Depreciation	(15,494,347)

During a prior year the District refunded some of its existing debt. The amount that was sent to the paying agent to be escrowed for payment of the old debt as it comes due is paid out of governmental funds and reduces fund balance. The difference between those amounts will be amortized as an adjustment of interest expense in the statement of activities over the remaining life of the refunded debt. In addition, the District received a premium that will be amortized as an adjustment of interest expense in the statement of activities over the remaining life of the new debt.

Deferred Amount on Refunding	12,994
Unamortized Premiums	(3,706)

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

General Obligation Bonds	<u>(5,081,000)</u>
--------------------------	--------------------

Net Position of Governmental Activities \$ 13,021,270

REGIONAL SCHOOL DISTRICT NO. 1
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General (High School)	Pupil Services	Regional Services	Building Fund	Federal and State Grants Fund	Reserve for Culinary Green House Project	Nonmajor Governmental Funds	Total
Revenues								
Assessments to Towns	\$ 10,164,879	\$ 4,407,659	\$ 1,078,553	\$ -	\$ -	\$ -	\$ -	\$ 15,651,091
State and Federal Grants	570,485	127,928	-	12,983	3,886,623	-	67,434	4,665,453
Investment Income	4,617	2,575	493	978	44	-	1,176	9,883
Tuition and Charges for Services	56,329	21,475	-	-	-	-	8,746	86,550
Other Revenue	-	-	-	-	-	-	399,885	399,885
Interfund Services Provided	-	1,510,307	365,860	-	-	-	-	1,876,167
Total Revenues	<u>10,796,310</u>	<u>6,069,944</u>	<u>1,444,906</u>	<u>13,961</u>	<u>3,886,667</u>	<u>-</u>	<u>477,241</u>	<u>22,689,029</u>
Expenditures								
Current:								
Salaries	4,681,812	3,705,534	934,229	-	960,796	-	56,690	10,339,061
Employee Benefits	1,197,516	1,306,971	303,148	-	2,072,977	-	176,177	5,056,789
Purchased Services	681,912	468,005	190,165	-	275,305	-	47,182	1,662,569
Tuition	-	695,690	-	-	-	-	-	695,690
Supplies and Materials	593,370	37,110	7,745	-	605,061	-	80,786	1,324,072
Other	86,081	-	7,035	-	16,912	-	144,949	254,977
Interfund Services Used	1,876,167	-	-	-	-	-	-	1,876,167
Capital Outlay	178,095	5,974	9,575	-	24,577	73,396	-	291,617
Debt Service								
Principal and Interest	965,635	-	-	-	-	-	-	965,635
Total Expenditures	<u>10,260,588</u>	<u>6,219,284</u>	<u>1,451,897</u>	<u>-</u>	<u>3,955,628</u>	<u>73,396</u>	<u>505,784</u>	<u>22,466,577</u>
Excess/(Deficiency) of Revenues over Expenditures	535,722	(149,340)	(6,991)	13,961	(68,961)	(73,396)	(28,543)	222,452
Other Financing Sources/(Uses)								
Transfers In	-	-	-	-	72,423	-	27,000	99,423
Transfers Out	(99,423)	-	-	-	-	-	-	(99,423)
Total Other Financing Sources/(Uses)	<u>(99,423)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,423</u>	<u>-</u>	<u>27,000</u>	<u>-</u>
Net Change in Fund Balances	436,299	(149,340)	(6,991)	13,961	3,462	(73,396)	(1,543)	222,452
Fund Balances - Beginning, As Restated	<u>78,805</u>	<u>432,550</u>	<u>30,725</u>	<u>373,987</u>	<u>29,969</u>	<u>303,557</u>	<u>501,821</u>	<u>1,751,414</u>
Fund Balances - Ending	<u>\$ 515,104</u>	<u>\$ 283,210</u>	<u>\$ 23,734</u>	<u>\$ 387,948</u>	<u>\$ 33,431</u>	<u>\$ 230,161</u>	<u>\$ 500,278</u>	<u>\$ 1,973,866</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, 2021

Net Change in Fund Balances - Governmental Funds \$ 222,452

**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	756,250
Depreciation Expense	(953,133)

In the statement of activities, only the loss on the disposal of capital assets is reported. Thus the change in net position differs from the change in fund balance by this loss (1,640)

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.

Amortization of the Premium on refunding debt	3,707
Repayments:	
Amortization of the Deferred Amount on Refunding	(12,994)
Principal payments on long-term debt	<u>774,000</u>

Change in Net Position of Governmental Activities \$ 788,642

REGIONAL SCHOOL DISTRICT NO. 1

Budgetary Comparison Statement

General Fund

For the Fiscal Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		Actual Amounts	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	Budgetary Basis	
Revenues				
Assessments to Towns	\$ 10,029,074	\$ 10,029,074	\$ 10,164,879	\$ 135,805
State and Federal Grants	543,726	543,726	570,485	26,759
Other Income	<u>64,517</u>	<u>64,517</u>	<u>174,129</u>	109,612
Total Revenues	<u>10,637,317</u>	<u>10,637,317</u>	<u>10,909,493</u>	<u>272,176</u>
Expenditures				
Current				
Salaries	4,785,983	4,785,983	4,681,812	(104,171)
Employee Benefits	1,293,179	1,293,179	1,191,797	(101,382)
Purchased Services	2,714,607	2,714,607	2,753,973	39,366
Supplies and Materials	603,321	603,321	598,514	(4,807)
Other	165,776	165,776	158,944	(6,832)
Capital Outlay	108,820	108,820	216,883	108,063
Debt Service				
Interest Expense	191,634	191,634	191,635	1
Redemption of Principal	<u>774,000</u>	<u>774,000</u>	<u>774,000</u>	-
Total Expenditures	<u>10,637,320</u>	<u>10,637,320</u>	<u>10,567,558</u>	<u>(69,762)</u>
Excess/(Deficiency) of Revenues				
Over Expenditures Before Other				
Financing Sources/(Uses)	(3)	(3)	341,935	341,938
Other Financing Sources/(Uses)				
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				
Financing Sources/(Uses)	<u>\$ (3)</u>	<u>\$ (3)</u>	341,935	<u>\$ 341,938</u>
Beginning Budgetary Fund Balance			<u>(80,632)</u>	
Ending Budgetary Fund Balance			<u>\$ 261,303</u>	

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, 2021

	Budgeted Amounts		Actual Amounts	Variance
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	
Revenues				
Member Assessments	\$ 6,270,099	\$ 6,270,099	\$ 5,917,966	\$ (352,133)
State and Federal Grants	64,485	64,485	127,928	63,443
Other Income	34,305	34,305	70,458	36,153
Total Revenues	<u>6,368,889</u>	<u>6,368,889</u>	<u>6,116,352</u>	<u>(252,537)</u>
Expenditures				
Current				
Salaries	3,788,271	3,788,271	3,705,534	(82,737)
Employee Benefits	1,381,902	1,381,902	1,308,221	(73,681)
Tuition	631,075	631,075	672,316	41,241
Purchased Services	533,441	533,441	469,233	(64,208)
Supplies and Materials	30,050	30,050	38,103	8,053
Capital Outlay	4,150	4,150	8,084	3,934
Total Expenditures	<u>6,368,889</u>	<u>6,368,889</u>	<u>6,201,491</u>	<u>(167,398)</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(85,139)</u>	<u>\$ (85,139)</u>
Beginning Budgetary Fund Balance			352,133	
Ending Budgetary Fund Balance			<u>\$ 266,994</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, 2021

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	Budgetary Basis	
Revenues				
Member Assessments	\$ 1,449,114	\$ 1,449,114	\$ 1,444,413	\$ (4,701)
Other Income	492	492	2,837	2,345
Total Revenues	<u>1,449,606</u>	<u>1,449,606</u>	<u>1,447,250</u>	<u>(2,356)</u>
Expenditures				
Current				
Salaries	981,674	981,674	956,229	(25,445)
Employee Benefits	293,654	293,654	290,915	(2,739)
Purchased Services	160,306	160,306	182,928	22,622
Supplies and Materials	11,307	11,307	7,767	(3,540)
Capital Outlay	500	500	14,049	13,549
Other	(15,580)	(15,580)	(14,965)	615
Total Expenditures	<u>1,431,861</u>	<u>1,431,861</u>	<u>1,436,923</u>	<u>5,062</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>\$ 17,745</u>	<u>\$ 17,745</u>	10,327	<u>\$ (7,418)</u>
Beginning Budgetary Fund Balance			<u>4,700</u>	
Ending Budgetary Fund Balance			<u>\$ 15,027</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, 2021

	Private-Purpose Trust Funds
Assets	
Cash and Cash Equivalents	\$ -
Investments	<u>2,370,612</u>
Total Assets	<u>\$ 2,370,612</u>
Deferred Outflows of Resources	<u>-</u>
Liabilities	
Scholarships Payable	\$ 6,000
Fiduciary Deposits	<u>-</u>
Total Liabilities	<u>6,000</u>
Deferred Inflows of Resources	<u>-</u>
Net Position	
Held in Trust for Scholarships	<u>2,364,612</u>
Total Net Position	<u>\$ 2,364,612</u>

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, 2021

	Private-Purpose <u>Trust Funds</u>
Additions	
Donations	\$ 120,755
Investment Income	<u>460,841</u>
Total Additions	<u>581,596</u>
Deductions	
Scholarships and Awards	<u>42,839</u>
Total Deductions	<u>42,839</u>
Change in Net Position	538,757
Net Position - Beginning	<u>1,825,855</u>
Net Position - Ending	<u><u>\$ 2,364,612</u></u>

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

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.

Government-wide and Fund Financial Statements

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

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.

REGIONAL SCHOOL DISTRICT NO. 1

Notes to the Financial Statements

Measurement Focus, Basis of Accounting, and Financial Statements Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as 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 *Building Fund* is a special revenue fund funded by governmental grants used to account for capital projects done by 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 *Reserve for Culinary Green House project* is a special revenue fund funded by the district for a new green house.

Additionally, the district 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

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, Deferred Outflows/Inflows of Resources, 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. 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:

REGIONAL SCHOOL DISTRICT NO. 1

Notes to the Financial Statements

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

Deferred outflows/inflows of resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have any items that qualify for reporting in this category.

Long-term obligations: In the government-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 of 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.

When both restricted and unrestricted net position are available, the District first applies restricted resources when an expense is incurred.

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

REGIONAL SCHOOL DISTRICT NO. 1

Notes to the Financial Statements

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.

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.

Fair Value of Financial Instruments

In accordance with ASC 820-10, the District is required to measure the fair value of its assets and liabilities under a three-level hierarchy, as follows:

Level 1: Quoted market prices for identical assets or liabilities to which an entity has access to at the measurement date.

Level 2: Inputs and information other than quoted market indices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- a. Quoted prices for similar assets or liabilities in active markets.
- b. Quoted prices for identical or similar assets in markets that are not active;
- c. Observable inputs other than quoted prices for the assets or liability;
- d. Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity; and *unobservable inputs* reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Investments are carried at fair value based on Level 1 observable inputs and are presented in Note 3.

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.

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, 2021 is presented as follows:

REGIONAL SCHOOL DISTRICT NO. 1

Notes to the Financial Statements

General Fund

	<u>GAAP Basis</u>	<u>Entity Differences</u>	<u>Perspective Differences</u>	<u>Budgetary Basis</u>
Revenues	\$ 10,796,310	\$ -	\$ 113,183	\$ 10,909,493
Expenditures	(10,245,588)	-	(321,970)	(10,567,558)
Other Financing Sources/Uses	<u>(99,423)</u>	<u>-</u>	<u>99,423</u>	<u>-</u>
Excess of Revenues Over/ (Under) Expenditures	<u>\$ 451,299</u>	<u>\$ -</u>	<u>\$ (109,364)</u>	<u>\$ 341,935</u>

Pupil Services

	<u>GAAP Basis</u>	<u>Entity Differences</u>	<u>Perspective Differences</u>	<u>Budgetary Basis</u>
Revenues	\$ 6,069,944	\$ -	\$ 46,408	\$ 6,116,352
Expenditures	(6,219,284)	-	17,793	(6,201,491)
Other Financing Sources/Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over/ (Under) Expenditures	<u>\$ (149,340)</u>	<u>\$ -</u>	<u>\$ 64,201</u>	<u>\$ (85,139)</u>

Regional Services

	<u>GAAP Basis</u>	<u>Entity Differences</u>	<u>Perspective Differences</u>	<u>Budgetary Basis</u>
Revenues	\$ 1,444,906	\$ -	\$ 2,344	\$ 1,447,250
Expenditures	(1,451,897)	-	14,974	(1,436,923)
Other Financing Sources/Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over/ (Under) Expenditures	<u>\$ (6,991)</u>	<u>\$ -</u>	<u>\$ 17,318</u>	<u>\$ 10,327</u>

The perspective basis differences include recognition of grants 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

NOTE 3 – DETAILED NOTES ON ALL FUNDS

Cash 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 \$4,250,000 of collateral to be maintained by Salisbury Bank & Trust. The bank balance was \$2,354,807. Of the bank balance, Federal Depository Insurance Corporation covered \$852,969.

As of June 30, 2021, \$1,501,838 of the District's bank balance of \$2,354,807 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	115,778
Uninsured and collateral held by pledging bank's Trust department not in the District's name		1,386,060
Total	\$	1,501,838

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 previously. 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.

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

		Investment Maturities	
		Less Than 1 yr.	1-5 yrs.
Short-term Investments	\$ 2,355,537	N/A	-
U.S. Government Bond Funds	15,319	N/A	-
CDs	41,287	41,287	-
Total Investments	\$ 2,412,143	\$ 41,287	\$ -

REGIONAL SCHOOL DISTRICT NO. 1

Notes to the Financial Statements

The following is a summary of assets measured at fair value:

<u>Description</u>	June 30, <u>2021</u>	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short-term Investments	\$2,396,824	\$ 2,396,824	\$ -	\$ -
U.S. Government Bond Funds	<u>15,319</u>	<u>15,319</u>	-	-
Total	<u>\$2,412,143</u>	<u>\$ 2,412,143</u>	<u>\$ -</u>	<u>\$ -</u>

The short-term investments and U.S. Government bond funds are reported as investments in the fiduciary funds in the financial statements. CD's are reported at amortized cost and are excluded from the fair value disclosures.

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:

Governmental Funds	
School Cafeteria	\$2,227

REGIONAL SCHOOL DISTRICT NO. 1

Notes to the Financial Statements

Capital assets

Capital assets activity for the year ended June 30, 2021 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Construction in Progress	\$ -	\$ 73,396	\$ -	\$ 73,396
Total capital assets, not being depreciated	<u>-</u>	<u>73,396</u>	<u>-</u>	<u>73,396</u>
Capital assets, being depreciated:				
Buildings & Improvements	24,266,964	284,054	-	24,551,018
Furniture and Equipment	6,105,510	364,017	(2,400)	6,467,127
Vehicles	487,139	34,783	-	521,922
Total capital assets being depreciated	<u>30,859,613</u>	<u>682,854</u>	<u>(2,400)</u>	<u>31,540,067</u>
Less accumulated depreciation for:				
Buildings & Improvements	8,955,185	760,512	-	9,715,697
Furniture and Equipment	5,322,523	167,060	(760)	5,488,823
Vehicles	264,266	25,561	-	289,827
Total accumulated depreciation	<u>14,541,974</u>	<u>953,133</u>	<u>(760)</u>	<u>15,494,347</u>
Total capital assets, being depreciated, net	<u>16,317,639</u>	<u>(270,279)</u>	<u>(1,640)</u>	<u>16,045,720</u>
Governmental activities capital assets, net	<u>\$ 16,317,639</u>	<u>\$ (196,883)</u>	<u>\$ (1,640)</u>	<u>\$ 16,119,116</u>

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

Governmental Activities:	
Education	\$ 923,637
Pupil Services	26,102
Cafeteria	<u>3,394</u>
Total	<u>\$ 953,133</u>

Construction Commitments

In 2020 the District approved a Culinary Greenhouse Project. The cost of the project will be reimbursed by the State. At year end, the District's commitments are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Culinary Greenhouse Project	\$73,396	\$230,161

REGIONAL SCHOOL DISTRICT NO. 1

Notes to the Financial Statements

Interfund Transfers

Interfund Transfers during the year ended June 30, 2021 were as follows:

	Transfer to:			<u>Total</u>
	<u>Grants Fund</u>	<u>Reserve for Capital Outlay</u>	<u>Cafeteria Fund</u>	
<u>Transfers from:</u>				
General Fund	\$ 72,423	\$ 12,000	\$ 15,000	\$ 99,423
Total	\$ 72,423	\$ 12,000	\$ 15,000	\$ 99,423

The transfer from the General Fund to the Cafeteria Fund represents a budgeted transfer. The transfer from the General Fund to the Reserve for Capital Outlay Fund represents a budgeted transfer. The transfer from General Fund to the Grants Fund represents Title I grant funds.

Interfund Advances

	Due to:				<u>Total</u>
	<u>Regional Services</u>	<u>Pupil Services</u>	<u>Building Services</u>	<u>Culinary Green House Project</u>	
<u>Due from:</u>					
General Fund	\$ 56,675	\$ 314,709	\$ 978	\$ 230,161	\$ 602,523
Total	\$ 56,675	\$ 314,709	\$ 978	\$ 230,161	\$ 602,523

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

Encumbrances

At June 30, 2021, the following encumbrances were authorized and outstanding:

General Fund (High School)	\$ 300,269
Pupil Services Fund	16,216
Regional Services Fund	8,707
Total	\$ 325,192

Long-term obligations**Long-term obligation activity**

A General Obligation Bond of \$3,425,000 was issued on June 27, 2013 to refund earlier loan and bond issues, with an interest rate of 2.3%. The note matures March 1, 2022.

General Obligation Bonds were issued March 18, 2015 in the amount of \$2,000,000, with an interest rate of 2.22%. The note matures August 15, 2024.

General Obligation Bonds were issued October 18, 2018 in the amount of \$4,475,000, with an interest rate of 3.8%. The note matures October 15, 2039.

REGIONAL SCHOOL DISTRICT NO. 1

Notes to the Financial Statements

	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30, 2021</u>
<i>Governmental activities</i>				
General Obligation Bond	2.300%	06-27-13	03-01-22	\$ 256,000
General Obligation Bond	2.220%	03-18-15	08-15-24	800,000
General Obligation Bond	3.800%	11-18-18	11-15-39	<u>4,025,000</u>
Total governmental long-term obligations				<u>\$ 5,801,000</u>

Changes in long-term obligations for the year ended June 30, 2020, are as follows:

<i>Governmental Activities:</i>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds	\$ 5,855,000	\$ -	\$ (774,000)	\$ 5,081,000	\$ 681,000
Unamortized Premiums	7,413	-	(3,707)	3,706	-
Total	<u>\$ 5,862,413</u>	<u>\$ -</u>	<u>\$ (777,707)</u>	<u>\$ 5,084,706</u>	<u>\$ 681,000</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, 2021, are as follows:

<u>Year Ending</u>	<u>Long-Term Obligations</u>	
	<u>Principal</u>	<u>Interest</u>
2022	681,000	170,185
2023	425,000	151,225
2024	425,000	138,235
2025	425,000	125,245
2026	225,000	114,475
2027-2031	1,125,000	444,125
2032-2037	1,335,000	251,655
2038-2039	<u>440,000</u>	<u>16,720</u>
Total	<u>\$ 5,081,000</u>	<u>\$ 1,411,865</u>

Interest expense

Interest expense for the year ended June 30, 2021 was \$200,922.

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 a prior 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, 2021, \$1,760,305 of loan and bonds outstanding are considered defeased.

REGIONAL SCHOOL DISTRICT NO. 1

Notes to the Financial Statements

NOTE 4 – OPERATING LEASES

The District has an operating lease for several copiers. The monthly payments are \$2,502. During 2020-21 lease payments totaled \$29,958

Future minimum lease payments under current agreements are as follows:

<u>Year</u>	<u>Amount</u>
2022	30,024
2023	30,024
2024	10,008

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. As the liability is not easily estimable, 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, 2021.

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

Plan Description: Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System (the "System"). The System is a cost sharing multiple-employer defined benefit pension plan administered by the Connecticut State Teachers' Retirement Board (CTRB). Chapter 167a of the State Statutes grants authority to establish and amend the benefited terms to the CTRB Board. The CTRB issues a publicly available financial report that can be obtained at www.ct.gov, or by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

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

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

REGIONAL SCHOOL DISTRICT NO. 1

Notes to the Financial Statements

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

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

Contributions: Per Connecticut General Studies Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended, and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts): School District employers are not required to make contributions to the plan. The statutes require the State of Connecticut to contribute 100% of each school districts required contributions, which are actuarially determined as an amount, that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employees: Participants are required to contribute 7% of their annual salary to the System as required by the CGS Section 10-183b(7). For the year ended June 30, 2021 the certified teachers' contribution to the Connecticut Teachers Retirement Board was \$545,592. Covered payroll for the town for the year ended June 30, 2021 was approximately \$6,613,326.

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

District's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the District		<u>30,082,129</u>
Total	\$	<u>30,082,129</u>

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

For the year ended June 30, 2021, the District recognized benefits expense and intergovernmental revenue of \$1,929,522 in the governmental funds for on-behalf amounts for the contributions provided by the State. In the government-wide financial statements, the District recognized \$4,309,122 of pension expense for on-behalf amounts for the benefits provided by the State.

REGIONAL SCHOOL DISTRICT NO. 1

Notes to the Financial Statements

Actuarial Assumptions: The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2019. The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50 Percent
Salary increases, including inflation	3.00-6.50 Percent
Long-term investment rate of return, net of pension investment expense, including inflation.	6.90 Percent

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

Future Cost-of-Living increases for members who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

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

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

REGIONAL SCHOOL DISTRICT NO. 1

Notes to the Financial Statements

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The District's proportionate share of the net pension liability is \$0 and therefore the change in the discount rate would only impact the amount recorded by the State of Connecticut.

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 56 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, 2021, all 56 employees were vested.

Vesting begins after three years service, at which time participants become 100% vested. Effective July 1st 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, 2021 totaled \$137,687. Employees are not required to make contributions to this plan.

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 - OTHER POST-EMPLOYMENT BENEFITS

Connecticut Teachers' Retirement System - OPEB

Plan Description - Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with benefits, including retiree health insurance, through the Connecticut Teachers' Retirement System—a cost sharing multiemployer defined benefit pension plan administered by the TRB. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

REGIONAL SCHOOL DISTRICT NO. 1

Notes to the Financial Statements

Benefit Provisions - The Plan covers retired teachers and administrators of public schools in the State who are receiving benefits from the Plan. The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member that is currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue healthcare coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Contributions - Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through an annual appropriation in the General Fund.

School district employers are not required to make contributions to the Plan. The State of Connecticut's estimated allocated contribution to the Plan on behalf of the District was \$56,772.

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

Actuarial Assumptions - The total OPEB liability was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.50%
Real Wage Growth	0.50%
Wage Inflation	3.00%
Salary increases	3.25-6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
<u>Municipal bond index rate:</u>	
Measurement Date	2.21%
Prior Measurement Date	3.50%

The projected fiduciary net position is projected to be depleted in 2021.

REGIONAL SCHOOL DISTRICT NO. 1

Notes to the Financial Statements

Single equivalent interest rate

Measurement Date	2.21%, net of OPEB plan investment expense, including price inflation
Prior Measurement Date	3.50%, net of OPEB plan investment expense, Including price inflation

Healthcare cost trend rates:

Medicare	Medicare 5.125% for 2020 decreasing to an ultimate Rate of 4.50% by 2023
----------	---

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

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

Long-Term Rate of Return - The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluation the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
U.S. Treasuries (Cash Equivalents)	100.0%	-0.42%	1.78%
Price inflation		2.50%	
Expected rate of return (Rounded nearest 0.25%)		2.00%	

Discount Rate - The discount rate used to measure the total OPEB liability was 2.21%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2020. In addition to the actuarial methods and assumptions of the June 30, 2020 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%.

REGIONAL SCHOOL DISTRICT NO. 1

Notes to the Financial Statements

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the plan’s fiduciary net position was projected to be depleted in 2021 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates - The following presents the total OPEB liability, calculated using current cost trend rates, as well as what the Plan’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than current healthcare cost trend rates:

	1% Lower Trend Rates	Current Trend Rates	1% Higher Trend Rates
Initial Healthcare Cost Trend Rate	4.125%	5.125%	6.125%
Ultimate Healthcare Cost Trend Rate	3.50%	4.50%	5.50%
Total OPEB Liability	\$ 3,544,759	\$ 4,486,751	\$ 5,139,299

Sensitivity of the Net OPEB Liability to Changes in Discount Rates - The following presents the net OPEB liability, calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Net OPEB liability	\$ 5,022,655	\$ 4,486,751	\$ 3,597,156

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

District's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the District	<u>4,486,751</u>
Total	<u>\$ 4,486,751</u>

REGIONAL SCHOOL DISTRICT NO. 1

Notes to the Financial Statements

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

For the year ended June 30, 2021, the District recognized OPEB expense and revenue of \$46,566 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the District recognized (\$207,254) for OPEB expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

NOTE 8 – GASB PRONOUNCEMENTS ISSUED, BUT NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

GASB Statement No. 87 – *Leases* - This statement improves the accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 1, 2021.

GASB Statement No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period* - The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. As a result, interest cost before the end of a construction period will not be included in the historical cost of the capital asset. The requirements of this statement are effective for reporting periods beginning after July 1, 2021.

GASB Statement No. 91 – *Conduit Debt Obligations* – The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022.

GASB Statement No. 92 – *Omnibus 2020* – The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics and the requirements of this statement are effective for the Town's reporting period beginning July 1, 2021.

GASB Statement No. 93 – *Replacement of Interbank Offered Rates* – Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global

REGIONAL SCHOOL DISTRICT NO. 1

Notes to the Financial Statements

reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements in paragraphs 13 and 14 of this statement are effective for the Town's reporting period beginning July 1, 2021.

GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022.

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022.

GASB Statement No. 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021.

NOTE 9 – SUBSEQUENT EVENT

The district is obtaining an actuarial review of a post-employment health insurance benefit. The conclusion of the actuary may result in a liability reported in the government-wide financial statements.

REGIONAL SCHOOL DISTRICT NO. 1
Notes to the Financial Statements

NOTE 10 – ADOPTION OF NEW ACCOUNTING STANDARD

During the fiscal year ended June 30, 2021, the Town adopted GASB Statement No. 84 – *Fiduciary Activities*. The effects of adopting this standard are below:

	Governmental Funds
Fund Balance as previously reported at June 30, 2020	\$ 1,463,554
To reclassify funds as a result of the implementation of GASB 84	287,860
Fund Balance as restated at July 1, 2020	\$ 1,751,414
	Agency Funds
Net position as previously reported at June 30, 2020	\$ 287,860
To reclassify funds as a result of the implementation of GASB 84	(287,860)
Net position as restated at July 1, 2020	\$ -

- THIS PAGE INTENTIONALLY LEFT BLANK

REGIONAL SCHOOL DISTRICT NO. 1
 State Teacher's Retirement System
 Proportionate Share of Net Pension Liability and Schedule of Contributions
 Last Seven Fiscal Years

Schedule of Proportionate Share of Net Pension Liability	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension associated with the District	<u>30,082,129</u>	<u>27,442,066</u>	<u>21,159,427</u>	<u>23,340,990</u>	<u>24,624,923</u>	<u>19,174,197</u>	<u>17,722,703</u>
Total	<u>\$ 30,082,129</u>	<u>\$ 27,442,066</u>	<u>\$ 21,159,427</u>	<u>\$ 23,340,990</u>	<u>\$ 24,624,923</u>	<u>\$ 19,174,197</u>	<u>\$ 17,722,703</u>
Districts's covered payroll	<u>\$ 6,613,326</u>	<u>\$ 6,819,127</u>	<u>\$ 6,579,900</u>	<u>\$ 5,588,330</u>	<u>\$ 6,800,012</u>	<u>\$ 6,120,662</u>	<u>\$ 6,758,938</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	<u>49.24%</u>	<u>52.00%</u>	<u>57.69%</u>	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

See accountant's report.

REGIONAL SCHOOL DISTRICT NO. 1
 State Teacher's Retirement System
 Notes to Required Supplementary Information
 Schedule of Proportionate Share of the Net Pension Liability
 June 30, 2021

Change of benefit terms	None
Actuarial Assumptions	The total pension liability was determined by an actuarial valuation as of June 30, 2020
Actuarial Cost Method	Entry Age
Amortization Period	Level percent of salary, closed
Remaining Amortization Period	30 years
Asset Valuation Method	4 year smoothed market
Inflation	2.50%
Salary Increases	3.00%-6.50% average, including inflation

REGIONAL SCHOOL DISTRICT NO. 1
State Teacher's Retirement System - OPEB
Proportionate Share of OPEB Liability

Schedule of Proportionate Share of Net OPEB Liability

	2021	2020	2019	2018
District's percentage of the net OPEB liability	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with the Town	4,486,751	4,279,744	4,229,879	6,007,723
Total	\$ 4,486,751	\$ 4,279,744	\$ 4,229,879	\$ 6,007,723
District's covered payroll	\$ 6,613,326	\$ 6,819,127	\$ 6,579,900	\$ 5,588,330
District's proportionate share of the net OPEB liability as a percentage of its covered payroll.	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	2.50%	2.08%	1.49%	1.79%

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

Notes to Schedule

Actuarial Cost Method	Entry age
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	30 years, open
Asset Valuation Method	Market Value of Assets
Investment Rate of Return	3.00%, net of investment related expense
Price Inflation	2.50%

REGIONAL SCHOOL DISTRICT NO. 1
 Schedule of Revenues and Expenditures Compared to Budget
 General Fund
 For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Assessments:				
Canaan	\$ 1,290,290	\$ 1,290,290	\$ 1,304,682	\$ 14,392
Cornwall	909,068	909,068	922,723	13,655
Kent	1,436,914	1,436,914	1,456,104	19,190
North Canaan	2,903,153	2,903,153	2,943,009	39,856
Salisbury	1,906,111	1,906,111	1,932,681	26,570
Sharon	<u>1,583,538</u>	<u>1,583,538</u>	<u>1,605,680</u>	<u>22,142</u>
Total Member Towns	<u>10,029,074</u>	<u>10,029,074</u>	<u>10,164,879</u>	<u>135,805</u>
Government Grants:				
Vocational Agriculture	541,581	541,581	567,571	25,990
Adult Education	<u>2,145</u>	<u>2,145</u>	<u>2,914</u>	<u>769</u>
Total Government Grants	<u>543,726</u>	<u>543,726</u>	<u>570,485</u>	<u>26,759</u>
Other:				
Investment Income	4,617	4,617	4,617	-
Tuition Out-of-District	54,400	54,400	50,807	(3,593)
Rental of Facilities-Charge for Services	5,500	5,500	5,500	-
Unused Encumbrances	-	-	113,183	113,183
Miscellaneous	<u>-</u>	<u>-</u>	<u>22</u>	<u>22</u>
Total Other	<u>64,517</u>	<u>64,517</u>	<u>174,129</u>	<u>109,612</u>
Total Revenues	10,637,317	10,637,317	10,909,493	272,176
Expenditures				
Salaries:				
Certified Personnel	3,549,212	3,549,212	3,490,656	(58,556)
Noncertified Personnel	<u>1,236,771</u>	<u>1,236,771</u>	<u>1,191,156</u>	<u>(45,615)</u>
Total Salaries	<u>4,785,983</u>	<u>4,785,983</u>	<u>4,681,812</u>	<u>(104,171)</u>
Employee Benefits:				
Health Insurance	1,005,908	1,005,908	910,981	(94,927)
Social Security	151,602	151,602	155,011	3,409
Pension Plan	\$ 52,626	\$ 52,626	\$ 53,399	\$ 773

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, 2021

page 2 of 3

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Tuition	\$ 5,661	\$ 5,661	\$ 3,480	\$ (2,181)
Unemployment Compensation	2,000	2,000	-	(2,000)
Workers Compensation	67,432	67,432	61,180	(6,252)
Life Insurance	<u>7,950</u>	<u>7,950</u>	<u>7,746</u>	<u>(204)</u>
Total Employee Benefits	<u>1,293,179</u>	<u>1,293,179</u>	<u>1,191,797</u>	<u>(101,382)</u>
 Purchased Services:				
Referendum Expenses	7,000	7,000	7,917	917
Educational Services	88,173	88,173	80,363	(7,810)
Professional Services	103,516	103,516	61,588	(41,928)
Computer/Copier Services	24,782	24,782	23,346	(1,436)
Cleaning Services	46,550	46,550	24,195	(22,355)
Repairs and Maintenance	219,879	219,879	529,849	309,970
Student Transportation	118,835	118,835	35,589	(83,246)
Insurance	77,709	77,709	79,688	1,979
Communications	19,000	19,000	21,604	2,604
Postage	5,300	5,300	5,800	500
Advertising	500	500	761	261
Printing and Binding	1,354	1,354	753	(601)
Travel-Staff	12,435	12,435	3,313	(9,122)
Tuition	<u>1,989,574</u>	<u>1,989,574</u>	<u>1,879,207</u>	<u>(110,367)</u>
Total Purchased Services	<u>2,714,607</u>	<u>2,714,607</u>	<u>2,753,973</u>	<u>39,366</u>
 Supplies and Materials:				
General Supplies	241,464	241,464	221,435	(20,029)
Custodial Supplies	58,000	58,000	47,461	(10,539)
Heat and Energy	265,304	265,304	283,892	18,588
Textbooks	<u>38,553</u>	<u>38,553</u>	<u>45,726</u>	<u>7,173</u>
Total Supplies and Materials	<u>603,321</u>	<u>603,321</u>	<u>598,514</u>	<u>(4,807)</u>
 Capital Outlay:				
Equipment & Furniture	<u>108,820</u>	<u>108,820</u>	<u>216,883</u>	<u>108,063</u>
Total Capital Outlay	<u>\$ 108,820</u>	<u>\$ 108,820</u>	<u>\$ 216,883</u>	<u>\$ 108,063</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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Other Objects:				
Dues and Fees	\$ 16,562	\$ 16,562	\$ 16,962	\$ 400
Athletic-Subsidies	74,764	74,764	69,559	(5,205)
Accreditation	-	-	-	-
Miscellaneous	<u>74,450</u>	<u>74,450</u>	<u>72,423</u>	<u>(2,027)</u>
Total Other Objects	<u>165,776</u>	<u>165,776</u>	<u>158,944</u>	<u>(6,832)</u>
Debt Service:				
Interest Expense	191,634	191,634	191,635	1
Redemption of Principal	<u>774,000</u>	<u>774,000</u>	<u>774,000</u>	-
Total Debt Service	<u>965,634</u>	<u>965,634</u>	<u>965,635</u>	<u>1</u>
Total Expenditures	<u>10,637,320</u>	<u>10,637,320</u>	<u>10,567,558</u>	<u>(69,762)</u>
Excess/(deficiency) of revenues over expenditures before Other Financing Sources/(Uses)	(3)	(3)	341,935	341,938
Other Financing Sources (Uses):				
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>\$ (3)</u>	<u>\$ (3)</u>	<u>341,935</u>	<u>\$ 341,938</u>
Budgetary Fund Balance, Beginning of Year			<u>(80,632)</u>	
Budgetary Fund Balance, End of Year			<u>\$ 261,303</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, 2021

page 1 of 2

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Assessments:				
Canaan	\$ 314,208	\$ 314,208	\$ 297,428	\$ (16,780)
Cornwall	365,795	365,795	344,692	(21,103)
Kent	961,384	961,384	907,229	(54,155)
North Canaan	1,191,178	1,191,178	1,126,853	(64,325)
Salisbury	1,350,627	1,350,627	1,277,658	(72,969)
Sharon	483,037	483,037	453,799	(29,238)
Housatonic Valley H.S.-Charge for Services	<u>1,603,870</u>	<u>1,603,870</u>	<u>1,510,307</u>	<u>(93,563)</u>
Total Assessments	<u>6,270,099</u>	<u>6,270,099</u>	<u>5,917,966</u>	<u>(352,133)</u>
Government Grants:				
Sp Ed Agy Plcmnt & Excess Cost	40,000	40,000	104,326	64,326
Medicaid	<u>24,485</u>	<u>24,485</u>	<u>23,602</u>	<u>(883)</u>
Total Government Grants	<u>64,485</u>	<u>64,485</u>	<u>127,928</u>	<u>63,443</u>
Other:				
Pre K Education	32,000	32,000	21,475	(10,525)
Investment income	2,305	2,305	2,575	270
Unused Encumbrances	<u>-</u>	<u>-</u>	<u>46,408</u>	<u>46,408</u>
Total Other Income	<u>34,305</u>	<u>34,305</u>	<u>70,458</u>	<u>36,153</u>
Total Revenues	6,368,889	6,368,889	6,116,352	(252,537)
Expenditures				
Salaries:				
Certified Personnel	2,747,711	2,747,711	2,724,692	(23,019)
Noncertified Personnel	<u>1,040,560</u>	<u>1,040,560</u>	<u>980,842</u>	<u>(59,718)</u>
Total Salaries	<u>3,788,271</u>	<u>3,788,271</u>	<u>3,705,534</u>	<u>(82,737)</u>
Employee Benefits:				
Health Insurance	1,211,537	1,211,537	1,138,168	(73,369)
Social Security	109,207	109,207	112,391	3,184
Pension Plan	55,560	55,560	50,140	(5,420)
Tuition Reimbursement	-	-	2,142	2,142
Life Insurance	<u>5,598</u>	<u>5,598</u>	<u>5,380</u>	<u>(218)</u>
Total Employee Benefits	<u>\$ 1,381,902</u>	<u>\$ 1,381,902</u>	<u>\$ 1,308,221</u>	<u>\$ (73,681)</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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Tuition:	\$ 631,075	\$ 631,075	\$ 672,316	\$ 41,241
Total Tuition	<u>631,075</u>	<u>631,075</u>	<u>672,316</u>	<u>41,241</u>
 Purchased Services:				
Consulting Services	28,250	28,250	10,576	(17,674)
Professional Services	68,605	68,605	55,136	(13,469)
Repairs and Maintenance	2,785	2,785	2,285	(500)
Student Transportation	413,401	413,401	396,511	(16,890)
Communications	2,000	2,000	2,046	46
Postage	1,400	1,400	1,400	-
Travel-Staff	17,000	17,000	1,279	(15,721)
Total Purchased Services	<u>533,441</u>	<u>533,441</u>	<u>469,233</u>	<u>(64,208)</u>
 Supplies and Materials:				
General Supplies	26,800	26,800	32,657	5,857
Medical Supplies	250	250	2,446	2,196
Utilities	3,000	3,000	3,000	-
Total Supplies and Materials	<u>30,050</u>	<u>30,050</u>	<u>38,103</u>	<u>8,053</u>
 Capital Outlay:				
Equipment and Furniture	4,150	4,150	8,084	3,934
Total Capital Outlay	<u>4,150</u>	<u>4,150</u>	<u>8,084</u>	<u>3,934</u>
Total Expenditures	<u>6,368,889</u>	<u>6,368,889</u>	<u>6,201,491</u>	<u>(167,398)</u>
Excess/(deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(85,139)</u>	<u>\$ (85,139)</u>
Budgetary Fund Balance, Beginning of Year			<u>352,133</u>	
Budgetary Fund Balance, End of Year			<u>\$ 266,994</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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Assessments:				
Canaan	\$ 71,919	\$ 71,919	\$ 71,695	\$ (224)
Cornwall	97,681	97,681	97,399	(282)
Kent	220,051	220,051	219,328	(723)
North Canaan	272,648	272,648	271,789	(859)
Salisbury	309,144	309,144	308,170	(974)
Sharon	110,562	110,562	110,172	(390)
Housatonic Valley H.S.-Charge for Services	<u>367,109</u>	<u>367,109</u>	<u>365,860</u>	<u>(1,249)</u>
Total Assessments	<u>1,449,114</u>	<u>1,449,114</u>	<u>1,444,413</u>	<u>(4,701)</u>
Other:				
Investment Income	492	492	493	1
Unused Encumbrances	<u>-</u>	<u>-</u>	<u>2,344</u>	<u>2,344</u>
Total Other Income	<u>492</u>	<u>492</u>	<u>2,837</u>	<u>2,345</u>
Total Revenues	<u>1,449,606</u>	<u>1,449,606</u>	<u>1,447,250</u>	<u>(2,356)</u>
Expenditures				
Salaries:				
Certified Personnel	557,867	557,867	526,958	(30,909)
Non-certified Personnel	<u>423,807</u>	<u>423,807</u>	<u>429,271</u>	<u>5,464</u>
Total Salaries	<u>981,674</u>	<u>981,674</u>	<u>956,229</u>	<u>(25,445)</u>
Employee Benefits:				
Health Insurance	211,837	211,837	211,653	(184)
Social Security	49,666	49,666	47,518	(2,148)
Pension Plan	29,661	29,661	29,677	16
Tuition Reimbursement	-	-	-	-
Life Insurance	<u>2,490</u>	<u>2,490</u>	<u>2,067</u>	<u>(423)</u>
Total Employee Benefits	<u>293,654</u>	<u>293,654</u>	<u>290,915</u>	<u>(2,739)</u>
Purchased Services:				
Educational Services	89,500	89,500	83,129	(6,371)
Professional Services	55,536	55,536	85,179	29,643
Rentals/Repairs/Copier	4,577	4,577	4,327	(250)
Communications	2,893	2,893	3,493	600
Postage	1,000	1,000	1,000	-
Advertising	-	-	2,267	2,267
Utilities	2,500	2,500	2,500	-
Travel-Staff	<u>4,300</u>	<u>4,300</u>	<u>1,033</u>	<u>(3,267)</u>
Total Purchased Services	<u>\$ 160,306</u>	<u>\$ 160,306</u>	<u>\$ 182,928</u>	<u>\$ 22,622</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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Supplies and Materials:				
General Supplies	\$ 6,000	\$ 6,000	\$ 7,767	\$ 1,767
Instructional Supplies	<u>5,307</u>	<u>5,307</u>	<u>-</u>	<u>(5,307)</u>
Total Supplies and Materials	<u>11,307</u>	<u>11,307</u>	<u>7,767</u>	<u>(3,540)</u>
Capital Outlay:				
Equipment & Furniture	<u>500</u>	<u>500</u>	<u>14,049</u>	<u>13,549</u>
Total Capital Outlay	<u>500</u>	<u>500</u>	<u>14,049</u>	<u>13,549</u>
Other Objects:				
Salary Allocation	(22,000)	(22,000)	(22,000)	-
Dues and Fees	<u>6,420</u>	<u>6,420</u>	<u>7,035</u>	<u>615</u>
Total Other Objects	<u>(15,580)</u>	<u>(15,580)</u>	<u>(14,965)</u>	<u>615</u>
Total Expenditures	<u>1,431,861</u>	<u>1,431,861</u>	<u>1,436,923</u>	<u>5,062</u>
Excess/(deficiency) of revenues over expenditures	<u>\$ 17,745</u>	<u>\$ 17,745</u>	10,327	<u>\$ (7,418)</u>
Budgetary Fund Balance, Beginning of Year			<u>4,700</u>	
Budgetary Fund Balance, End of Year			<u>\$ 15,027</u>	

See accountant's report.

REGIONAL SCHOOL DISTRICT NO. 1
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2021

	<u>Special Revenue Funds</u>				
	<u>Cafeteria Fund</u>	<u>Revolving Fund</u>	<u>Reserve for Capital Outlay</u>	<u>Student Activities Fund</u>	<u>Total</u>
Assets					
Cash and Cash Equivalents	\$ 34,535	\$ 21,937	\$ 101,612	\$ 285,405	\$ 443,489
Investments	-	-	26,084	15,203	41,287
State and Federal Grants Receivable	14,452	-	-	-	14,452
Inventories	2,227	-	-	-	2,227
Interfund Receivables	-	-	-	-	-
Total Assets	<u>\$ 51,214</u>	<u>\$ 21,937</u>	<u>\$ 127,696</u>	<u>\$ 300,608</u>	<u>\$ 501,455</u>
Liabilities and Fund Balances					
Accrued Payroll and Accounts Payable	<u>\$ 1,177</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,177</u>
Total Liabilities	<u>1,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,177</u>
Fund Balances:					
Nonspendable: Inventories	2,227	-	-	-	2,227
Restricted	-	-	-	300,608	300,608
Committed	47,810	-	127,696	-	175,506
Assigned	-	21,937	-	-	21,937
Total Fund Balances	<u>50,037</u>	<u>21,937</u>	<u>127,696</u>	<u>300,608</u>	<u>500,278</u>
Total Liabilities and Fund Balances	<u>\$ 51,214</u>	<u>\$ 21,937</u>	<u>\$ 127,696</u>	<u>\$ 300,608</u>	<u>\$ 501,455</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, 2021

Special Revenue Funds

	<u>Cafeteria Fund</u>	<u>Revolving Fund</u>	<u>Reserve for Capital Outlay</u>	<u>Student Activities Fund</u>	<u>Total</u>
Revenues					
State and Federal Grants	\$ 67,434	\$ -	\$ -	\$ -	\$ 67,434
Daily Sales	8,746	-	-	-	8,746
Investment Income	-	-	913	263	1,176
Other Revenue	1,120	362,882	-	35,883	399,885
Total Revenues	<u>77,300</u>	<u>362,882</u>	<u>913</u>	<u>36,146</u>	<u>477,241</u>
Expenditures					
Current:					
Salaries	51,166	5,524	-	-	56,690
Benefits	23,719	152,458	-	-	176,177
Purchased Services	4,035	43,147	-	-	47,182
Supplies	39,047	41,739	-	-	80,786
Other	-	121,551	-	23,398	144,949
Total Expenditures	<u>117,967</u>	<u>364,419</u>	<u>-</u>	<u>23,398</u>	<u>505,784</u>
Excess/(Deficiency) of Revenues Over Expenditures Before Other Financing Sources/(Uses)	(40,667)	(1,537)	913	12,748	(28,543)
Other Financing Sources/(Uses)					
Transfers In	15,000	-	12,000	-	27,000
Transfers Out	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>15,000</u>	<u>-</u>	<u>12,000</u>	<u>-</u>	<u>27,000</u>
Change in Fund Balances	(25,667)	(1,537)	12,913	12,748	(1,543)
Fund Balances - Beginning	<u>75,704</u>	<u>23,474</u>	<u>114,783</u>	<u>287,860</u>	<u>501,821</u>
Fund Balances - Ending	<u>\$ 50,037</u>	<u>\$ 21,937</u>	<u>\$ 127,696</u>	<u>\$ 300,608</u>	<u>\$ 500,278</u>

See accountant's report.

REGIONAL SCHOOL DISTRICT NO. 1
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

		Private-Purpose Trust Funds							
		Mary S. Trant	E.M. Kirby	John Hoffman	Hausman	Paul W. Stoddard	I. Kent & Fulton	Horace Stump	A Dichello
Assets									
	Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Investments	<u>5,113</u>	<u>809,869</u>	<u>8,970</u>	<u>9,629</u>	<u>213,237</u>	<u>328,976</u>	<u>16,924</u>	<u>346,951</u>
	Total Assets	<u>\$5,113</u>	<u>\$809,869</u>	<u>\$ 8,970</u>	<u>\$ 9,629</u>	<u>\$213,237</u>	<u>\$328,976</u>	<u>\$16,924</u>	<u>\$346,951</u>
	Deferred Outflows of Resources	-	-	-	-	-	-	-	-
	Liabilities								
	Scholarships Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Total Liabilities	-	-	-	-	-	-	-	-
	Deferred Inflows of Resources	-	-	-	-	-	-	-	-
	Net Position								
	Held in Trust for Scholarships	<u>5,113</u>	<u>809,869</u>	<u>8,970</u>	<u>9,629</u>	<u>213,237</u>	<u>328,976</u>	<u>16,924</u>	<u>346,951</u>
	Total Net Position	<u>\$5,113</u>	<u>\$809,869</u>	<u>\$ 8,970</u>	<u>\$ 9,629</u>	<u>\$213,237</u>	<u>\$328,976</u>	<u>\$16,924</u>	<u>\$346,951</u>

See accountant's report.

REGIONAL SCHOOL DISTRICT NO. 1
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

		Private-Purpose Trust Funds							
		Daniel							
		Salisbury	Henry	Clyde	Parsons	Segalla	Picken	McBennett	
		Pythian	Burgess	Skelly	Memorial	Family	Memorial	Fund	Total
Assets									
	Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Investments	<u>3,344</u>	<u>14,853</u>	<u>42,131</u>	<u>69,394</u>	<u>59,360</u>	<u>219,653</u>	<u>222,208</u>	<u>2,370,612</u>
	Total Assets	<u>\$ 3,344</u>	<u>\$14,853</u>	<u>\$42,131</u>	<u>\$69,394</u>	<u>\$59,360</u>	<u>\$219,653</u>	<u>\$222,208</u>	<u>\$2,370,612</u>
Deferred Outflows of Resources		-	-	-	-	-	-	-	-
Liabilities									
	Scholarships Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000	\$ 3,000	\$ 6,000
	Total Liabilities	-	-	-	-	-	<u>3,000</u>	<u>3,000</u>	<u>6,000</u>
Deferred Inflows of Resources		-	-	-	-	-	-	-	-
Net Position									
	Held in Trust for Scholarships	<u>3,344</u>	<u>14,853</u>	<u>42,131</u>	<u>69,394</u>	<u>59,360</u>	<u>216,653</u>	<u>219,208</u>	<u>2,364,612</u>
	Total Net Position	<u>\$ 3,344</u>	<u>\$14,853</u>	<u>\$42,131</u>	<u>\$69,394</u>	<u>\$59,360</u>	<u>\$216,653</u>	<u>\$219,208</u>	<u>\$2,364,612</u>

See accountant's report.

REGIONAL SCHOOL DISTRICT NO. 1
Combining Statement of Changes in Assets and Liabilities
Fiduciary Fund - Agency Funds
June 30, 2021

	Private-Purpose Trust Funds							
	Mary S. <u>Trant</u>	E.M. <u>Kirby</u>	John <u>Hoffman</u>	<u>Hausman</u>	Paul W. <u>Stoddard</u>	I. Kent <u>& Fulton</u>	Horace <u>Stump</u>	A <u>Dichello</u>
Additions								
Investment Income	\$ (95)	\$ 219,253	\$ (111)	\$ (149)	\$ 40,343	\$ 56,294	\$ 162	\$ 62,115
Contributions	-	6,720	2,000	-	-	39,485	359	20,000
Total Additions	<u>(95)</u>	<u>225,973</u>	<u>1,889</u>	<u>(149)</u>	<u>40,343</u>	<u>95,779</u>	<u>521</u>	<u>82,115</u>
Expenditures								
Scholarships and Awards	<u>1,000</u>	<u>10,095</u>	-	-	<u>3,500</u>	<u>14,000</u>	<u>244</u>	<u>5,000</u>
Total Deductions	<u>1,000</u>	<u>10,095</u>	-	-	<u>3,500</u>	<u>14,000</u>	<u>244</u>	<u>5,000</u>
Change in Net Position Before Other Changes	(1,095)	215,878	1,889	(149)	36,843	81,779	277	77,115
Other Changes in Net Position								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	(1,095)	215,878	1,889	(149)	36,843	81,779	277	77,115
Net Position- Beginning	<u>6,208</u>	<u>593,991</u>	<u>7,081</u>	<u>9,778</u>	<u>176,394</u>	<u>247,197</u>	<u>16,647</u>	<u>269,836</u>
Net Position - Ending	<u>\$ 5,113</u>	<u>\$ 809,869</u>	<u>\$ 8,970</u>	<u>\$ 9,629</u>	<u>\$ 213,237</u>	<u>\$ 328,976</u>	<u>\$ 16,924</u>	<u>\$ 346,951</u>

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

REGIONAL SCHOOL DISTRICT NO. 1
Combining Statement of Changes in Assets and Liabilities
Fiduciary Fund - Agency Funds
June 30, 2021

	Private-Purpose Trust Funds							Total
	Salisbury Pythian	Henry Burgess	Clyde Skelly	Daniel Parsons Memorial	Segalla Family	Picken Memorial	McBennett Fund	
Additions								
Investment Income	\$ (52)	\$ (244)	\$ 8,061	\$ 12,821	\$ 9,805	\$ 26,319	\$ 26,319	\$ 460,841
Contributions	-	136	-	-	50,555	1,500	-	120,755
Total Additions	<u>(52)</u>	<u>(108)</u>	<u>8,061</u>	<u>12,821</u>	<u>60,360</u>	<u>27,819</u>	<u>26,319</u>	<u>581,596</u>
Expenditures								
Scholarships and Awards	-	1,000	1,000	-	1,000	3,000	3,000	42,839
Total Deductions	<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>3,000</u>	<u>3,000</u>	<u>42,839</u>
Change in Net Position Before Other Changes	(52)	(1,108)	7,061	12,821	59,360	24,819	23,319	538,757
Other Changes in Net Position								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	(52)	(1,108)	7,061	12,821	59,360	24,819	23,319	538,757
Net Position- Beginning	<u>3,396</u>	<u>15,961</u>	<u>35,070</u>	<u>56,573</u>	<u>-</u>	<u>191,834</u>	<u>195,889</u>	<u>1,825,855</u>
Net Position - Ending	<u>\$ 3,344</u>	<u>\$ 14,853</u>	<u>\$ 42,131</u>	<u>\$ 69,394</u>	<u>\$ 59,360</u>	<u>\$ 216,653</u>	<u>\$ 219,208</u>	<u>\$ 2,364,612</u>

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

REGIONAL SCHOOL DISTRICT NO. 1

Schedule of Debt Limitation

June 30, 2021

Total Tax Collections of Member Towns - Prior Year

Town of Canaan	\$ 4,479,612
Town of Cornwall	6,568,981
Town of Kent	11,009,729
Town of North Canaan	9,556,577
Town of Salisbury	14,654,535
Town of Sharon	<u>10,741,591</u>
Base	<u>57,011,025</u>

Debt Limitation:

4-1/2 Times Base \$ 256,549,613

Indebtedness:

General Obligation Bonds	<u>5,084,706</u>
Total Indebtedness	5,084,706

Net Debt for Calculation of Debt Limitation 5,084,706

Debt Limitation in Excess of Indebtedness \$ 251,464,907

(Unaudited)