

**REGIONAL SCHOOL DISTRICT NO. 1**

June 30, 2019  
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## 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, 2019, 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, 2018, 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 34-40 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 December 20, 2018, 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*

King, King & Associates, CPAs  
Winsted, Connecticut  
February 25, 2019

# REGIONAL SCHOOL DISTRICT NO. 1

## Management's Discussion and Analysis

June 30, 2019

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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, 2019.

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 342 students while there are 995 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 twelve 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 \$11,511,249 (*net position*). Of this amount, 1,152,399 (*unrestricted net position*) may be used to meet the District's ongoing obligations to citizens and creditors. Restricted net position is \$114,141. \$55,855 is restricted for Pupil Services, and \$58,286 is restricted for Federal and State Grants. The remainder of net position, \$10,244,709 is invested in capital assets.
- The District's total net position increased by \$506,578. This increase is attributable primarily to an increase in capital assets attributable to the building project.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,266,540, an increase of \$161,832 in comparison with the prior year. Of this amount, \$181,115 is available for spending at the government's discretion (*unassigned fund balance*) and \$408,772 has been assigned to member towns.
- At the end of the current fiscal year, the fund balance for the general fund was \$247,509, of which the district reported an unassigned fund balance for the general fund of \$247,509 or 2% percent of total general fund expenditures.
- Long-term obligations as of June 30, 2019, are \$6,639,120, which compares to the June 30, 2018 debt obligations of \$6,708,827; a decrease of \$69,707.

### 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, 2019

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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, 2019

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**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 21-41 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 \$11,518,997 at the close of the most recent fiscal year.

	<u>2019</u>	<u>2018</u>
Current and Other Assets	\$ 1,695,507	\$ 1,304,667
Capital Assets	<u>16,844,847</u>	<u>16,556,814</u>
Total Assets	<u>18,540,354</u>	<u>17,861,481</u>
Deferred Outflows of Resources	<u>38,982</u>	<u>51,976</u>
Other Liabilities	1,201,967	4,740,959
Long-term Liabilities Outstanding	<u>5,866,120</u>	<u>2,167,827</u>
Total Liabilities	<u>7,068,087</u>	<u>6,908,786</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>
Net Position:		
Net Investment in Capital Assets	10,244,709	9,899,963
Restricted	114,141	64,031
Unrestricted	<u>1,152,399</u>	<u>1,040,677</u>
Total Net Position	<u>\$ 11,511,249</u>	<u>\$ 11,004,671</u>

The restricted portion of the District's net position primarily represents net position restricted for capital projects. The balance of *unrestricted net position* \$1,152,399 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, 2019

	<u>2019</u>	<u>2018</u>
<b>Revenues</b>		
General Revenues:		
Unrestricted Investment Income	\$ 63,009	\$ 28,908
Other income	454,138	298,356
Loss on Disposal of Assets	-	(141)
Program Revenues:		
Charges for Services	15,726,986	15,956,275
Operating Grants and Contributions	6,205,734	5,265,879
Capital Grants and Contributions	388,803	205,955
Total Revenues	<u>22,838,670</u>	<u>21,755,232</u>
<b>Expenses</b>		
Governmental Activities:		
Education	14,364,042	12,926,020
Regional Services	1,174,502	1,228,993
Pupil Services	6,456,722	6,686,839
Cafeteria	160,602	177,415
Interest on Long-Term Debt	176,224	122,976
Total Expenses	<u>22,332,092</u>	<u>21,142,243</u>
Change in Net Position	506,578	612,989
Beginning Net Position	<u>11,004,671</u>	<u>10,391,682</u>
<b>Ending Net Position</b>	<b><u>\$ 11,511,249</u></b>	<b><u>\$ 11,004,671</u></b>

**Governmental activities.** Governmental activities increased the District's net position by \$506,578.

Sixty-nine percent (69%) of the revenues of the District were derived from charges for services, twenty-nine percent (29%) from operating grants and contributions, and two percent (2%) from other sources.

The District's total revenues were \$22,838,670, or \$1,083,438 greater than the district's revenue for the year ending June 30, 2018. This increase is attributable to a greater state and federal grants.

**Major revenue factors included:**

- Revenues from state grants including school construction grants, Ag-Ed Operating Grant and investment income.

**Major expense factors included:**

- Salaries, employee benefits, out of district tuition expenditures and transportation expenditures in the Pupil Services budget were lower than budgeted. Capital maintenance expenditures in the high school budget were higher than anticipated as a result of years of neglect of preventative maintenance. The high school will continue to address building infrastructure issues in the upcoming 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, 2019

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**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 (\$1,266,540) an increase of \$161,832 in comparison with the prior year. \$181,115 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 \$247,509. 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 \$40,818 during the current fiscal year.

### Budgetary Highlights

The General Fund budget was over-expended by \$25,891. This was due to campus security upgrades, a significant number of unanticipated infrastructure repairs (boilers, hot water tank, pumps, etc.) paying off leases on the school vans and tractor. A significant number of Information Technology equipment purchases were made from the 18/19 budget to lessen the impact on the 19/20 budget.

The Pupil Services budget was under-expended by \$20,025. Savings was achieved in salaries, employee benefits, tuition and transportation. Revenues (member assessments) were under budget due to the prior year surplus.

The Regional School Services Center budget ended the year over-expended by \$72,266. Additional costs in the area of curriculum development and professional development were approved by the BOE in the spring of 2019 at the request of the Administration to continue new initiatives in student learning.

### Capital Asset and Debt Administration

**Capital assets.** The District's investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$16,844,847 (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:

- Major renovation of the science wing, locker rooms, Boiler replacement, underground storage tanks, and HVAC equipment upgrades was completed in the 2018/19 school year.

(Net of Depreciation)

	<u>2019</u>	<u>2018</u>
Buildings & Improvements	\$ 15,493,966	\$ 12,209,546
Construction in Progress	357,169	3,340,200
Vehicles & Equipment	993,712	1,007,068
Total	<u>\$ 16,844,847</u>	<u>\$ 16,556,814</u>

# REGIONAL SCHOOL DISTRICT NO. 1

Management's Discussion and Analysis

June 30, 2019

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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.

	<u>2019</u>	<u>2018</u>
Bonds and BANS	\$ 6,639,120	\$ 6,708,827
Total	<u>\$ 6,639,120</u>	<u>\$ 6,708,827</u>

The District's total debt was decreased by \$69,707 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 31-33 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 2018-2019 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 third 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.
- Collective Bargaining Agreements are in place for certified and non-certified staff through 6/30/2021. Other administrators (Principal, Asst. Principal, Director of Pupil Services and Special Education Supervisor) have a collective bargaining agreement in place through 6/30/2022.
- Enrollment has been declining district-wide. The high school anticipates that enrollment will decline for the next few years from its current level of 342 resident students.

These factors were considered in preparing the District's budget for the 2020 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.

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# REGIONAL SCHOOL DISTRICT NO. 1

## Statement of Net Position

June 30, 2019

	<u>Governmental Activities</u>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 1,609,005
Investments	25,190
State and Federal Grants Receivable	60,009
Due from Other Governments	-
Inventories	<u>1,303</u>
Total Current Assets	<u>1,695,507</u>
Noncurrent Assets:	
Capital Assets, net of Depreciation	<u>16,844,847</u>
<b>Total Assets</b>	<u><u>\$ 18,540,354</u></u>
 <b>Deferred Outflows of Resources</b>	
Deferred Amount on Bond Refunding	<u>38,982</u>
<b>Total Deferred Outflows of Resources</b>	<u>38,982</u>
 <b>Liabilities</b>	
Current Liabilities:	
Accounts Payable	\$ 308,080
Due to State	1,400
Deferred Revenue	956
Accrued Expenses	118,531
Bond Anticipation Note	-
Current Portion of Long-Term Obligations	<u>773,000</u>
Total Current Liabilities	<u>1,201,967</u>
Noncurrent Liabilities:	
Noncurrent Portion of Long-Term Obligations	<u>5,866,120</u>
<b>Total Liabilities</b>	<u>7,068,087</u>
 <b>Deferred Inflows of Resources</b>	 <u>-</u>
 <b>Net Position</b>	
Net Investment in Capital Assets	10,244,709
Restricted	114,141
Unrestricted	<u>1,152,399</u>
<b>Total Net Position</b>	<u><u>\$ 11,511,249</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, 2019

	<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>	
<b>Functions/Programs</b>					
Primary Government:					
Governmental Activities					
Education	\$ 14,364,042	\$ 9,966,484	\$ 5,915,082	\$ 388,803	1,906,327
Regional Services	1,174,502	954,767	-	-	(219,735)
Pupil Services	6,456,722	4,731,263	242,373	-	(1,483,086)
Cafeteria	160,602	74,472	48,279	-	(37,851)
Interest on Long-Term Debt	176,224	-	-	-	(176,224)
Total Primary Government	<u>\$ 22,332,092</u>	<u>\$ 15,726,986</u>	<u>\$ 6,205,734</u>	<u>\$ 388,803</u>	<u>(10,569)</u>
		General Revenues:			
					63,009
					454,138
					-
					<u>517,147</u>
					506,578
					<u>11,004,671</u>
					<u>\$ 11,511,249</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, 2019

	General (High School)	Pupil Services	Regional Services	Building Fund	Federal and State Grants Fund	Nonmajor Governmental Funds	Totals
<b>Assets</b>							
Cash and Cash Equivalents	\$ 1,084,752	\$ -	\$ -	\$ 333,589	\$ 62,559	\$ 128,105	\$ 1,609,005
Investments	-	-	-	-	-	25,190	25,190
State and Federal Grants Receivable	51,385	-	-	-	-	8,624	60,009
Due from Other Governments	-	-	-	-	-	-	-
Due from Other Funds	17,051	534,314	-	50,701	-	15,000	617,066
Inventories	-	-	-	-	-	1,303	1,303
<b>Total Assets</b>	<b>\$ 1,153,188</b>	<b>\$ 534,314</b>	<b>\$ -</b>	<b>\$ 384,290</b>	<b>\$ 62,559</b>	<b>\$ 178,222</b>	<b>\$ 2,312,573</b>
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Accounts Payable	\$ 206,893	\$ 57,191	\$ 42,090	\$ -	\$ 1,906	\$ -	\$ 308,080
Bond Anticipation Notes	-	-	-	-	-	-	-
Due to State of CT	-	-	-	-	1,400	-	1,400
Due to Other Funds	600,015	-	17,051	-	-	-	617,066
Deferred Revenue	-	-	-	-	956	-	956
Accrued Expenses	98,771	12,496	7,253	-	11	-	118,531
<b>Total Liabilities</b>	<b>905,679</b>	<b>69,687</b>	<b>66,394</b>	<b>-</b>	<b>4,273</b>	<b>-</b>	<b>1,046,033</b>
Fund Balances:							
Nonspendable: Inventories	-	-	-	-	-	1,303	1,303
Restricted for Pupil Services	-	55,855	-	-	-	-	55,855
Restricted for Regional Services	-	-	-	-	-	-	-
Restricted for Fed & State Grants	-	-	-	-	58,286	-	58,286
Committed to Capital Outlay	-	-	-	384,290	-	90,585	474,875
Committed to Cafeteria Fund	-	-	-	-	-	70,875	70,875
Assigned to Member Towns	-	408,772	-	-	-	-	408,772
Assigned for Other Purposes	-	-	-	-	-	15,459	15,459
Unassigned	247,509	-	(66,394)	-	-	-	181,115
<b>Total Fund Balances</b>	<b>247,509</b>	<b>464,627</b>	<b>(66,394)</b>	<b>384,290</b>	<b>58,286</b>	<b>178,222</b>	<b>1,266,540</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,153,188</b>	<b>\$ 534,314</b>	<b>\$ -</b>	<b>\$ 384,290</b>	<b>\$ 62,559</b>	<b>\$ 178,222</b>	<b>\$ 2,312,573</b>

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

**REGIONAL SCHOOL DISTRICT NO. 1**

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
June 30, 2019

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**Fund Balances Reported in Governmental Funds Balance Sheet** \$ 1,266,540

**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	30,470,635
Depreciation	(13,625,788)

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 amount, will be amortized as an adjustment of interest expense in the statement of activities over the remaining life of the refunded debt. Unamortized bonding costs of refunding debt will be included in the deferred amount on refunding. In additon, the District received a premium that will be amortized as an adjustment of interest expense in the statement of activites over the remaining life of the new debt.

Deferred Amount on Refunding	38,982
Unamortized Premiums	(11,120)

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>(6,628,000)</u>
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**Net Position of Governmental Activities** \$ 11,511,249

**REGIONAL SCHOOL DISTRICT NO. 1**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2019

	General (High School)	Pupil Services	Regional Services	Building Fund	Federal and State Grants Fund	Nonmajor Governmental Funds	Total
<b>Revenues</b>							
Assessments to Towns	\$ 9,893,384	\$ 4,705,443	\$ 954,767	\$ -	\$ -	\$ -	\$ 15,553,594
State and Federal Grants	648,601	242,373	-	388,803	3,588,296	48,279	4,916,352
Investment Income	9,234	2,314	498	50,701	69	193	63,009
Tuition and Charges for Services	73,100	25,820	-	-	-	74,472	173,392
Other Revenue	674	-	-	-	-	453,464	454,138
Interfund Services Provided	-	1,581,136	291,670	-	-	-	1,872,806
Total Revenues	<u>10,624,993</u>	<u>6,557,086</u>	<u>1,246,935</u>	<u>439,504</u>	<u>3,588,365</u>	<u>576,408</u>	<u>23,033,291</u>
<b>Expenditures</b>							
Current:							
Salaries	4,575,599	3,636,612	862,863	-	959,761	68,188	10,103,023
Employee Benefits	1,171,131	1,317,805	253,554	-	2,213,356	264,813	5,220,659
Purchased Services	1,137,124	511,833	185,716	-	302,863	59,666	2,197,202
Tuition	-	934,340	-	-	-	-	934,340
Supplies and Materials	637,396	39,542	10,002	-	69,726	135,176	891,842
Other	120,376	-	8,267	-	16,140	52,976	197,759
Interfund Services Used	1,872,806	-	-	-	-	-	1,872,806
Capital Outlay	287,908	54,658	4,492	795,396	78,437	-	1,220,891
Debt Service							
Principal and Interest	668,513	-	-	-	-	-	668,513
Total Expenditures	<u>10,470,853</u>	<u>6,494,790</u>	<u>1,324,894</u>	<u>795,396</u>	<u>3,640,283</u>	<u>580,819</u>	<u>23,307,035</u>
Excess/(Deficiency) of Revenues over Expenditures	154,140	62,296	(77,959)	(355,892)	(51,918)	(4,411)	(273,744)
<b>Other Financing Sources/(Uses)</b>							
Issuance of GO Bond	-	-	-	4,475,000	-	-	4,475,000
Bond Anticipation Note Repayment	-	-	-	(4,039,424)	-	-	(4,039,424)
Transfers In	-	-	-	-	71,322	42,000	113,322
Transfers Out	(113,322)	-	-	-	-	-	(113,322)
Total Other Financing Sources/(Uses)	<u>(113,322)</u>	<u>-</u>	<u>-</u>	<u>435,576</u>	<u>71,322</u>	<u>42,000</u>	<u>435,576</u>
Net Change in Fund Balances	40,818	62,296	(77,959)	79,684	19,404	37,589	161,832
<b>Fund Balances - Beginning</b>	<u>206,691</u>	<u>402,331</u>	<u>11,565</u>	<u>304,606</u>	<u>38,882</u>	<u>140,633</u>	<u>1,104,708</u>
<b>Fund Balances - Ending</b>	<u>\$ 247,509</u>	<u>\$ 464,627</u>	<u>\$ (66,394)</u>	<u>\$ 384,290</u>	<u>\$ 58,286</u>	<u>\$ 178,222</u>	<u>\$ 1,266,540</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, 2019

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**Net Change in Fund Balances - Governmental Funds** \$ 161,832

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Expenditures	1,140,134
Depreciation Expense	(852,101)

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

Debt Issued:	
GO Bond	(4,475,000)
Amortization of the Premium on refunding debt	3,707
Repayments:	
Amortization of the Deferred Amount on Refunding	(12,994)
BAN Repayment	4,000,000
Principal payments on long-term debt	<u>541,000</u>

**Change in Net Position of Governmental Activities** \$ 506,578

**REGIONAL SCHOOL DISTRICT NO. 1**

Budgetary Comparison Statement

General Fund

For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance
	Original	Final		
<b>Revenues</b>				
Assessments to Towns	\$ 9,833,383	\$ 9,833,383	\$ 9,893,384	\$ 60,001
State and Federal Grants	468,085	468,085	648,601	180,516
Other Income	71,317	71,317	201,306	129,989
Total Revenues	<u>10,372,785</u>	<u>10,372,785</u>	<u>10,743,291</u>	<u>370,506</u>
<b>Expenditures</b>				
Current				
Salaries	4,570,713	4,570,713	4,577,703	6,990
Employee Benefits	1,170,945	1,170,945	1,177,074	6,129
Purchased Services	2,876,770	2,876,770	3,059,304	182,534
Supplies and Materials	607,967	607,967	627,456	19,489
Other	191,754	191,754	190,274	(1,480)
Capital Outlay	125,395	125,395	468,858	343,463
Debt Service				
Interest Expense	142,725	142,725	127,513	(15,212)
Redemption of Principal	653,191	653,191	541,000	(112,191)
Total Expenditures	<u>10,339,460</u>	<u>10,339,460</u>	<u>10,769,182</u>	<u>429,722</u>
<b>Excess/(Deficiency) of Revenues Over Expenditures Before Other Financing Sources/(Uses)</b>	33,325	33,325	(25,891)	(59,216)
<b>Other Financing Sources/(Uses)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources/(Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess/(Deficiency) of Revenues Over Expenditures and Other Financing Sources/(Uses)</b>	<u>\$ 33,325</u>	<u>\$ 33,325</u>	<u>(25,891)</u>	<u>\$ (59,216)</u>
Beginning Budgetary Fund Balance			(60,011)	
Ending Budgetary Fund Balance			<u>\$ (85,902)</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, 2019

	Budgeted Amounts		Actual Amounts	Variance
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	
<b>Revenues</b>				
Member Assessments	\$ 6,675,326	\$ 6,675,326	\$ 6,286,579	\$ (388,747)
State and Federal Grants	165,535	165,535	242,373	76,838
Other Income	<u>24,846</u>	<u>24,846</u>	<u>41,725</u>	<u>16,879</u>
Total Revenues	<u>6,865,707</u>	<u>6,865,707</u>	<u>6,570,677</u>	<u>(295,030)</u>
<b>Expenditures</b>				
Current				
Salaries	3,711,273	3,711,273	3,636,612	(74,661)
Employee Benefits	1,518,700	1,518,700	1,317,805	(200,895)
Tuition	1,018,625	1,018,625	971,579	(47,046)
Purchased Services	562,207	562,207	524,963	(37,244)
Supplies and Materials	36,710	36,710	39,523	2,813
Capital Outlay	<u>18,192</u>	<u>18,192</u>	<u>60,170</u>	<u>41,978</u>
Total Expenditures	<u>6,865,707</u>	<u>6,865,707</u>	<u>6,550,652</u>	<u>(315,055)</u>
<b>Excess/(Deficiency) of Revenues Over Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<b>20,025</b>	<u>\$ 20,025</u>
Beginning Budgetary Fund Balance			<u>388,747</u>	
Ending Budgetary Fund Balance			<u>\$ 408,772</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, 2019

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	Budgetary Basis	
<b>Revenues</b>				
Member Assessments	\$ 1,246,491	\$ 1,246,491	\$ 1,246,437	\$ (54)
Other Income	492	492	7,124	6,632
Total Revenues	<u>1,246,983</u>	<u>1,246,983</u>	<u>1,253,561</u>	<u>6,578</u>
<b>Expenditures</b>				
Current				
Salaries	888,207	888,207	884,431	(3,776)
Employee Benefits	247,722	247,722	253,554	5,832
Purchased Services	147,478	147,478	186,962	39,484
Supplies and Materials	9,800	9,800	10,121	321
Capital Outlay	2,500	2,500	4,492	1,992
Other	(15,398)	(15,398)	(13,733)	1,665
Total Expenditures	<u>1,280,309</u>	<u>1,280,309</u>	<u>1,325,827</u>	<u>45,518</u>
<b>Excess/(Deficiency) of Revenues Over Expenditures</b>	<u>\$ (33,326)</u>	<u>\$ (33,326)</u>	<u>(72,266)</u>	<u>\$ (38,940)</u>
Beginning Budgetary Fund Balance			64	
Ending Budgetary Fund Balance			<u>\$ (72,202)</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, 2019

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	Private-Purpose <u>Trust Funds</u>	Agency <u>Funds</u>	<u>Totals</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ -	\$ 222,963	\$ 222,963
Investments	<u>1,774,855</u>	<u>14,679</u>	<u>1,789,534</u>
<b>Total Assets</b>	<u>\$ 1,774,855</u>	<u>\$ 237,642</u>	<u>\$ 2,012,497</u>
<b>Deferred Outflows of Resources</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Liabilities</b>			
Scholarships Payable	\$ 6,000	\$ -	\$ 6,000
Fiduciary Deposits	<u>-</u>	<u>237,642</u>	<u>237,642</u>
<b>Total Liabilities</b>	<u>6,000</u>	<u>237,642</u>	<u>243,642</u>
<b>Deferred Inflows of Resources</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position</b>			
Held in Trust for Scholarships	<u>1,768,855</u>	<u>-</u>	<u>1,768,855</u>
<b>Total Net Position</b>	<u>\$ 1,768,855</u>	<u>\$ -</u>	<u>\$ 1,768,855</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, 2019

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	<u>Private-Purpose Trust Funds</u>
<b>Additions</b>	
Donations	\$ 36,789
Investment Income	<u>133,565</u>
Total Additions	<u>170,354</u>
<b>Deductions</b>	
Scholarships and Awards	<u>52,500</u>
Total Deductions	<u>52,500</u>
Change in Net Position	117,854
<b>Net Position - Beginning</b>	<u>1,651,001</u>
<b>Net Position - Ending</b>	<u><u>\$ 1,768,855</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

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#### **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.

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.

#### **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

# REGIONAL SCHOOL DISTRICT NO. 1

## Notes to the Financial Statements

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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:

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

## REGIONAL SCHOOL DISTRICT NO. 1

### Notes to the Financial Statements

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*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 or other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

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

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:

*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.

## REGIONAL SCHOOL DISTRICT NO. 1

### Notes to the Financial Statements

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*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, 2019 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	\$ 10,624,993	\$ -	\$ 118,298	\$ 10,743,291
Expenditures	(10,470,853)	-	(298,329)	(10,769,182)
Other Financing Sources/Uses	<u>(113,322)</u>	<u>113,322</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over/ (Under) Expenditures	<u>\$ 40,818</u>	<u>\$ 113,322</u>	<u>\$ (180,031)</u>	<u>\$ (25,891)</u>

**Pupil Services**

	<u>GAAP Basis</u>	<u>Entity Differences</u>	<u>Perspective Differences</u>	<u>Budgetary Basis</u>
Revenues	\$ 6,557,086	\$ -	\$ 13,591	\$ 6,570,677
Expenditures	(6,494,790)	-	(55,862)	(6,550,652)
Other Financing Sources/Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over/ (Under) Expenditures	<u>\$ 62,296</u>	<u>\$ -</u>	<u>\$ (42,271)</u>	<u>\$ 20,025</u>

**Regional Services**

	<u>GAAP Basis</u>	<u>Entity Differences</u>	<u>Perspective Differences</u>	<u>Budgetary Basis</u>
Revenues	\$ 1,246,935	\$ -	\$ 6,626	\$ 1,253,561
Expenditures	(1,324,894)	-	(933)	(1,325,827)
Other Financing Sources/Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over/ (Under) Expenditures	<u>\$ (77,959)</u>	<u>\$ -</u>	<u>\$ 5,693</u>	<u>\$ (72,266)</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

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**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 \$2,449,730. Of the bank balance, Federal Depository Insurance Corporation covered \$816,749.

As of June 30, 2019, \$1,632,981 of the District's bank balance of \$2,449,730 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	27,052
Uninsured and collateral held by pledging bank's Trust department not in the District's name		1,605,929
Total	\$	1,632,981

*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, 2019, the District had the following investments:

		Investment Maturities	
		Less Than 1 yr.	1-5 yrs.
Short-term Investments	\$ 1,760,262	N/A	-
U.S. Government Bond Funds	14,593	N/A	-
CDs	39,869	39,869	-
Total Investments	\$ 1,814,724	\$ 39,869	\$ -

**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>2019</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Short-term Investments	\$ 1,800,131	\$ 1,800,131	\$ -	\$ -
U.S. Government Bond Funds	<u>14,593</u>	<u>14,593</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,814,724</u>	<u>\$ 1,814,724</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:

<b>Governmental Funds</b>	
School Cafeteria	\$1,303

**REGIONAL SCHOOL DISTRICT NO. 1**

Notes to the Financial Statements

**Capital assets**

Capital assets activity for the year ended June 30, 2019 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Construction in Progress	\$ 3,340,200	\$ 289,478	\$ (3,272,509)	\$ 357,169
Total capital assets, not being depreciated	<u>3,340,200</u>	<u>289,478</u>	<u>(3,272,509)</u>	<u>357,169</u>
Capital assets, being depreciated:				
Buildings & Improvements	19,776,595	3,942,824	-	23,719,419
Furniture and Equipment	5,857,581	128,743	(2,499)	5,983,825
Vehicles	358,626	51,598	-	410,224
Total capital assets being depreciated	<u>25,992,802</u>	<u>4,123,165</u>	<u>(2,499)</u>	<u>30,113,468</u>
Less accumulated depreciation for:				
Buildings & Improvements	7,567,049	658,404	-	8,225,453
Furniture and Equipment	4,983,187	177,648	(2,499)	5,158,336
Vehicles	225,952	16,049	-	242,001
Total accumulated depreciation	<u>12,776,188</u>	<u>852,101</u>	<u>(2,499)</u>	<u>13,625,790</u>
Total capital assets, being depreciated, net	<u>13,216,614</u>	<u>3,271,064</u>	<u>-</u>	<u>16,487,678</u>
Governmental activities capital assets, net	<u>\$ 16,556,814</u>	<u>\$ 3,560,542</u>	<u>\$ (3,272,509)</u>	<u>\$ 16,844,847</u>

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

Governmental Activities:	
Education	\$ 830,746
Pupil Services	16,590
Cafeteria	<u>4,765</u>
Total	<u>\$ 852,101</u>

**Construction Commitments**

At year end, the District's commitments are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Underground Fuel Tank	\$357,169	\$37,662

**REGIONAL SCHOOL DISTRICT NO. 1**

Notes to the Financial Statements

**Interfund Transfers**

Interfund Transfers during the year ended June 30, 2019 were as follows:

	Transfer to:				Total
	Building Fund	Grants Fund	Reserve for Capital Outlay	Cafeteria Fund	
<u>Transfers from:</u>					
General Fund	\$ -	\$ 71,322	\$ 12,000	\$ 30,000	\$ 113,322
Total	\$ -	\$ 71,322	\$ 12,000	\$ 30,000	\$ 113,322

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:				Total
	General Fund	Pupil Services	Building Services	Cafeteria Fund	
<u>Due from:</u>					
General Fund	\$ -	\$ 534,314	\$ 50,701	\$ 15,000	\$ 600,015
Regional Services	17,051	-	-	-	17,051
Total	\$ 17,051	\$ 534,314	\$ 50,701	\$ 15,000	\$ 617,066

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

**Encumbrances**

At June 30, 2019, the following encumbrances were authorized and outstanding:

General Fund (High School)	\$ 118,298
Pupil Services Fund	13,591
Regional Services Fund	6,626
Total	\$ 138,515

**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, 2019</u>
<i>Governmental activities</i>				
General Obligation Bond	2.300%	06-27-13	03-01-22	\$ 953,000
General Obligation Bond	2.220%	03-18-15	08-15-24	1,200,000
General Obligation Bond	3.800%	11-18-18	11-15-39	<u>4,475,000</u>
Total governmental long-term obligations				<u>\$ 6,628,000</u>

Changes in long-term obligations for the year ended June 30, 2019, 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	\$ 2,694,000	\$ 4,475,000	\$ (541,000)	\$ 6,628,000	\$ 773,000
Unamortized Premiums	14,827	-	(3,707)	11,120	-
Bond Anticipation Notes	<u>4,000,000</u>	-	<u>(4,000,000)</u>	-	-
Total	<u>\$ 6,708,827</u>	<u>\$ 4,475,000</u>	<u>\$ (4,544,707)</u>	<u>\$ 6,639,120</u>	<u>\$ 773,000</u>

The Bond Anticipation Note is being reported as long-term debt because it was replaced with a \$4,000,000 General Obligation Bond in October 2018.

**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, 2019, are as follows:

<u>Year Ending</u>	<u>Long-Term Obligations</u>	
	<u>Principal</u>	<u>Interest</u>
2020	773,000	212,479
2021	774,000	191,313
2022	681,000	170,185
2023	425,000	151,225
2024	425,000	138,235
2025-2039	<u>3,550,000</u>	<u>952,220</u>
Total	<u>\$ 6,628,000</u>	<u>\$ 1,815,657</u>

**Interest expense**

Interest expense for the year ended June 30, 2019 was \$176,224.

**Short-term Obligations- Bond Anticipation Notes**

The District uses bond anticipation notes to fund construction costs prior to issuance of bonds. The following table summarizes changes in the District's short-term obligations for the year ended June 30, 2019:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Bond Anticipation Note	<u>\$ 4,000,000</u>	<u>\$ -</u>	<u>\$ 4,000,000</u>	<u>\$ -</u>

**REGIONAL SCHOOL DISTRICT NO. 1**

Notes to the Financial Statements

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**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, 2019, \$1,760,305 of loan and bonds outstanding are considered defeased.

**NOTE 4 – OPERATING LEASES**

During the current year, the District entered into an operating lease for several copiers. The monthly payments are \$2,502. During 2018-19 lease payments totaled \$31,408

Future minimum lease payments under current agreements are as follows:

<u>Year</u>	<u>Amount</u>
2020	31,152
2021	30,024
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, 2019.

**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](http://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).

*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 6% (7% effective January 1, 2018) of their annual salary to the System as required by the CGS Section 10-183b(7). For the year ended June 30, 2019 the certified teachers’ contribution to the Connecticut Teachers Retirement Board was \$542,836. Covered payroll for the town for the year ended June 30, 2019 was approximately \$6,579,900.

*Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions:* At June 30, 2019 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:

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

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District's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the District	<u>21,159,427</u>
Total	<u>\$ 21,159,427</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2018. At June 30, 2019, the District had no proportionate share of the net pension liability.

For the year ended June 30, 2019, the District recognized benefits expense and intergovernmental revenue of \$2,045,012 in the governmental funds for on-behalf amounts for the contributions provided by the State. In the government-wide financial statements, the District recognized \$2,374,772 of pension expense for on-behalf amounts for the benefits provided by the State.

*Actuarial Assumptions:* The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.75 Percent
Salary increases, including inflation	3.25-6.50 Percent
Long-term investment rate of return, net of pension investment expense, including inflation.	8.00 Percent

Mortality rates were based on the RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

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

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

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equities	21.00%	5.80%
Developed Non-U.S. Equities	18.00%	6.60%
Emerging Markets (Non-U.S.)	9.00%	8.30%
Core Fixed Income	7.00%	1.30%
Inflation Linked Bond Fund	3.00%	1.00%
Emerging Market Bond	5.00%	3.70%
High Yield Bonds	5.00%	3.90%
Real Estate	7.00%	5.10%
Private Equity	11.00%	7.60%
Alternative Investments	8.00%	4.10%
Cash	<u>6.00%</u>	0.40%
Total	<u>100.00%</u>	

*Discount Rate:* The discount rate used to measure the total pension liability was 8.0%. 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, 2019, all 56 employees were vested.

Vesting begins after three years service, at which time participants become 100% vested. Effective July 1<sup>st</sup> 2009, new participants become fully vested following three years of service. As a result, all participants are fully vested. Normal retirement is at age 65, with provisions for early retirement at age 55. Plan contributions are either 6% or 7.5% of annual compensation, depending on the employee's date of hire. There is provision for employee voluntary contributions. Employer contributions for the fiscal year ended June 30, 2019 totaled \$130,292. Employees are not required to make contributions to this plan.

The plan allows for amendment by the District as employer.

## REGIONAL SCHOOL DISTRICT NO. 1

### Notes to the Financial Statements

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#### **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 POSTEMPLOYMENT 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](http://www.ct.gov).

*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 \$56,738.

**REGIONAL SCHOOL DISTRICT NO. 1**

Notes to the Financial Statements

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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	2.75%
Real Wage Growth	0.50%
Wage Inflation	3.25%
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	3.87%
Prior Measurement Date	3.56%

The projected fiduciary net position is projected to be depleted in 2019.

Single equivalent interest rate

Measurement Date	3.87%, net of OPEB plan investment expense, including price inflation
Prior Measurement Date	3.56%, net of OPEB plan investment expense, Including price inflation

Healthcare cost trend rates:

Pre-Medicare	5.95% for 2018 decreasing to an ultimate Rate of 4.75% by 2025
Medicare	5.00% for 2018 decreasing to an ultimate Rate of 4.75% by 2028

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

*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.

**REGIONAL SCHOOL DISTRICT NO. 1**

Notes to the Financial Statements

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%	0.27%	2.74%
Price inflation		2.75%	
Expected rate of return (Rounded nearest 0.25%)		3.00%	

*Discount Rate* - The discount rate used to measure the total OPEB liability was 3.87%. 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, 2018. In addition to the actuarial methods and assumptions of the June 30, 2018 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 3.25%.
- 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.
- No future employer contributions were assumed to be made.
- For future plan members, contribution inflows were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be depleted in 2019 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	4.95%	5.95%	6.95%
Ultimate Healthcare Cost Trend Rate	3.75%	4.75%	5.75%
Total OPEB Liability	\$ 3,544,759	\$ 4,229,879	\$ 5,139,299

**REGIONAL SCHOOL DISTRICT NO. 1**

Notes to the Financial Statements

*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 (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Net OPEB liability	\$ 5,022,655	\$ 4,229,879	\$ 3,597,156

*Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions:* At June 30, 2018 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>4,229,879</u>
Total	<u>\$ 4,229,879</u>

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. At June 30, 2019, the District had no proportionate share of the net OPEB liability.

For the year ended June 30, 2019, the District recognized OPEB expense and revenue of \$56,738 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the District recognized \$1,405,163 for OPEB expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

**NOTE 8 – RECENTLY ISSUED ACCOUNTING STANDARDS**

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. 84, Fiduciary Activities.** This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment funds, (3) private-purpose funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The requirements of this statement are effective for reporting periods beginning December 15, 2018.

## REGIONAL SCHOOL DISTRICT NO. 1

### Notes to the Financial Statements

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**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 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 December 15, 2019.

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

Schedule of Proportionate Share of Net Pension Liability	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension associated with the District	<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>\$ 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-employee payroll	<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-employee payroll.	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<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, 2019

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Change of benefit terms	None
Actuarial Assumptions	The total pension liability was determined by an actuarial valuation as of June 30, 2018
Actuarial Cost Method	Entry Age
Amortization Period	Level percent of salary, closed
Remaining Amortization Period	17.6 years
Asset Valuation Method	4 year smoothed market
Inflation	2.75%
Salary Increases	3.25%-6.50% average, including inflation
Investment Rate of Return	8.00%, net of pension plan investment expense,

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

**Schedule of Proportionate Share of Net OPEB Liability**

	2019	2018
Town's percentage of the net OPEB liability	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with the Town	4,229,879	6,007,723
Total	\$ 4,229,879	\$ 6,007,723
Town's covered-employee payroll	\$ 6,579,900	\$ 5,588,330
Town's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll.	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.49%	1.79%

**Notes to Schedule**

Changes in Benefit Terms	Effective July 1, 2018, Medicare Advantage Plan was added to available options, changed the base plan to the Medicare Advantage Plan for the purposes of determining retiree subsidies and/or cost sharing amounts, and introduced a two-year waiting period for re-enrollment in a System-sponsored Plan for those who cancel their coverage or choose not to enroll after the effective date.
Changes of Assumptions	<p>The expected rate of return on assets was changed from 2.75% to 3.00% to reflect the anticipated return on cash and other high quality short-term fixed income investments.</p> <p>The discount rate was increased from 3.56% to 3.87% to reflect the change in the Municipal Bond Index Rate.</p> <p>Changes were also made to the assumed per capita health care claim costs, the assumed age related percentage increases in expected annual per capita health care claim costs, long-term health care cost trend rates, the percentage of retired members who are not currently participating in the Plan but are expected to elect coverage in the future, the percentage of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan, the post-disability mortality table, which was updated to extend the period of projected mortality improvements from 2017 to 2020, and the percentage of deferred vested members who will become ineligible for future health care benefits.</p>
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

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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>				
Assessments:				
Canaan	\$ 756,414	\$ 756,414	\$ 761,811	\$ 5,397
Cornwall	1,215,665	1,215,665	1,221,961	6,296
Kent	1,431,784	1,431,784	1,440,332	8,548
North Canaan	2,836,553	2,836,553	2,854,557	18,004
Salisbury	1,891,035	1,891,035	1,902,141	11,106
Sharon	<u>1,701,932</u>	<u>1,701,932</u>	<u>1,712,582</u>	<u>10,650</u>
Total Member Towns	<u>9,833,383</u>	<u>9,833,383</u>	<u>9,893,384</u>	<u>60,001</u>
Government Grants:				
Vocational Agriculture	465,960	465,960	645,348	179,388
Adult Education	<u>2,125</u>	<u>2,125</u>	<u>3,253</u>	<u>1,128</u>
Total Government Grants	<u>468,085</u>	<u>468,085</u>	<u>648,601</u>	<u>180,516</u>
Other:				
Investment Income	4,617	4,617	9,234	4,617
Tuition Out-of-District	61,200	61,200	64,600	3,400
Rental of Facilities-Charge for Services	5,500	5,500	8,500	3,000
Unused Encumbrances	-	-	118,298	118,298
Miscellaneous	<u>-</u>	<u>-</u>	<u>674</u>	<u>674</u>
Total Other	<u>71,317</u>	<u>71,317</u>	<u>201,306</u>	<u>129,989</u>
<b>Total Revenues</b>	<b>10,372,785</b>	<b>10,372,785</b>	<b>10,743,291</b>	<b>370,506</b>
<b>Expenditures</b>				
Salaries:				
Certified Personnel	3,373,753	3,373,753	3,389,177	15,424
Noncertified Personnel	<u>1,196,960</u>	<u>1,196,960</u>	<u>1,188,526</u>	<u>(8,434)</u>
Total Salaries	<u>4,570,713</u>	<u>4,570,713</u>	<u>4,577,703</u>	<u>6,990</u>
Employee Benefits:				
Health Insurance	898,506	898,506	890,309	(8,197)
Social Security	152,616	152,616	151,798	(818)
Pension Plan	\$ 40,411	\$ 40,411	\$ 47,250	\$ 6,839

See accountant's report.

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

Schedule of Proportionate Share of Net Pension Liability	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension associated with the District	<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>\$ 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-employee payroll	<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-employee payroll.	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<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, 2019

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Change of benefit terms	None
Actuarial Assumptions	The total pension liability was determined by an actuarial valuation as of June 30, 2018
Actuarial Cost Method	Entry Age
Amortization Period	Level percent of salary, closed
Remaining Amortization Period	17.6 years
Asset Valuation Method	4 year smoothed market
Inflation	2.75%
Salary Increases	3.25%-6.50% average, including inflation
Investment Rate of Return	8.00%, net of pension plan investment expense,

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

**Schedule of Proportionate Share of Net OPEB Liability**

	2019	2018
Town's percentage of the net OPEB liability	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with the Town	4,229,879	6,007,723
Total	\$ 4,229,879	\$ 6,007,723
Town's covered-employee payroll	\$ 6,579,900	\$ 5,588,330
Town's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll.	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.49%	1.79%

**Notes to Schedule**

Changes in Benefit Terms	Effective July 1, 2018, Medicare Advantage Plan was added to available options, changed the base plan to the Medicare Advantage Plan for the purposes of determining retiree subsidies and/or cost sharing amounts, and introduced a two-year waiting period for re-enrollment in a System-sponsored Plan for those who cancel their coverage or choose not to enroll after the effective date.
Changes of Assumptions	<p>The expected rate of return on assets was changed from 2.75% to 3.00% to reflect the anticipated return on cash and other high quality short-term fixed income investments.</p> <p>The discount rate was increased from 3.56% to 3.87% to reflect the change in the Municipal Bond Index Rate.</p> <p>Changes were also made to the assumed per capita health care claim costs, the assumed age related percentage increases in expected annual per capita health care claim costs, long-term health care cost trend rates, the percentage of retired members who are not currently participating in the Plan but are expected to elect coverage in the future, the percentage of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan, the post-disability mortality table, which was updated to extend the period of projected mortality improvements from 2017 to 2020, and the percentage of deferred vested members who will become ineligible for future health care benefits.</p>
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

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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>				
Assessments:				
Canaan	\$ 756,414	\$ 756,414	\$ 761,811	\$ 5,397
Cornwall	1,215,665	1,215,665	1,221,961	6,296
Kent	1,431,784	1,431,784	1,440,332	8,548
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Salisbury	1,891,035	1,891,035	1,902,141	11,106
Sharon	<u>1,701,932</u>	<u>1,701,932</u>	<u>1,712,582</u>	<u>10,650</u>
Total Member Towns	<u>9,833,383</u>	<u>9,833,383</u>	<u>9,893,384</u>	<u>60,001</u>
Government Grants:				
Vocational Agriculture	465,960	465,960	645,348	179,388
Adult Education	<u>2,125</u>	<u>2,125</u>	<u>3,253</u>	<u>1,128</u>
Total Government Grants	<u>468,085</u>	<u>468,085</u>	<u>648,601</u>	<u>180,516</u>
Other:				
Investment Income	4,617	4,617	9,234	4,617
Tuition Out-of-District	61,200	61,200	64,600	3,400
Rental of Facilities-Charge for Services	5,500	5,500	8,500	3,000
Unused Encumbrances	-	-	118,298	118,298
Miscellaneous	<u>-</u>	<u>-</u>	<u>674</u>	<u>674</u>
Total Other	<u>71,317</u>	<u>71,317</u>	<u>201,306</u>	<u>129,989</u>
<b>Total Revenues</b>	<b>10,372,785</b>	<b>10,372,785</b>	<b>10,743,291</b>	<b>370,506</b>
<b>Expenditures</b>				
Salaries:				
Certified Personnel	3,373,753	3,373,753	3,389,177	15,424
Noncertified Personnel	<u>1,196,960</u>	<u>1,196,960</u>	<u>1,188,526</u>	<u>(8,434)</u>
Total Salaries	<u>4,570,713</u>	<u>4,570,713</u>	<u>4,577,703</u>	<u>6,990</u>
Employee Benefits:				
Health Insurance	898,506	898,506	890,309	(8,197)
Social Security	152,616	152,616	151,798	(818)
Pension Plan	\$ 40,411	\$ 40,411	\$ 47,250	\$ 6,839

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, 2019

page 2 of 3

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Tuition	\$ 2,000	\$ 2,000	\$ 4,770	\$ 2,770
Unemployment Compensation	2,000	2,000	9,248	7,248
Workers Compensation	67,677	67,677	66,043	(1,634)
Life Insurance	<u>7,735</u>	<u>7,735</u>	<u>7,656</u>	<u>(79)</u>
Total Employee Benefits	<u>1,170,945</u>	<u>1,170,945</u>	<u>1,177,074</u>	<u>6,129</u>
 Purchased Services:				
Referendum Expenses	7,000	7,000	7,609	609
Educational Services	123,029	123,029	140,477	17,448
Professional Services	76,500	76,500	86,666	10,166
Computer/Copier Services	38,440	38,440	38,524	84
Cleaning Services	52,300	52,300	44,015	(8,285)
Repairs and Maintenance	337,946	337,946	625,010	287,064
Student Transportation	134,549	134,549	121,403	(13,146)
Insurance	74,655	74,655	76,886	2,231
Communications	19,000	19,000	20,980	1,980
Postage	5,100	5,100	5,100	-
Advertising	500	500	176	(324)
Printing and Binding	1,620	1,620	1,785	165
Travel-Staff	16,640	16,640	8,909	(7,731)
Tuition	<u>1,989,491</u>	<u>1,989,491</u>	<u>1,881,764</u>	<u>(107,727)</u>
Total Purchased Services	<u>2,876,770</u>	<u>2,876,770</u>	<u>3,059,304</u>	<u>182,534</u>
 Supplies and Materials:				
General Supplies	201,118	201,118	195,864	(5,254)
Custodial Supplies	43,000	43,000	58,216	15,216
Heat and Energy	302,420	302,420	319,669	17,249
Textbooks	<u>61,429</u>	<u>61,429</u>	<u>53,707</u>	<u>(7,722)</u>
Total Supplies and Materials	<u>607,967</u>	<u>607,967</u>	<u>627,456</u>	<u>19,489</u>
 Capital Outlay:				
Equipment & Furniture	<u>125,395</u>	<u>125,395</u>	<u>468,858</u>	<u>343,463</u>
Total Capital Outlay	<u>\$ 125,395</u>	<u>\$ 125,395</u>	<u>\$ 468,858</u>	<u>\$ 343,463</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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Other Objects:</b>				
Dues and Fees	\$ 15,680	\$ 15,680	\$ 15,452	\$ (228)
Athletic-Subsidies	104,998	104,998	103,500	(1,498)
Accreditation	-	-	-	-
Miscellaneous	<u>71,076</u>	<u>71,076</u>	<u>71,322</u>	<u>246</u>
Total Other Objects	<u>191,754</u>	<u>191,754</u>	<u>190,274</u>	<u>(1,480)</u>
<b>Debt Service:</b>				
Interest Expense	142,725	142,725	127,513	(15,212)
Redemption of Principal	<u>653,191</u>	<u>653,191</u>	<u>541,000</u>	<u>(112,191)</u>
Total Debt Service	<u>795,916</u>	<u>795,916</u>	<u>668,513</u>	<u>(127,403)</u>
<b>Total Expenditures</b>	<b><u>10,339,460</u></b>	<b><u>10,339,460</u></b>	<b><u>10,769,182</u></b>	<b><u>429,722</u></b>
Excess/(deficiency) of revenues over expenditures before Other Financing Sources/(Uses)	33,325	33,325	<b>(25,891)</b>	(59,216)
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess/(deficiency) of revenues over expenditures and other sources(uses)	<u>\$ 33,325</u>	<u>\$ 33,325</u>	<b>(25,891)</b>	<u>\$ (59,216)</u>
<b>Budgetary Fund Balance, Beginning of Year</b>			<u>(60,011)</u>	
<b>Budgetary Fund Balance, End of Year</b>			<b><u>\$ (85,902)</u></b>	

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, 2019

page 1 of 2

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>				
Assessments:				
Canaan	\$ 338,167	\$ 338,167	\$ 318,733	\$ (19,434)
Cornwall	338,167	338,167	318,733	(19,434)
Kent	1,033,031	1,033,031	972,354	(60,677)
North Canaan	1,283,182	1,283,182	1,210,424	(72,758)
Salisbury	1,380,463	1,380,463	1,306,651	(73,812)
Sharon	616,113	616,113	578,548	(37,565)
Housatonic Valley H.S.-Charge for Services	<u>1,686,203</u>	<u>1,686,203</u>	<u>1,581,136</u>	<u>(105,067)</u>
Total Assessments	<u>6,675,326</u>	<u>6,675,326</u>	<u>6,286,579</u>	<u>(388,747)</u>
Government Grants:				
Sp Ed Agy Plcmnt & Excess Cost	150,247	150,247	218,148	67,901
Medicaid	<u>15,288</u>	<u>15,288</u>	<u>24,225</u>	<u>8,937</u>
Total Government Grants	<u>165,535</u>	<u>165,535</u>	<u>242,373</u>	<u>76,838</u>
Other:				
Pre K Education	22,541	22,541	25,820	3,279
Investment income	2,305	2,305	2,314	9
Unused Encumbrances	<u>-</u>	<u>-</u>	<u>13,591</u>	<u>13,591</u>
Total Other Income	<u>24,846</u>	<u>24,846</u>	<u>41,725</u>	<u>16,879</u>
<b>Total Revenues</b>	<b>6,865,707</b>	<b>6,865,707</b>	<b>6,570,677</b>	<b>(295,030)</b>
<b>Expenditures</b>				
Salaries:				
Certified Personnel	2,704,406	2,704,406	2,614,968	(89,438)
Noncertified Personnel	<u>1,006,867</u>	<u>1,006,867</u>	<u>1,021,644</u>	<u>14,777</u>
Total Salaries	<u>3,711,273</u>	<u>3,711,273</u>	<u>3,636,612</u>	<u>(74,661)</u>
Employee Benefits:				
Health Insurance	1,338,440	1,338,440	1,147,280	(191,160)
Social Security	117,414	117,414	110,330	(7,084)
Pension Plan	56,008	56,008	54,510	(1,498)
Tuition Reimbursement	1,000	1,000	-	(1,000)
Life Insurance	<u>5,838</u>	<u>5,838</u>	<u>5,685</u>	<u>(153)</u>
Total Employee Benefits	<u>\$ 1,518,700</u>	<u>\$ 1,518,700</u>	<u>\$ 1,317,805</u>	<u>\$ (200,895)</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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Tuition:	\$ 1,018,625	\$ 1,018,625	\$ 971,579	\$ (47,046)
Total Tuition	<u>1,018,625</u>	<u>1,018,625</u>	<u>971,579</u>	<u>(47,046)</u>
 Purchased Services:				
Consulting Services	31,550	31,550	25,853	(5,697)
Professional Services	80,330	80,330	50,841	(29,489)
Repairs and Maintenance	2,855	2,855	2,210	(645)
Student Transportation	426,360	426,360	425,023	(1,337)
Communications	2,100	2,100	1,904	(196)
Postage	1,500	1,500	1,500	-
Travel-Staff	17,512	17,512	17,632	120
Total Purchased Services	<u>562,207</u>	<u>562,207</u>	<u>524,963</u>	<u>(37,244)</u>
 Supplies and Materials:				
General Supplies	33,460	33,460	36,267	2,807
Medical Supplies	250	250	256	6
Utilities	3,000	3,000	3,000	-
Total Supplies and Materials	<u>36,710</u>	<u>36,710</u>	<u>39,523</u>	<u>2,813</u>
 Capital Outlay:				
Equipment and Furniture	18,192	18,192	60,170	41,978
Total Capital Outlay	<u>18,192</u>	<u>18,192</u>	<u>60,170</u>	<u>41,978</u>
<b>Total Expenditures</b>	<b><u>6,865,707</u></b>	<b><u>6,865,707</u></b>	<b><u>6,550,652</u></b>	<b><u>(315,055)</u></b>
Excess/(deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>20,025</u>	<u>\$ 20,025</u>
Budgetary Fund Balance, Beginning of Year			<u>388,747</u>	
Budgetary Fund Balance, End of Year			<u>\$ 408,772</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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>				
Assessments:				
Canaan	\$ 82,620	\$ 82,620	\$ 82,617	\$ (3)
Cornwall	82,620	82,620	82,617	(3)
Kent	190,386	190,386	190,380	(6)
North Canaan	229,182	229,182	229,171	(11)
Salisbury	244,270	244,270	244,258	(12)
Sharon	125,726	125,726	125,724	(2)
Housatonic Valley H.S.-Charge for Services	<u>291,687</u>	<u>291,687</u>	<u>291,670</u>	<u>(17)</u>
Total Assessments	<u>1,246,491</u>	<u>1,246,491</u>	<u>1,246,437</u>	<u>(54)</u>
Other:				
Investment Income	492	492	498	6
Unused Encumbrances	<u>-</u>	<u>-</u>	<u>6,626</u>	<u>6,626</u>
Total Other Income	<u>492</u>	<u>492</u>	<u>7,124</u>	<u>6,632</u>
<b>Total Revenues</b>	<b>1,246,983</b>	<b>1,246,983</b>	<b>1,253,561</b>	<b>6,578</b>
<b>Expenditures</b>				
Salaries:				
Certified Personnel	544,992	544,992	544,992	-
Non-certified Personnel	<u>343,215</u>	<u>343,215</u>	<u>339,439</u>	<u>(3,776)</u>
Total Salaries	<u>888,207</u>	<u>888,207</u>	<u>884,431</u>	<u>(3,776)</u>
Employee Benefits:				
Health Insurance	175,052	175,052	183,891	8,839
Social Security	43,662	43,662	40,503	(3,159)
Pension Plan	26,650	26,650	26,649	(1)
Life Insurance	<u>2,358</u>	<u>2,358</u>	<u>2,511</u>	<u>153</u>
Total Employee Benefits	<u>247,722</u>	<u>247,722</u>	<u>253,554</u>	<u>5,832</u>
Purchased Services:				
Educational Services	68,418	68,418	98,072	29,654
Professional Services	56,722	56,722	67,940	11,218
Rentals/Repairs/Copier	5,035	5,035	4,377	(658)
Communications	2,250	2,250	2,893	643
Postage	1,500	1,500	1,500	-
Advertising	2,753	2,753	2,193	(560)
Utilities	2,500	2,500	2,500	-
Travel-Staff	<u>8,300</u>	<u>8,300</u>	<u>7,487</u>	<u>(813)</u>
Total Purchased Services	<u>\$ 147,478</u>	<u>\$ 147,478</u>	<u>\$ 186,962</u>	<u>\$ 39,484</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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Supplies and Materials:				
General Supplies	\$ 7,500	\$ 7,500	\$ 10,121	\$ 2,621
Instructional Supplies	<u>2,300</u>	<u>2,300</u>	<u>-</u>	<u>(2,300)</u>
Total Supplies and Materials	<u>9,800</u>	<u>9,800</u>	<u>10,121</u>	<u>321</u>
Capital Outlay:				
Equipment & Furniture	<u>2,500</u>	<u>2,500</u>	<u>4,492</u>	<u>1,992</u>
Total Capital Outlay	<u>2,500</u>	<u>2,500</u>	<u>4,492</u>	<u>1,992</u>
Other Objects:				
Salary Allocation	(22,000)	(22,000)	(22,000)	-
Dues and Fees	<u>6,602</u>	<u>6,602</u>	<u>8,267</u>	<u>1,665</u>
Total Other Objects	<u>(15,398)</u>	<u>(15,398)</u>	<u>(13,733)</u>	<u>1,665</u>
<b>Total Expenditures</b>	<b><u>1,280,309</u></b>	<b><u>1,280,309</u></b>	<b><u>1,325,827</u></b>	<b><u>45,518</u></b>
<b>Excess/(deficiency) of revenues over expenditures</b>	<b><u>\$ (33,326)</u></b>	<b><u>\$ (33,326)</u></b>	<b>(72,266)</b>	<b><u>\$ (38,940)</u></b>
<b>Budgetary Fund Balance, Beginning of Year</b>			<u>64</u>	
<b>Budgetary Fund Balance, End of Year</b>			<u>\$ (72,202)</u>	

See accountant's report.

**REGIONAL SCHOOL DISTRICT NO. 1**  
Combining Balance Sheet - Nonmajor Governmental Funds  
June 30, 2019

	<b>Special Revenue Funds</b>			<u>Total</u>
	<u>Cafeteria Fund</u>	<u>Revolving Fund</u>	<u>Reserve for Capital Outlay</u>	
<b>Assets</b>				
Cash and Cash Equivalents	\$ 47,251	\$ 15,459	\$ 65,395	\$ 128,105
Investments	-	-	25,190	25,190
State and Federal Grants Receivable	8,624	-	-	8,624
Inventories	1,303	-	-	1,303
Interfund Receivables	15,000	-	-	15,000
<b>Total Assets</b>	<u>\$ 72,178</u>	<u>\$ 15,459</u>	<u>\$ 90,585</u>	<u>\$ 178,222</u>
<b>Liabilities and Fund Balances</b>				
Accrued Payroll	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable: Inventories	1,303	-	-	1,303
Restricted	-	-	-	-
Committed	70,875	-	90,585	161,460
Assigned	-	15,459	-	15,459
Total Fund Balances	<u>72,178</u>	<u>15,459</u>	<u>90,585</u>	<u>178,222</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 72,178</u>	<u>\$ 15,459</u>	<u>\$ 90,585</u>	<u>\$ 178,222</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, 2019

	<b>Special Revenue Funds</b>			<u>Total</u>
	<u>Cafeteria Fund</u>	<u>Revolving Fund</u>	<u>Reserve for Capital Outlay</u>	
<b>Revenues</b>				
State and Federal Grants	\$ 48,279	\$ -	\$ -	\$ 48,279
Daily Sales	74,472	-	-	74,472
Investment Income	-	-	193	193
Other Revenue	15,072	438,392	-	453,464
Total Revenues	137,823	438,392	193	576,408
<b>Expenditures</b>				
Current:				
Salaries	63,821	4,367	-	68,188
Benefits	4,744	260,069	-	264,813
Purchased Services	11,089	48,577	-	59,666
Supplies	76,172	59,004	-	135,176
Other	11	52,965	-	52,976
Total Expenditures	155,837	424,982	-	580,819
Excess/(Deficiency) of Revenues Over Expenditures Before Other Financing Sources/(Uses)	(18,014)	13,410	193	(4,411)
<b>Other Financing Sources/(Uses)</b>				
Transfers In	30,000	-	12,000	42,000
Transfers Out	-	-	-	-
Total Other Financing Sources/(Uses)	30,000	-	12,000	42,000
Change in Fund Balances	11,986	13,410	12,193	37,589
<b>Fund Balances - Beginning</b>	60,192	2,049	78,392	140,633
<b>Fund Balances - Ending</b>	\$ 72,178	\$ 15,459	\$ 90,585	\$ 178,222

See accountant's report.

**REGIONAL SCHOOL DISTRICT NO. 1**  
Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2019

		Private-Purpose Trust Funds							
		Mary S. Trant	E.M. Kirby	John Hoffman	Hausman	Paul W. Stoddard	I. Kent & Fulton	Horace Stump	Dichello
<b>Assets</b>									
	Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Investments	<u>7,222</u>	<u>569,788</u>	<u>5,101</u>	<u>9,799</u>	<u>174,420</u>	<u>239,178</u>	<u>15,693</u>	<u>256,632</u>
	<b>Total Assets</b>	<u><u>\$7,222</u></u>	<u><u>\$569,788</u></u>	<u><u>\$ 5,101</u></u>	<u><u>\$ 9,799</u></u>	<u><u>\$174,420</u></u>	<u><u>\$239,178</u></u>	<u><u>\$15,693</u></u>	<u><u>\$256,632</u></u>
	<b>Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Liabilities</b>								
	Scholarships Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Net Position</b>								
	Held in Trust for Scholarships	<u>7,222</u>	<u>569,788</u>	<u>5,101</u>	<u>9,799</u>	<u>174,420</u>	<u>239,178</u>	<u>15,693</u>	<u>256,632</u>
	<b>Total Net Position</b>	<u><u>\$7,222</u></u>	<u><u>\$569,788</u></u>	<u><u>\$ 5,101</u></u>	<u><u>\$ 9,799</u></u>	<u><u>\$174,420</u></u>	<u><u>\$239,178</u></u>	<u><u>\$15,693</u></u>	<u><u>\$256,632</u></u>

See accountant's report.

**REGIONAL SCHOOL DISTRICT NO. 1**  
Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2019

		Private-Purpose Trust Funds						
		Salisbury Pythian	Henry Burgess	Clyde Skelly	Daniel Parsons Memorial	Picken Memorial	McBennett Fund	Total
<b>Assets</b>								
	Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Investments	<u>3,403</u>	<u>14,881</u>	<u>34,965</u>	<u>54,854</u>	<u>192,434</u>	<u>196,485</u>	<u>1,774,855</u>
	<b>Total Assets</b>	<u>\$ 3,403</u>	<u>\$ 14,881</u>	<u>\$ 34,965</u>	<u>\$ 54,854</u>	<u>\$ 192,434</u>	<u>\$ 196,485</u>	<u>\$ 1,774,855</u>
	<b>Deferred Outflows of Resources</b>	-	-	-	-	-	-	-
	<b>Liabilities</b>							
	Scholarships Payable	\$ -	\$ -	\$ -	\$ -	\$ 3,000	\$ 3,000	\$ 6,000
	Total Liabilities	-	-	-	-	<u>3,000</u>	<u>3,000</u>	<u>6,000</u>
	<b>Deferred Inflows of Resources</b>	-	-	-	-	-	-	-
	<b>Net Position</b>							
	Held in Trust for Scholarships	<u>3,403</u>	<u>14,881</u>	<u>34,965</u>	<u>54,854</u>	<u>189,434</u>	<u>193,485</u>	<u>1,768,855</u>
	<b>Total Net Position</b>	<u>\$ 3,403</u>	<u>\$ 14,881</u>	<u>\$ 34,965</u>	<u>\$ 54,854</u>	<u>\$ 189,434</u>	<u>\$ 193,485</u>	<u>\$ 1,768,855</u>

See accountant's report.

**REGIONAL SCHOOL DISTRICT NO. 1**  
Combining Statement of Revenues, Expenses and Changes in Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2019

	Private-Purpose Trust Funds							
	Mary S. Trant	E.M. Kirby	John Hoffman	Hausman	Paul W. Stoddard	I. Kent & Fulton	Horace Stump	Dichello
<b>Additions</b>								
Investment Income	\$ 25	\$ 76,682	\$ 14	\$ 28	\$ 8,627	\$ 11,176	\$ 661	\$ 13,157
Contributions	-	-	1,500	-	-	34,625	546	-
Total Additions	<u>25</u>	<u>76,682</u>	<u>1,514</u>	<u>28</u>	<u>8,627</u>	<u>45,801</u>	<u>1,207</u>	<u>13,157</u>
<b>Expenditures</b>								
Scholarships and Awards	<u>1,000</u>	<u>9,000</u>	-	-	<u>3,500</u>	<u>26,000</u>	-	<u>5,000</u>
Total Deductions	<u>1,000</u>	<u>9,000</u>	-	-	<u>3,500</u>	<u>26,000</u>	-	<u>5,000</u>
Change in Net Position Before Other Changes	(975)	67,682	1,514	28	5,127	19,801	1,207	8,157
<b>Other Changes in Net Position</b>								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Change in Net Position	(975)	67,682	1,514	28	5,127	19,801	1,207	8,157
<b>Net Position- Beginning</b>	<u>8,197</u>	<u>502,106</u>	<u>3,587</u>	<u>9,771</u>	<u>169,293</u>	<u>219,377</u>	<u>14,486</u>	<u>248,475</u>
<b>Net Position - Ending</b>	<u>\$ 7,222</u>	<u>\$ 569,788</u>	<u>\$ 5,101</u>	<u>\$ 9,799</u>	<u>\$ 174,420</u>	<u>\$ 239,178</u>	<u>\$ 15,693</u>	<u>\$ 256,632</u>

See accountant's report.

**REGIONAL SCHOOL DISTRICT NO. 1**  
Combining Statement of Revenues, Expenses and Changes in Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2019

	Private-Purpose Trust Funds						Total
	Salisbury Pythian	Henry Burgess	Clyde Skelly	Daniel Parsons Memorial	Picken Memorial	McBennett Fund	
<b>Additions</b>							
Investment Income	\$ 10	\$ 46	\$ 1,748	\$ 2,665	\$ 9,358	\$ 9,368	\$ 133,565
Contributions	-	118	-	-	-	-	36,789
Total Additions	<u>10</u>	<u>164</u>	<u>1,748</u>	<u>2,665</u>	<u>9,358</u>	<u>9,368</u>	<u>170,354</u>
<b>Expenditures</b>							
Scholarships and Awards	-	1,000	1,000	-	3,000	3,000	52,500
Total Deductions	<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>3,000</u>	<u>3,000</u>	<u>52,500</u>
Change in Net Position Before Other Changes	10	(836)	748	2,665	6,358	6,368	117,854
<b>Other Changes in Net Position</b>							
Transfers In	-	-	-	-	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	10	(836)	748	2,665	6,358	6,368	117,854
<b>Net Position- Beginning</b>	<u>3,393</u>	<u>15,717</u>	<u>34,217</u>	<u>52,189</u>	<u>183,076</u>	<u>187,117</u>	<u>1,651,001</u>
<b>Net Position - Ending</b>	<u>\$ 3,403</u>	<u>\$ 14,881</u>	<u>\$ 34,965</u>	<u>\$ 54,854</u>	<u>\$ 189,434</u>	<u>\$ 193,485</u>	<u>\$ 1,768,855</u>

See accountant's report.

**REGIONAL SCHOOL DISTRICT NO. 1**  
Combining Statement of Changes in Assets and Liabilities  
Fiduciary Fund - Agency Funds  
June 30, 2019

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	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
<b>Student Activities Fund</b>				
<b>Assets:</b>				
Cash	\$ 245,850	\$ 289,100	\$ 311,987	\$ 222,963
Investments	<u>14,425</u>	<u>254</u>	<u>-</u>	<u>14,679</u>
Total Assets	<u>\$ 260,275</u>	<u>\$ 289,354</u>	<u>\$ 311,987</u>	<u>\$ 237,642</u>
<b>Liabilities:</b>				
Due to Beneficiaries	<u>\$ 260,275</u>	<u>\$ 289,354</u>	<u>\$ 311,987</u>	<u>\$ 237,642</u>
Total Assets	<u>\$ 260,275</u>	<u>\$ 289,354</u>	<u>\$ 311,987</u>	<u>\$ 237,642</u>
Total Liabilities	<u>\$ 260,275</u>	<u>\$ 289,354</u>	<u>\$ 311,987</u>	<u>\$ 237,642</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, 2019

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**Total Tax Collections of Member Towns - Prior Year**

Town of Canaan	\$ 4,302,260
Town of Cornwall	6,290,938
Town of Kent	11,203,639
Town of North Canaan	9,117,240
Town of Salisbury	14,051,979
Town of Sharon	<u>11,046,717</u>
Base	<u>56,012,773</u>

**Debt Limitation:**

4-1/2 Times Base \$ 252,057,479

**Indebtedness:**

General Obligation Bonds	<u>6,639,120</u>
Total Indebtedness	6,639,120

Net Debt for Calculation of Debt Limitation 6,639,120

Debt Limitation in Excess of Indebtedness \$ 245,418,359

(Unaudited)