Charles Heaven & Co.
Certified Public Accountants

POMPERAUG REGIONAL SCHOOL DISTRICT #15
TOWNS OF MIDDLEBURY AND SOUTHBURY

AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL FINANCIAL DATA

JUNE 30, 2020

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
June 30, 2020

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1-3
Managements' Discussion and Analysis	4-9
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Proprietary Funds:	
Statement of Net Position	16
Statement of Revenues, Expenses and Changes in Fund Net Position	17
Statement of Cash Flows	18
Fiduciary Funds:	
Statement of Fiduciary Net Position	19
Statement of Changes in Fiduciary Net Position – Pension Trust Fund	20
Notes to Financial Statements	21-53
Required Supplementary Information:	
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund	54
Schedule of Changes in Net Pension Liability and Related Ratios – Last Seven Fiscal Years	55
Schedule of Employer Contributions – Last Ten Fiscal Years	56
Schedule of Investment Returns – Last Six Fiscal Years	57
Schedule of the District's Proportionate Share of the Net Pension Liability – Teacher's Retirement Plan – Last Six Fiscal Years	58
Schedule of the District's Proportionate Share of the Net OPEB Liability State of Connecticut Teachers' Retirement System- Last Three Fiscal Years	59
Schedule of Changes in Net OPEB Liability and Related Ratios Other Post Employment Benefits (OPEB)	60

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
June 30, 2020

TABLE OF CONTENTS (continued)

	Page
Combining and Individual Fund Statements and Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	61
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	62
Student Activities Agency Fund:	
Statement of Changes in Assets and Liabilities	63
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	64-65
FEDERAL SINGLE AUDIT SECTION:	
Independent Auditors' Report on Compliance for each Major Program, On Internal Control over Compliance required by the Uniform Guidance	66-68
Schedule of Expenditures of Federal Awards	69
Notes to Schedule of Expenditures of Federal Awards	70
Schedule of Audit Results	71
STATE SINGLE AUDIT SECTION:	
Independent Auditors' Report on Compliance for Each Major State Programs; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act	72-73
Schedule of Expenditures of State Financial Assistance	74
Notes to Schedule of Expenditures of State Financial Assistance Programs	75
Audit Results of Expenditures of State Financial Assistance	76

Charles Heaven & Co.
Certified Public Accountants
Waterbury, Connecticut

INDEPENDENT AUDITORS' REPORT

Board of Education
Pomperaug Regional School District #15
Middlebury and Southbury, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Pomperaug Regional School District #15, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Pomperaug Regional School District #15'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, the aggregate discretely presented components units, each major fund, the aggregate remaining fund information of Pomperaug Regional School District #15, as of June 30, 2020, and the respective changes in financial position, and where applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 through 9, the budgetary comparison schedule on page 54, and supplementary pension information on pages 55 through 57 and supplementary OPEB information on pages 58 through 60, 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 Pomperaug Regional School District #15's basic financial statements. The 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal* Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements. The schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the state single audit act and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and the schedule of expenditures of state financial assistance 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, and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2020, on our consideration of Pomperaug Regional School District #15'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 Pomperaug Regional School District #15's internal control over financial reporting and compliance.

December 30, 2019

Pomperaug Regional School District #15
Management's Discussion and Analysis (MD&A)
June 30, 2020

Introduction

Our discussion and analysis of Pomperaug Regional School District #15 (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2020. It should be read in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the Region exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $17,119,062 (net position).
- The Region's total net position increased by $567,706.

- As of the close of the current fiscal year, the Region's governmental funds reported a combined ending fund balance of $1,626,281.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was $1,237,801.

The District's compliance with GASB 75, Post Retirement Benefit Obligations, is $10,484,507 at June 30th. Although no actual cash payments will be needed for meeting the actuarial computed value of the post retirement benefit, this calculation is based upon certified teachers who retire under the State Teacher Retirement system but are able to purchase medical insurance through the District's group medical plan. All premiums are paid by the retiree with no cost to the District.

Overview of Financial Statements

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- **Fund financial statements** focus on reporting the individual parts of the District operations in more detail. The fund financial statements comprise the remaining statements.
    - **Governmental funds** statements tell how general government services were financed in the short term as well as what remains for future spending.
    - **Proprietary fund** statements provide information about the Districts self insured medical benefits.
    - **Fiduciary fund** statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies.

The statement of net position presents information on all of the Region's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Region is improving or deteriorating.

The statement of activities presents information showing how the Region's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The two government-wide statements report the District's net position and how they have changed. Net position-the difference between the assets and liabilities-is one way to measure the District's financial health or position.

- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in enrollment, changes in property tax base, changes in program funding by the Federal and State governments, and condition of facilities.

The government-wide financial statements of the District include government activities. Most of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Revenue limit funding and federal and state grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds-not the District as a whole. Funds are accounting devises that the District uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by state law and by bond covenants. The Board of Education establishes other funds to control and manage money for particular purposes or to show that the District is meeting legal responsibilities for using certain revenues. The District has two kinds of funds:

- Governmental funds – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the government funds statements that explains the relationship (or differences) between them.

- Proprietary funds – The Region maintains one proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Region's various functions. The Region uses and internal service fund to account for its self-insured medical benefits.

- Fiduciary funds – the District is the trustee, or fiduciary, for assets that belong to others; for the district, the student body activities fund is an agency fund. The District is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use the assets to finance its operations.

Financial Analysis of the Entity as a Whole

Net Position

The District's combined net position was $17,119,062 at June 30, 2020.

	Total Governmental Activities	
	Balance June 30, 2020	Balance June 30, 2019
Current Assets	$ 9,849,047	$ 8,827,675
Noncurrent Assets:		
Capital assets - net	43,580,273	45,612,452
Total Assets	53,429,320	54,440,127
Total Deferred outflows of Resources	3,842,582	1,117,402
Current Liabilities	4,550,577	4,269,894
Noncurrent Liabilities:		
Due within one year	1,713,711	1,730,329
Due in more than one year	29,313,780	27,214,886
Total Liabilities	35,578,068	33,215,109
Total Deferred Inflows of resources	4,574,772	4,655,652
Net Position		
Net Investment in Capital Assets	37,255,273	37,368,412
Restricted	398,759	514,741
Unrestricted	(20,534,970)	(20,193,385)
Total Net Position	$ 17,119,062	$ 17,686,768

Changes in Net Position

The District's total revenues were $91,921,217. A summary of the changes in net position follows.

	Changes in Net Position Governmental Activities	
Revenues	June 30, 2020	June 30, 2019
Program Revenues:	$	$
Charges for Services	888,323	1,248,473
Operating Grants & Contributions	20,166,934	20,077,980
Capital Grants & Contributions	73,869	69,778
General Revenues		
Participating towns	70,747,986	69,045,895
Local Revenues	44,105	76,519
Total Revenues	91,921,217	90,518,645
Program Expenses		
Instructional services	40,116,734	38,463,000
Employee Benefits	30,177,971	30,096,867
Support Services	13,878,856	13,894,627
Transportation	4,698,013	4,906,102
School Lunch Services	1,154,466	1,256,932
Debt Service	268,575	292,713
Depreciation	2,194,308	2,032,295
Total Expenses	92,488,923	90,942,536
Increase/Decrease in Net Position	(567,706)	(423,891)
Net Position – Beginning of Year *	17,686,768	18,110,659
Net Position – End of Year	$ 17,119,062	$ 17,686,768

The total cost of all programs and services was $92,488,923. The District's expenses are predominately related to educating and caring for students 79.62%. Support service activities accounted for just 15.01% of total costs. The remaining expenses were for transportation, debt service and other outgo. The following is a summary of the net increase (decrease) in the net position of the district.

Governmental Activities

The net cost of all governmental activities this year was $71,359,797.

The following is a summary of the net cost of governmental activities.

	Net Cost of Services	
	2020	2019
Instruction	$ 36,168,386	$ 35,222,725
Employee Benefits	14,148,100	13,430,487
Instruction – supporting services	13,640,815	13,622,488
Transportation	4,678,513	4,880,102
School Lunch Services	261,100	65,495
Debt Service	268,575	292,713
Depreciation	2,194,308	2,032,295
Total	$ 71,359,797	$ 69,546,305

Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of $1,626,281 which compares to prior years fund balance of $1,888,341. The decrease of $262,060 in fund balance was made up primarily of additional teaching retirements.

General Fund Budgetary Expenditure Highlights

A schedule of the District's original and final budget amounts compared with actual revenues and expense is provided in the supplemental section of the audited financial report. General fund expenditures and transfers for the fiscal year ended June 30, 2020 totaled $68,690,700.

Variance include the following key items

Salaries – The District was able to bring in new hires at rates below the budgeted anticipated targets, and lower than the funding level of those who were replaced.

Benefits – The District was self-insured and a budget loss of approximately $74,075 was realized. This was a direct result of overall claims based on the original claim projection.

Instruction Program – Favorable variance of $30,043 due to savings resulted from aggressively pursuing consortium pricing, and exhausting all current inventories. The district, while meeting its identified needs, was able to obtain savings in these areas. Additional savings was due to school shutting down on March 13, 2020. Such savings was the result of needing less outside purchase service then budgeted, secure better pricing in instructional supplies then what was originally budgeted. Overall, the district saw a decreased use of outside conferences and dues and fees, which helped with the positive budget balance in the overall instructional program area.

Transportation – These services were favorable by $255,507. This was a result of savings from the COVID shutdown.

Plant Operation – Unfavorable $682,291 due to major investment in plant and facilities. Parts of these expenses are also related to COVID expensing as we began to plan for reopening. Investments in boiler improvements, pool repairs, replacement and LED lighting upgrades for additional future savings.

Transfer to Other Funds – The state legislature establishes the ability to transfer to a capital reserve fund up to 1% of its approved appropriation. The Board of Education voted to transfer to this fund $63,324 for future capital or non-recurring expenditures. This fund can be carried forward each year and is subject to Board of Education approval for expenditures made from it and the balance at the end of the year is $333,575.

A summary of interfund transfers follows:

Major Funds:	Transfers to Other Funds	Transfers From Other Funds
General Fund	$ ---	$ 2,124,167
Debt Service Fund	1,815,843	---
Capital Reserve Fund	63,324	---
School Cafeteria	245,000	---
	$ 2,124,167	$ 2,124,167

Economic Factors and Next Year's Budgets and Rates

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health:

- Ever changing issues at the federal and state levels could have an impact on the financial health of the District. The State of Connecticut's budget uncertainty is always a significant concern which could have a negative impact on funding to local schools and towns.
- The overall impact of COVID costs will continue into next year which will drive expenses in areas such as substitutes, and PPE equipment.

Contacting the District's Financial Management

This financial report is designated to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the business office of Pomperaug Regional School District #15.

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Statement of Net Position
June 30, 2020

	Governmental Activities
Assets:	$
Cash and cash equivalents	9,716,005
Receivable - miscellaneous fees	93,175
Inventory	18,590
Due from State of Connecticut	21,277
Noncurrent Assets:	
Capital assets - net	43,580,273
Total Assets	**53,429,320**
Deferred Outflows of Resources:	
Difference in change of assumptions	2,348,615
Difference between expected and actual experience	144,672
Difference between projected and actual earnings on investments	1,349,295
Total Deferred Outflows of resources	**3,842,582**
Liabilities:	
Accounts payable	786,563
Accrued interest	122,869
Accrued payroll and payroll taxes	2,378,095
Due to participant members	1,149,397
Unearned revenue	113,653
Noncurrent liabilities:	
Due within one year	1,713,711
Due in more than one year	29,313,780
Total Liabilities	**35,578,068**
Deferred Inflows of Resources:	
Difference between expected and actual experience	4,072,535
Difference in change of assumptions	502,237
Total Deferred Inflows of resources	**4,574,772**
Net Position:	
Net Investment in Capital Assets	37,255,273
Restricted for:	
Member Towns	45,552
Athletic Capital	14,748
State and Federal Grants	74
Debt Service	4,810
Reserve for Capital Nonrecurring Expenditures	333,575
Unrestricted	(20,534,970)
Total Net Position	$ **17,119,062**

The accompanying notes are an integral part of these financial statements.

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Statement of Activities
Year Ended June 30, 2020

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Total Governmental Activities
Governmental activities:					
Instructional services	$ 40,116,734	$ 28,284	$ 3,846,195	$ 73,869	$ (36,168,386)
Employee Benefits - unallocated	30,177,971	-	16,029,871	-	(14,148,100)
Support services	13,878,856	238,041	-	-	(13,640,815)
Transportation	4,698,013	-	19,500	-	(4,678,513)
School lunch services	1,154,466	621,998	271,368	-	(261,100)
Interest on long-term liabilities	268,575	-	-	-	(268,575)
Unallocated depreciation	2,194,308	-	-	-	(2,194,308)
Total school district	**$ 92,488,923**	**$ 888,323**	**$ 20,166,934**	**$ 73,869**	**(71,359,797)**

General revenues:	
Participating towns:	
Town of Middlebury	23,148,766
Town of Southbury	47,599,220
Unrestricted earnings on investments	32,754
Miscellaneous	11,351
Total general revenues	**70,792,091**
Change in net position	**(567,706)**
Net position - beginning, as restated	**17,686,768**
Net position - end of year	**$ 17,119,062**

The accompanying notes are an integral part of these financial statements.

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Balance Sheet
Governmental Funds
June 30, 2020

	Major Funds				
	General	Reserve for Capital and Nonrecurring Expenditures	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	$ 2,223,746	$ 270,251	$ 1,662,679	$ 74,779	$ 4,231,455
Receivable - miscellaneous fees	64,519	---	---	4,107	68,626
Inventory	---	---	---	18,590	18,590
Due from other funds	1,657,869	63,324	---	---	1,721,193
Due from State of Connecticut	---	---	---	21,277	21,277
Total Assets	**$ 3,946,134**	**$ 333,575**	**$ 1,662,679**	**$ 118,753**	**$ 6,061,141**
Liabilities:					
Accounts payable	$ 221,362	$ ---	$ ---	$ 557	$ 221,919
Accrued payroll and payroll taxes	2,378,095	---	---	---	2,378,095
Due to other funds	63,324	---	1,657,869	---	1,721,193
Unearned revenue	---	---	---	113,653	113,653
Total Liabilities	2,662,781	---	1,657,869	114,210	4,434,860
Fund Balances:					
Nonspendable:					
Inventories	---	---	---	18,590	18,590
Restricted for:					
Capital and nonrecurring expenditures	---	333,575	---	---	333,575
Member towns	45,552	---	---	---	45,552
Federal and state grants	---	---	---	74	74
Athletic capital	---	---	---	14,748	14,748
Committed for:					
Debt service	---	---	4,810	---	4,810
Unassigned	1,237,801	---	---	(28,869)	1,208,932
Total Fund Balances	1,283,353	333,575	4,810	4,543	1,626,281
Total Liabilities and Fund Balances	**$ 3,946,134**	**$ 333,575**	**$ 1,662,679**	**$ 118,753**	**$ 6,061,141**

The accompanying notes are an integral part of these financial statements.

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2020

Total fund balances for governmental funds		**$**	**1,626,281**
Total net position reported for governmental activities in the statement of net position is different because:			
Other long-term assets are not available to pay current-period expenditures and, therefore, are deferred in the funds.			
Deferred outflows related to pension & OPEB expense			**3,842,582**
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Capital assets, net of $49,758,307 accumulated depreciation.			**43,580,273**
Internal service fund are used by management to charge the cost of risk management to individual funds. The asset and libilities of internal service fund are reported with governmental activities in the statement of net position.			**3,795,058**
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.			**(122,869)**
Deferred inflow related to pension & OPEB expense			**(4,574,772)**
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:			
Bonds payable	$ (6,325,000)		
Net pension liability	(10,484,507)		
Net OPEB liability	(11,051,023)		
Early retirement payable and other compensated absences	(2,988,250)		
Leases payable	(178,711)		
			(31,027,491)
Total net position of governmental activities		**$**	**17,119,062**

The accompanying notes are an integral part of these financial statements.

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020

	Major Funds				
	General	Reserve for Capital and Nonrecurring Expenditures	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenue:					
Participating towns	$ 70,747,986	$ ---	$ ---	$ ---	$ **70,747,986**
Federal & state grants	18,779,020	---	---	1,461,783	**20,240,803**
Investment income	28,842	3,497	281	134	**32,754**
Sales of lunches , milk , and other	---	---	---	621,998	**621,998**
Tuition	28,284	---	---	---	**28,284**
Parking and activity fees	238,041	---	---	---	**238,041**
Other miscellaneous income	11,351	---	---	---	**11,351**
Total Revenue	**89,833,524**	**3,497**	**281**	**2,083,915**	**91,921,217**
Expenditures:					
Current					
Salaries - certified	31,060,965	---	---	890,400	**31,951,365**
Salaries - classified	9,293,926	---	---	550,725	**9,844,651**
Employee benefits	30,049,513	---	---	301,088	**30,350,601**
Instructional programs	5,072,003	---	---	102,057	**5,174,060**
Tuition	2,991,309	---	---	---	**2,991,309**
Administrative services	763,885	---	---	12,050	**775,935**
Transportation	4,698,013	---	---	---	**4,698,013**
Plant operation	3,934,050	---	---	---	**3,934,050**
Cost of goods sold	---	---	---	414,692	**414,692**
Interest	---	---	270,843	---	**270,843**
Capital outlay	---	158,889	---	73,869	**232,758**
Principal payments on bonds	---	---	1,545,000	---	**1,545,000**
Total Expenditures	**87,863,664**	**158,889**	**1,815,843**	**2,344,881**	**92,183,277**
Other Financing Sources (Uses):					
Operating transfers in (out)	(2,124,167)	63,324	1,815,843	245,000	---
Total Expenditures and Other Financing Uses	**89,987,831**	**95,565**	---	**2,099,881**	**92,183,277**
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	**(154,307)**	**(92,068)**	**281**	**(15,966)**	**(262,060)**
Fund Balance - beginning of year	**1,437,660**	**425,643**	**4,529**	**20,509**	**1,888,341**
Fund Balance - end of year	**$ 1,283,353**	**$ 333,575**	**$ 4,810**	**$ 4,543**	**$ 1,626,281**

The accompanying notes are an integral part of these financial statements.

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Government Funds to the Statement of Activities
Year Ended June 30, 2020

Net change in fund balances-total governmental funds		**$ (262,060)**
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 a assets with an initial, individual cost of more than $5,000 are capitalized and the cost is allocated over their estimated useful life and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		**(2,032,179)**
The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items are as follows:		
Repayment of bond principal	1,545,000	
Interest expense - general obligation bonds	2,268	
		1,547,268
In the statement of activities, certain operating expenses - compensated absences (vested vacation and sick days), special termination benefits (early retirement), pension liability, and other post retirement benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year the net difference is as follows:		
Compensated absences and termination benefits	182,870	
Net OPEB liability	(1,796,197)	
Change in deferred inflows/outflows related to pension/OPEB	2,806,060	
Net pension liability	(2,209,278)	
Capital lease proceeds	195,329	
		(821,216)
Internal service fund is used by management to charge cost to individual funds. The net revenue of certain activities of internal service fund is reported with governmental activities.		**1,000,481**
Change in net position of governmental activities		**$ (567,706)**

The accompanying notes are an integral part of these financial statements.

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Statement Of Net Position
Proprietary Funds
June 30, 2020

		Governmental Activities Internal Service Fund
Assets:		
Cash	$	5,484,550
Due from participating member		24,549
		5,509,099
Liabilities:		
Due to participating members		1,149,397
Claims payable		564,644
Total Liabilities		**1,714,041**
Net Position:		
Unrestricted	**$**	**3,795,058**

The accompanying notes are an integral part of these financial statements.

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Statement of Revenues, Expenses and Changes in
Fund Net Position - Proprietary Funds
Year Ended June 30, 2020

		Governmental Activities Internal Service Fund
Operating Revenues:		
Contributions	$	11,476,609
Investment income		6,521
Total Operating Revenue		**11,483,130**
Operating Expenses:		
Employee Benefits		9,165,079
Other Expenses		1,317,570
Total Operating Expenses		**10,482,649**
Operating Income		**1,000,481**
Net Position at Beginning of Year		**2,794,577**
Net Position at End of Year	$	**3,795,058**

The accompanying notes are an integral part of these financial statements.

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Statement Of Cash Flows
Proprietary funds
Year Ended June 30, 2020

		Governmental Activities Internal Service Fund
Cash Flows from Operating Activities:		
Cash received from members and users	$	11,822,617
Interest		6,521
Payment to providers		(1,317,570)
Payments for employees		(9,332,003)
Net cash provided by operating activities		**1,179,565**
Net Increase in Cash		1,179,565
Cash - Beginning of Year		**4,304,985**
Cash - End of Year	$	**5,484,550**
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:		
Operating income	$	**1,000,481**
Adjustments to reconcile operating gain to net cash provided by operating activities:		
Increase in due from member		(24,549)
Decrease in claims payable		(166,924)
Decrease in due to members		370,557
Net Cash Provided by Operating Activities	$	**1,179,565**

The accompanying notes are an integral part of these financial statements.

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Statement Of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Pension Trust Fund	Agency Fund Student Activities
Assets:		
Cash	$ 692,319	$ 405,877
Due from Board	456	
Investments - at fair value	14,557,220	---
Total Assets	**$ 15,249,995**	**$ 405,877**
Liabilities and Fund Equity:		
Liabilities:		
Due to student groups	$ ---	$ 405,877
Net Position:		
Held in trust for pension benefits	$ **15,249,995**	$ ---

The accompanying notes are an integral part of these financial statements.

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Statement Of Changes In Plan Net Position
Fiduciary Fund - Pension Trust Fund
Year Ended June 30, 2020

		Fiduciary Fund - Pension Trust Fund
Additions:	$	
Employer contributions		900,000
Plan members		53,280
Total contributions		**953,280**
Investment income :		
Net increase in fair values of investments and gains/losses		395,645
Investment income		4,507
Gross investment income		400,152
Less : Investment and administrative expense		825,925
Net investment income/(loss)		**(425,773)**
Total additions		**527,507**
Deductions:		
Pension benefits		**946,709**
Net Decrease		**(419,202)**
Net Position held in Trust for Pension Benefits:		
Beginning of year		**15,669,197**
End of year	$	**15,249,995**

The accompanying notes are an integral part of these financial statements.

Note "1" - Summary of Significant Accounting Policies:

A. Basis of Presentation:

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Management's Discussion & Analysis – provides introductory information on basic financial statements and an analytical overview of the district's financial activities.

Government-wide financial statements – consist of a statement of net position and a statement of activities, which are prepared on the accrual basis of accounting. These statements distinguish between governmental activities and business-type activities and exclude fiduciary (employee retirement system and agency funds). Capital assets and long-term obligations (general obligation bonds, compensated absences, etc.) are included along with current assets and liabilities.

Fund Financial statements – provide information about the district's governmental, proprietary and fiduciary funds. These statements emphasize major fund activity and, depending on the fund type, utilize different basis of accounting. Governmental funds focus on sources, uses, and balances of current financial resources and often have budgetary orientation, and therefore use a modified accrual basis of accounting utilizing encumbrance accounting. Proprietary funds, which includes the internal service fund, focus on determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows, and therefore, use the accrual basis of accounting. Fiduciary funds focus on net assets and changes in net assets, and include assets held in a trustee (Pension Trust Fund) or agency (Student Activity Funds) and utilize the accrual basis of accounting.

Required supplementary information – in addition to the MD&A, budgetary comparison schedules are presented for the General Fund, which is the only fund with a legally adopted budget. The original budget for revenues and expenditures and the final adjusted budget are presented in comparison with the actual final budgetary revenues and expenditures (including encumbrances). The Pension Trust Fund presents additional schedules as required by GASB 67, 68 and 73 and OPEB plan presents additional schedules as required by GASB 75.

B. Reporting Entity:

The school system constitutes an on-going entity established by an act of the state legislature that designated the school board of education as the governing authority. Members of the school board of education are elected by the public and have responsibilities over all activities related to public elementary and secondary school education. The board of education receives local, state, and federal funding, and must therefore comply with various requirements of these funding source entities. However, the board is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Standards, since the board of education members are elected by the public and have governing authority. Governing authority includes the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

Note "1" - Summary of Significant Accounting Policies (continued):

For financial reporting purposes, the District's financial statements include all funds over which the District exercises oversight responsibility in accordance with the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14. Oversight responsibility was determined on the basis of financial independence, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters and scope of public services. Based on the aforementioned criteria Pomperaug Regional School District #15 has no component units.

C. Government-wide and Fund Financial Statements

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the school district as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal Service fund activity is eliminated to avoid overstatement of revenues and expenses.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the district. Direct expenses are those that are specifically association with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All revenues not classified as program revenues are presented as general revenues of the district.

Fund Financial Statements

Fund financial statements report detailed information about the District. Their focus is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column. The Internal Service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type. A description of the various fund financial statements follows:

Governmental-Funds:

General Fund:

This fund is the general operating fund of the District and provides the accounting for budgeted revenue and expenditures applicable to the direct operation of the school system.

Special Revenue Funds:

These funds account for revenue that is restricted as to its use under specific provisions of law. State and Federal Grant Fund, a special revenue fund, accounts for state and federal grant programs which are governed by various rules and regulations of the grantor agencies.

Note "1" - Summary of Significant Accounting Policies: (continued)

Capital Projects Fund:

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities, which are not financed by Proprietary and Trust Funds.

Debt Service Fund:

The debt service fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs.

Proprietary Funds:

Internal Service Fund:

Account for the Districts self-insurance program for accident and health insurance coverage of District employees.

Fiduciary Funds:

Trust and Agency Funds:

Account for assets held for the District in a trustee or custodial capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Pension Trust Funds:

Accounts for the activities of the District's single-employer public employee retirement system (PERS).

D. Measurement Focus and Basis of Accounting:

Measurement Focus:

Government-wide Statements

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of proprietary fund financial statements, which differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Fund Financial Statements

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Note "1" - Summary of Significant Accounting Policies: (continued)

Basis of Accounting:

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The Fund financial statements are prepared using either modified accrual for governmental funds or accrual basis for proprietary and fiduciary funds.

Revenues, Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period of the District is sixty days after year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include contributions by member towns, grants, entitlements and donations. On an accrual basis, revenue from member towns is recognized in the fiscal year for which the amounts are due. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: contributions by member towns, investment earnings, tuition, grants and student fees.

Expenditures/Expenses

On the accrual basis of accounting, expenses are recorded at the time they are incurred. The measurement focus of governmental fund accounting is on flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave, which are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

E. Fund Equity and Net Position – Governmental Funds:

Beginning with fiscal year 2011, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

Note "1" - Summary of Significant Accounting Policies: (continued)

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact, legally or contractually.
- Restricted fund balance – amounts constrained to specific purposes by external parties, constitutional provisions or enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority, the Board of Education.
- Assigned fund balance – amounts the government intends to use for a specific purpose, but are neither restricted nor committed, as authorized by the Board of Education.
- Unassigned fund balance – amounts that are available for any purpose.

F. Deposits and Investments:

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be placed with any "qualified public depository" as defined by statute, which has its main place of business in the State of Connecticut.

The Districts cash and cash equivalents are comprised of demand deposits, cash on hand and all other highly liquid, short-term investments with original maturities of three months or less.

The Connecticut General Statutes authorize the investment of funds in the obligations of the United States, or may be invested in any state or other tax-exempt political subdivision under certain conditions. Funds may also be deposited in the State Treasurer's Short-Term Investment Fund (STIF). The provisions of the statutes regarding the investments of municipal pension funds does not specify permitted investments. Therefore, investments of such funds are generally controlled by the laws applicable to fiduciaries and the provisions of the applicable pension plan.

District Investments are reported at fair value.

G. Inventories:

Inventories are valued at cost using the first-in/first-out (FIFO) method, except for USDA donated commodities which are valued at market value. The cost of governmental fund type inventories, are recorded as expenditures when consumed rather than when purchased. Inventories are comprised of food products for the School Cafeteria Fund.

H. Prepayments:

Certain payments to vendors provide benefits in future accounting periods and therefore are recorded as prepayments on both government-wide and fund financial statements.

I. Capital Assets and Depreciation

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by proprietary funds are reported on both statement types.

Note "1" - Summary of Significant Accounting Policies: (continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District follows the policy of capitalizing assets with a cost of $5,000 and more with useful life of more than 1 year for furniture and equipment. For buildings, building improvements and land improvements the District has not set a capitalization floor and therefore all expenditures are capitalized. The District does not possess any infrastructure.

Certain improvements to and replacements of property and equipment have not been capitalized in accordance with the above accounting policies but have been charged to expense in the accompanying financial statements. Also, only certain expenditures, as authorized by management, have been capitalized.

All reported capital assets, with the exception of land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Useful Life
Land	not depreciated
Land improvements	20
Buildings & Improvements	7 - 50
Furniture and Equipment	5 - 15

J. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. A deferred outflow of resources related to pension or OPEB results from differences between projected and actual earnings, changes in assumptions or other inputs. These amounts are deferred and included in expense in a systematic and rational manner over a period of time.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period of periods and so will not be recognized as an inflow of resources (revenue) until that time. The District reports a deferred inflow of resources related to expected and actual experience on the pension plan and OPEB.

K. Interfund Activity

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

On fund financial statements, short-term interfund loans are classified as interfund "due from/to other funds". These amounts are eliminated in the statement of net assets.

Note "1" - Summary of Significant Accounting Policies: (continued)

L. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The criteria for determining the vacation and sick leave liability is derived from Board policy, negotiated agreements, and state laws.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the amount of accumulated vacation and sick leave of employees has been recorded as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources. The balance of the liability is not recorded.

M. Unearned Revenues

Unearned revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received before the District has legal claim to them, as when grant monies are received prior to the issuance of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the government has legal claim to the resource, the unearned revenues is removed from the balance sheet, and revenue is recognized.

N. Net Pension Liability

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

O. Accrued Liabilities and Long-term Debt

All accrued liabilities and long-term debt are reported in the government-wide financial statements as well as the proprietary fund financial statements.

For governmental fund financial statements, the accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims and judgments and compensated absences paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources. Long-term debt paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Note "1" - Summary of Significant Accounting Policies: (continued)

P. Restricted Resources

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Q. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note "2" – Stewardship, Compliance and Accountability:

On or before the last Wednesday in January of each year all cost centers submit requests for appropriations to the Regional School Board Central Office administration so that the general fund budget may be prepared.

Before March 31, the proposed budget is presented to the finance committee for review. By the end of April, the proposed budget will be reviewed and adopted by the Regional Board of Education to be presented at the annual public budget meeting.

Not less than two weeks before the annual meeting held pursuant to C.G.S. Section 10-47, the board shall hold a public district meeting to present a proposed budget for the next fiscal year. Any person may recommend the inclusion or deletion of expenditures at such time. After the public hearing, the board prepares an annual budget for the next fiscal year. At the annual meeting on the first Monday in May, the board presents a budget which includes a statement of (1) estimated receipts and expenditures for the next fiscal year, (2) estimated receipts and expenditures for the current fiscal year, (3) estimated surplus or deficit in operating funds at the end of the current year, (4) bonded or other debt, (5) estimated per pupil expenditure for the current and for the next fiscal year and (6) such other information as is necessary in the opinion of the board. Persons present and eligible to vote under section 7-6 may accept or reject the proposed budget. The regional board of education may, in the call to the meeting, designate that the vote on the motion to adopt a budget shall be by paper ballots at the district meeting held on the budget or by a "yes" or "no" vote on the voting machines in each of the member towns on the day following the district meetings. After budget approval, the board shall estimate the net expenses to be paid by each member town.

The budget for the general fund has substantially been prepared on the modified accrual basis. Encumbrances, commitments related to unperformed contracts for goods or services, are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reflected in the budgetary reports as expenditures in the current year. Actual expenditures in the budgetary statement include current encumbrances as described above. This method of accounting, for encumbrances, is different from that utilized in the balance sheet and statement of revenue and expenditures (GAAP basis). Encumbrances on a GAAP basis are not expenditures but a reserve of fund balance. In addition, certain revenues for budgetary purpose are credited to expense, but for GAAP purposes they are reclassified as revenue. A reconciliation of general fund and fund balance between the accounting treatment for encumbrances as required by GAAP and legal requirements follows:

Note "2" – Stewardship, Compliance and Accountability (continued):

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed by the District for the Budgetary – Non GAAP Statement.

A reconciliation of general fund expenditures and fund balance between the accounting treatment for encumbrances as required by GAAP and legal requirements follows:

	General Fund		
	Revenue	Expenditures and Other Financing Uses	Fund Balances
Budgetary/GAAP Reporting Reconciliation:			
Budgetary statement – June 30, 2020	$ 70,860,419	$ 70,814,867	$ 45,552
Encumbrances – June 30, 2019	---	1,370,779	---
Encumbrances – June 30, 2020	---	(1,237,801)	1,237,801
Payments made on the Districts' behalf described in Note "10" and "14"	16,029,871	16,029,871	---
Fund balance returned to participating Towns is a decrease of revenue for GAAP purposes	(66,881)	---	---
Revenue budgeted as an offset to expenditures:			
Student fees	238,038	238,038	---
State of Connecticut special education grant	2,752,149	2,752,149	---
Miscellaneous income	5,786	5,786	---
Tuition	14,142	14,142	---
Balance (GAAP) Balance Sheet and Statement of Revenue and Expenditures – June 30, 2020	$ 89,833,524	$ 89,987,831	$ 1,283,353

Note "3" – Cash and Cash Equivalents, Deposits and Investments:

A. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2020:

	Governmental Funds	Fiduciary Funds	Proprietary Funds
Deposits:			
Demand accounts	$ 4,196,581	$ 1,098,196	$ 5,484,550
Cash on hand	2,500	---	---
Cash equivalents:			
State short-term investment fund (STIF)	32,374	---	---
Total Cash and Cash Equivalents	$ 4,231,455	$ 1,098,196	$ 5,484,550

Cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash with a maturity of 90 days.

Note "3" – Cash and Cash Equivalents, Deposits and Investments (continued):

B. Deposits

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. As of June 30, 2020, the carrying amount of the District's deposits was $ 10,779,327 and the bank balance was $ 12,451,401. Of the District's bank balance, $ 12,203,901 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$ 10,958,761
Uninsured and collateralized held by pledging Bank's trust department not in the Region's name	1,245,140
Total amount subject to custodial risk	$ 12,203,901

C. Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2020, the District's cash equivalents amounted to $ 32,374. The following table provides a summary of the District's cash equivalents as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year. The State of Connecticut Short-term Investment Fund (STIF) is a "2a7-Like" pool. The fair value of the portion in the pool is the same as the value of the pool shares.

	Standard And Poor's
State of Connecticut Short-Term Investment Fund (STIF)	AAAm

D. Investments

At June 30, 2020, the District's investments consisted of the following:

Fiduciary Fund – Pension Trust Types of Investments	Fair Value	Average Credit Rating	Investment Maturity
Mutual Funds	$ 4,971,938	unrated	N/A
Fixed income Funds	731,299	unrated	N/A
Exchange Traded Products	1,242,547	unrated	N/A
Equity Funds	2,539,025	unrated	N/A
Alternate Investments	5,072,411	unrated	N/A
Total Fiduciary Funds	$ 14,557,220		

- Ratings by Standard & Poor's are provided where applicable to indicate the associated credit risk. N/A indicates not applicable.

- 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 would limit its investment choices due to credit risk other than State Statutes governing investments in obligations or any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

Note "3" – Cash and Cash Equivalents, Deposits and Investments (continued):

E. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair values of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The District did not hold any investments on June 30, 2020 whose fair value was determined using Level 3 inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of June 30, 2020.

	Fair Value Measurements Using:		
Investments by Fair Value Level	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Mutual Funds	$ 4,971,938	$ ---	$ 4,971,938
Fixed Income Funds	731,299	---	731,299
Exchange Traded Products	1,242,547	---	1,242,547
Equity Funds	2,539,025	---	2,539,025
Alternative Investments – Partnership Interest	---	5,072,411	5,072,411
Total Investments by Fair Value Level	$ 9,484,809	$ 5,072,411	$ 14,557,220

The District's investments that are classified in Level 1 are measured on a recurring basis, using market quotations for investments that have quoted prices in active markets. The District's investments that are classified in Level 2 are measured using matrix pricing techniques using various pricing vendors. Matrix pricing is used to value securities based on their relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

Note "4" – Receivables and Due from State of Connecticut:

Receivables and amounts due from State of Connecticut at June 30, 2020 consisted of intergovernmental grants and entitlements. All receivables are considered collectible in full based on prior years' experience and the stable condition of State programs.

Note "5" - Interfund Accounts – Due to/from Other Funds:

At June 30, 2020 the amounts due to and from other funds were as follows:

Major Governmental Funds:	Due from Other Funds	Due to Other Funds
General Fund	$ 1,657,869	$ 63,324
Debt Service Fund	---	1,657,869
Capital Reserve Fund	63,324	---
Total	$ 1,721,193	$ 1,721,193

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

Note "6" – Capital Assets:

Capital asset activity for the year ended June 30, 2020 was as follows:

Governmental activities	Balance July 1, 2019 $	Increases $	Decreases $	Balance June 30, 2020 $
Capital assets, not being depreciated				
Land	2,186,069	---	---	2,186,069
Capital assets, being depreciated:				
Buildings and improvements and land Improvements	89,680,022	162,129	---	89,842,151
Furniture and equipment	1,310,360	---	---	1,310,360
Total capital assets, being depreciated	93,176,451	162,129	---	93,338,580
Accumulated depreciation for:				
Buildings and improvements	(46,651,081)	(2,082,156)	---	(48,733,237)
Furniture and equipment	(912,918)	(112,152)	---	(1,025,070)
Total accumulated depreciation	(47,563,999)	(2,194,308)	---	(49,758,307)
Total capital assets, being depreciated, net	43,426,383	(2,032,179)	---	41,394,204
Governmental activities capital assets, net	$ 45,612,452	$(2,032,179)	$ ---	$ 43,580,273

Note "7" - Long-Term Debt:

The following is a summary of activity for the year ended June 30, 2020.

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Amounts Due in One Year
	$	$	$	$	$
General Obligation Refunding Bond Issued dated January 1, 2011 payable in annual installments of 1,535,000 in 2021, $1,525,000 in 2022, $1,520,000 in 2023, $915,000 in 2024, and $830,000 in 2025. The interest rates for the issue range from 3% - 4.5%	7,870,000	---	1,545,000	6,325,000	1,535,000
Capitalized Lease Agreement technology equipment and turf field dated June 30, 2015. Interest at 1.81% maturing August 15, 2020	374,040	---	195,329	178,711	178,711
Compensated Absences & Other Leave Benefits Vested and accumulated severance and sick leave	3,171,120	367,022	549,892	2,988,250	---
Net Pension Liability	8,275,229	3,588,331	1,379,053	10,484,507	---
Net OPEB Liability*	9,254,826	2,111,785	315,588	11,051,023	---
Totals	$28,945,215	$6,067,138	$3,984,862	$31,027,491	$1,713,711

*The Net OPEB obligation as updated to the total OPEB Liability with the implementation of GASB 75.

Note "7" - General Long-Term Debt (continued):

The following is a summary of the District's future annual debt service requirements to maturity for general obligation bonds:

Year Ending June 30	Principal	Interest	Total
2021	1,535,000	215,038	1,750,038
2022	1,525,000	153,837	1,678,837
2023	1,520,000	92,937	1,612,937
2024	915,000	44,237	959,237
2025	830,000	12,969	842,969
	$ 6,325,000	$ 519,018	$ 6,844,018

Equipment Lease #2

Year Ending June 30	Principal	Interest	Total
2021	$ 178,711	$ 3,443	$ 182,154

Note "8" - Operating Deficiencies and Fund Deficits:

At June 30, 2020 the following individual funds had deficiencies of revenue over expenditures and/or fund deficits for the year then ended:

	Fund deficits	Revenue over expenditure deficiencies
General Fund	---	(154,307)
Reserve for Capital and Nonrecurring Expenditures	---	(92,068)
Lunch Fund	(10,279)	(16,100)
Total:	(10,279)	(262,475)

Note "9" - Employees Retirement System, Non-certified Employee Plan

A. General Information about the Pension Plan:

Pomperaug Regional School District #15 is the administrator of a single-employer public employee retirement system (PERS) established and administered by the Board of Education for its non-certified employees. The PERS is considered to be part of the District's reporting entity and is included in the District's financial reports as a pension trust fund. The membership of the plan consisted of the following at July 1, 2019, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefits	94
Inactive plan members entitled to but not yet receiving benefits	20
Active plan members	135
Total Members	249

Note "9" - Employees Retirement System, Non-certified Employee Plan (continued):

The plan is a contributory single employer, defined benefit plan and covers substantially all full-time and all regular part-time non-certified employees who are hired prior to age 60 and who work 25 hours per week or more. Participants who have attained their normal retirement date are eligible for a normal retirement benefit. Normal retirement date is the first day of the month coincident with or next following the later of the participant's 65th birthday or the completion of 10 years of service, whichever is later. However, for members of the custodians' union, this date is the later of age 61 or the completion of 10 years of service. Effective July 1, 2011, all newly hired nurses, secretaries and instructional assistants shall not be eligible to participate. The retirement benefit is as follows:

Secretaries, Instructional Assistants: If participant does not make contributions, 1.5% of highest 3-year average salary times Credited Service limited to 30 years. If contributes .25% of salary, percentage increases to 1.6%. If contributes .65% of salary, percentage increases to 1.7%. If contributes .85%, percentage increases to 1.8%.

Custodians: Effective July 1, 2002, 1.8% of highest 3-year average salary times credited service and effective July 1, 2003, 1.9% of highest 3-year average salary times credited service. Effective July 1, 2004, 2% of highest 3-year average salary times credited service. Effective July 1, 2008, 2.2% of highest 3-year average salary times credited service. Effective July 1, 2004, service is not limited to 30 years. Custodians are required to contribute 1.9% of salary.

Nurses: If participant does not make contributions, 1.5% of highest 3-year average salary times Credited Service. If contributes .60% of salary, percentage increases to 1.6%.

Cafeteria Workers and Therapists: 1.5% of highest 5-year average salary times Credited Service.

Non-Union Employees: If participant does not make contributions, 1.5% of highest 3-year average salary times Credited Service. If contributes .25% of salary, percentage increases to 1.6%. If contributes .65% of salary, percentage increases to 1.7%. If contributes .85% percentage increases to 1.8%. Effective July 1, 2005, service is not limited to 30 years.

Early Retirement

Eligibility: Participants with 10 or more years of service may retire any time after age 55.

Benefit Formula: The same as normal retirement, if payments commence at age 65. If the payments commence at the participant's early retirement date, the benefit will be reduced by one-half of 1% for each complete calendar month that the participant's early retirement date precedes his normal retirement date. However, for secretaries, instructional assistants, and non-union employees, the above reduction applies prior to age 60. To age 60, the reduction is one-quarter of 1% per month.

Late Retirement Benefit

Benefits commence first of the month on or after termination. Benefit is payable based on service and compensation as of that date.

Note "9" - Employees Retirement System, Non-certified Employee Plan (continued)

Termination Prior to Retirement

Vesting: Age 40 and 10 years of service.

Benefit: A monthly normal retirement benefit equal to 1 ½ of the member's Average Monthly Salary, multiplied by Credited Service (maximum of 30 years).

B. Authority and Funding Policy:

The Board of Education has established the benefit provisions and contributions to the plan. The Board is also authorized to make changes to the plan provisions through the budgetary process.

The District's funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to accumulated the assets to pay benefits when due. Covered employees with the exception of custodians whom are required to contribute 1.9% of salary are not required to contribute anything to the PERS.

C. Summary of Significant Accounting Policies:

Basis of Accounting

The pension trust fund's financial statements are prepared using the accrual basis of accounting. Revenues (contributions and investment income) are recognized when they are earned, and expenses (benefits) are recognized when they are due and payable in accordance with the terms of the plan.

Valuation of Investments

Investments are valued at fair value based upon quoted market prices.

D. Investments:

Investment Policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Education Finance Committee by a majority vote of its members. It is the policy of the Board of Education to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2018:

Asset Class	Target Allocation
US Stock Large	30.00%
US Stock Small/Mid	15.00%
Non-US Stock Developed	15.00%
Non-US Stock Emerging	10.00%
US Fixed Income Investment Grade	15.00%
Marketable Alternatives	15.00%
	100.00%

Note "9" - Employees Retirement System, Non-certified Employee Plan (continued)

The following investments represent 5 or more of plan net assets:

Fidelity Government Cash Reserves	$ 1,325,377	8.69%
Vanguard 500 Index Admiral	$ 857,809	5.62%
Boyd Watterson GSA Fund, PP	$ 1,814,570	11.90%
AQR Large Cap Multi Style Fund	$ 1,806,187	11.84%

Rate of Return: For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -2.77%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

E. Net Pension Liability of the District

The components of the net pension liability at June 30, 2020, were as follows:

Total pension liability	$25,734,502
Plan fiduciary net position	15,249,995
Net pension liability	$10,484,507

Plan fiduciary net position as a percentage of the total pension liability 59.26 %

F. Actuarial Assumptions

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

Inflation:	2.50%
Rate of compensation increase (including inflation)	3.50%
Investment Rate of Return:	
(net of investment-related and administrative expense)	7.00%

Mortality:

Current: Pub-2010 Public Retirement Plans Mortality Tables for General employees, for non-annuitants and annuitants, projected to the valuation date with Scale MP-2018.

Prior: RP-2014 Mortality Table adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included in the pension plan's target asset allocation.

The following information is based on geometric means and does not reflect additional returns through investment selection, asset allocation and rebalancing. The results support a rate between 6.75% and 7.50%. An expected rate of return of 7.00% was used.

Note "9" - Employees Retirement System, Non-certified Employee Plan (continued)

Asset Class	Long-Term Expected Real Rate of Return
US Stock Large	4.04%
US Stock Small/Mid	4.21%
Non-US Stock Developed	4.88%
Non-US Stock Emerging	6.10%
US Fixed Income Investment Grade	0.49%
Marketable Alternatives	2.27%

G. Discount Rate:

Based on the plan's current net pension liability and current contribution policy, the plan's projected fiduciary net position will be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, since the fund is not projected to run out of money, the 7.0% interest rate assumption was used to discount plan liabilities.

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

The following presents the net pension liability of the District, calculated using the discount rate of 7.00%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	Current Discount Rate 7.00%	1% Decrease 6.00%	1% Increase 8.00%
Net pension liability as of June 30, 2020	$ 10,484,507	$ 13,371,336	$ 8,018,962

I. Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2019	$ 23,944,426	$ 15,669,197	$ 8,018,962
Changes for the Year:			
Service cost	584,338	---	584,338
Interest	1,684,440	---	1,684,440
Differences between expected and actual experience	(404,121)	---	(404,121)
Changes in assumptions	872,128	---	872,128
Contributions – employer	---	900,000	(900,000)
Contributions – member	---	53,280	(53,280)
Net investment income	---	(425,773)	(425,773)
Benefit payments, including refunds of member contributions	(946,709)	(946,709)	---
Net changes	1,790,076	(419,202)	2,209,278
Balances as of June 30, 2020	$ 25,734,502	$ 15,249,995	$ 10,484,507

Note "9" - Employees Retirement System, Non-certified Employee Plan (continued)

J. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions are reported as follows:

For the fiscal year ended June 30 2020, the recognized pension expense is $1,870,461. As of June 30, 2020, deferred outflows of resources and deferred inflows of resources related to pensions are reported as follows:

	Deferred Outflows Of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 144,672	$(627,948)
Changes of assumptions	837,931	(169,107)
Net difference between projected and actual earnings On pension plan investments	1,349,295	---
Total	$ 2,331,898	$(797,055)

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

Year Ended June 30:	
2021	$ 359,698
2022	378,123
2023	459,800
2024	337,222
	1,534,843

Note "10" - State of Connecticut Teachers' Retirement System

A. General Information about the Pension Plan

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

B. Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Teachers Retirement System have been determined on the same basis as they are reported by the Connecticut Teachers Retirement System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note "10" - State of Connecticut Teachers' Retirement System (Continued)

C. Benefit Provision

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 the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary). In addition, amounts derived from the accumulation of 6% contributions made prior to July1, 1989 and voluntary contributions are payable.

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

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

D. Contributions

State of Connecticut: 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 is amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during that year, with any additional amount to finance unfunded accrued liability.

Employer (School District): School district employers are not required to make contributions to the plan.

Employees: Effective July 1, 1992, each teacher is required to contribute 6% of pensionable salary for the pension benefit. Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

Note "10" - State of Connecticut Teachers' Retirement System (continued):

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

At June 30, 2020 the District reports no amounts for its proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources, due to the statutory requirement that the State of Connecticut pay 100 percent of the required contribution.

The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$ ---
State's proportionate share of the net pension liability associated with the District	119,421,515
Total	$ 119,421,515

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 date of June 30, 2018. At June 30, 2020, the District has no proportionate share of the net pension liability.

For the year ended June 30, 2020, the District recognized pension expense and revenue of $14,666,997 for on-behalf amounts for the benefits provided by the State.

F. Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25-6.50%, including inflation
Investment rate of return	6.9%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 white collar table with employees and annuitants' rates blended from ages 50 to 80, projected to the year 2020, using the BB improvement scale.

Note "10" - State of Connecticut Teachers' Retirement System (continued):

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2015.

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provide 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 plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap U.S. equities	20.0%	8.1%
Developed non-U.S. equities	11.0%	8.5%
Emerging markets (non-U.S.)	9.0%	10.4%
Core fixed income	16.0%	4.6%
Inflation linked bond fund	5.0%	3.6%
Emerging market bond	5.0%	5.2%
High yield bonds	6.0%	6.5%
Real estate	10.0%	7.0%
Private equity	10.0%	9.8%
Real Assets	4.0%	8.2%
Hedge Funds	3.0%	5.4%
Liquidity Fund	1.0%	2.9%
Total	100.0%	

G. Discount Rate

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

Note "10" - State of Connecticut Teachers' Retirement System (continued):

H. 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.

I. Pension Plan Fiduciary Net Position

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

J. Other Information

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

Note "11" – Risk Management and Unpaid Claims Liabilities:

The District is exposed to various risks of loss related to torts; theft of, damage to, and distribution of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage for all risks of loss, including workers' compensation insurance and employee health and accident insurance.

Medical Self-Insurance

The District entered into a Cooperative Agreement with the Town of Middlebury and the Town of Southbury, effective July 1, 2014, to facilitate the group purchase of health benefits for active employees and non-Medicare eligible retirees. During 2019-2020, total claims expense of $9,165,079 was incurred by the District. This expense represents claims processed and an estimate for claims incurred but not reported as of June 30, 2020.

The Fund establishes claims liabilities based on estimates of claims that have been incurred but not reported; accordingly, the Fund recorded an additional liability at June 30, 2020 of $564,644.

Premium payments are reported as interfund services provided and used for the General Fund and, accordingly, they are treated as operating revenues of the Self-Insurance Fund and operating expenditures of the General Fund.

A schedule of changes in the claims liability for the year ended June 30, 2020 is presented below:

	Accrued Liability Beginning of Fiscal Year	Current Year Claims Paid and Changes in Estimates	Accrued Liability Claim Payments	Accrued Liability End of Fiscal Year
2019-2020	$ 731,568	$ 9,332,003	$ 9,165,079	$ 564,644

Note "12" - Commitments and Contingencies:

Litigation:

It is the opinion of the school district officials that there are no material or substantial claims against the district, which will be finally determined so as to result in a judgment or judgments against the district, which would materially affect its financial position.

Grant Programs:

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2020 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Note "13" – Post Retirement Benefits

. A. General Information about the Post Retirement Plan

Pomperaug Regional School District #15 has a single-employer defined benefit plan that provides post-retirement benefits, including medical and life insurance benefits, to eligible retirees and their spouses. The post-retirement plan does not issue stand-alone financial statements

The District currently pays for postemployment health care benefits on a pay-as-you-go basis. As of June 30, 2020, the District has not established a trust fund to irrevocably segregate assets to fund liability associated with the postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines.

The membership of the plan consisted of the following at July 1, 2018, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefits	29
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	365
Total	394

B. Authority and Funding Policy:

The Board of Education has established the benefit provisions and contribution to the plan. The contribution requirements of plan members and the District are established and may be amended by the District. The District determines the required contribution using the Entry Age Normal Method. The Board is also authorized to make changes to the plan provisions through the budgetary process.

The District has not established a trust fund to irrevocably segregate assets to fund the liability associated with post-employment benefits in accordance with GASB guidelines. Although a trust fund may not be established in the future to exclusively control the funding and reporting of post-employment benefits, the District anticipates a commitment to fund normal costs as well as long-term approach for the amortization of the actuarial accrued liability. The goal is to absorb, within the budgetary process, the annual OPEB cost of benefits and to segregate the needed resources.

Note "13" – Post Retirement Benefits (continued):

C. Net Other Post Employment Benefit (OPEB) Liability of the District

The components of the net OPEB liability at June 30, 2020, were as follows:

Total OPEB liability	$ 11,051,023
Plan fiduciary net position	---
Net OPEB liability	$ 11,051,023
Plan fiduciary net position as a percentage of the total OPEB liability	0 %

D. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement Date:	June 30, 2020
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.50%
Salary Increases:	2.50%
Medical Trend Rate:	7.00% for 2018, decreasing 0.5% per year to an ultimate rate of 4.5% for 2022 and later.
Mortality Rate:	Pub-2010 Public Retirement Plans Mortality Tables for Teachers and General Employees, for non-annuitants, projected to the valuation date with Scale MP-2018.

The plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

E. Sensitivity of the OPEB Liability to Changes in the Discount Rate and Trend Rate

The following presents the net OPEB liability of the District, calculated using the discount rate of 2.21%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current rate:

	1% Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
Total OPEB Liability	$12,525,051	$11,051,023	$ 9,806,332
Plan Fiduciary Net Position	$ ---	$ ---	$ ---
Net OPEB Liability	$12,525,051	$11,051,023	$ 9,806,332

The following presents the net OPEB liability of the District, calculated using the trend rate of 7.00%, as well as what the District's net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Trend Rate 7.00%	1% Increase 8.00%
Total OPEB Liability	$ 9,524,510	$11,051,023	$12,894,604
Plan Fiduciary Net Position	$ ---	$ ---	$ ---
Net OPEB Liability	$ 9,524,510	$11,051,023	$12,894,604

Note "13" – Post Retirement Benefits (continued):

F. Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of June 30, 2019	$ 9,254,826	$ ---	$ 9,254,826
Changes for the Year:			
Service cost	200,714	---	200,714
Interest cost	330,941	---	330,941
Differences between expected and actual	(261,115)	---	(261,115)
Benefits paid	(54,473)	---	(54,473)
Changes of assumptions	1,580,130	---	1,580,130
Net changes	1,796,197	---	1,796,197
Balances as of June 30, 2020	$ 11,051,023	$ ---	$ 11,051,023

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

For the year ended June 30, 2020, the District recognized OPEB expense of $245,166. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ ---	$(3,444,587)
Changes of assumptions	1,510,684	(333,130)
	$ 1,510,684	$(3,777,717)

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

Year Ending June 30,	
2021	$(248,228)
2022	(248,228)
2023	(248,228)
2024	(248,228)
2025	(248,228)
Thereafter	(1,025,893)
	$(2,267,033)

Note "14" - State of Connecticut Teachers' Retirement System: Other Postemployment Benefits

A. General Information about the Other Postemployment Benefits (OPEB) Plan

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 (TRS) – 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 Teachers Retirement Board (TRB). The TRB issues a publicly available financial report that can be obtained at www.ct.gov.

B. Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the TRS have been determined on the same basis as they are reported by the Connecticut Teachers Retirement System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*" (GASB 75) was issued in June 2015 and is effective for employers' fiscal years beginning after June 15, 2017, with early adoption permitted. The TRB has chosen to early adopt GASB 75. GASB 75 establishes accounting and financial reporting requirements for governmental employers who sponsor or participate in OPEB plans.

C. Benefit Provision

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 health care coverage with their former employer. A subsidy of up to $110 per month for a retired member plus an additional $110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, 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.

Note "14" - State of Connecticut Teachers' Retirement System: OPEB (continued):

C. Benefit Provision (continued):

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

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the costs of the basic coverage (medical and prescription drug benefits).

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

Normal Retirement: 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.

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

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility.

D. Contributions

State of Connecticut: 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 contributions are not currently actuarially funded. The State appropriates for one third of plan costs through an annual appropriation in the General Fund. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School District): School district employers are not required to make contributions to the plan.

Employees/Retirees: Each member is required to contribute 1.25% of their annual salary up to $500,000. Contributions in excess of $500,000 will be credited to the plan.

Note "14" - State of Connecticut Teachers' Retirement System: OPEB (continued):

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

At June 30, 2020, 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	18,624,458
Total	$ 18,624,458

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 date of June 30, 2018. At June 30, 2020, the District has no proportionate share of the net OPEB liability. For the year ended June 30, 2020, the District recognized OPEB expense and revenue of $1,362,874 for on-behalf amounts for the benefits provided by the State.

F. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2019 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.50%
Real wage growth	0.75%
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
Municipal bond index rate:	
Measurement date	3.50%
Prior measurement date	3.87%
Single equivalent interest rate:	
Measurement date	3.50%, net of OPEB plan investment expense, including price inflation
Prior measurement date	3.87%, 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

Note "14" - State of Connecticut Teachers' Retirement System: OPEB (continued):

D. Actuarial Assumptions (continued):

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.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2016-June 30, 2021.

The discount rate was decreased from 3.87% to 3.50% to reflect the change in the Municipal Bond Index rate. Changes were also made to the assumed initial per capita healthcare costs, rates of healthcare inflation used to project the per capital costs, and the rates of Plan participation based upon recent experience and current expectations. In addition, the payroll growth rate assumption did not change from 3.25%. Lastly, the salary growth assumption, the payroll growth rate, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the TRB.

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

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

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

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
U.S. Treasuries (Cash Equivalents)	100.0%	0.41%	2.31%

G. Discount Rate

The discount rate used to measure the total OPEB liability was 3.50%. 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.

Note "14" - State of Connecticut Teachers' Retirement System: OPEB (continued):

G. Discount Rate (continued):

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 annual 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.

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

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

I. Plan Fiduciary Net Position

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

J. Other Information

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

Note "15" – Interfund Transfers:

At June 30, 2020, interfund transfers consisted of the following. These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

Debt Service	$ 1,815,843
Reserve for Capital and Nonrecurring Expenditures	63,324
School Cafeteria	245,000
Total General Fund	$ 2,124,167

Note "15" – Interfund Transfers (continued):

Eliminations

Interfund receivables, payables, and transfers are reported in the governmental fund financial statements. In the entity-wide statements, interfund receivables, payables and transfers are eliminated within the governmental activities column.

Note "16" – Subsequent Events:

In connection with the preparation of the financial statements of Pomperaug Regional School District #15, subsequent events were evaluated through December 30, 2020, which is the date the financial statements were available to be issued.

Note "17" – Recently Issued Accounting Standards

GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. 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. The requirements of this statement are effective for the District's reporting period beginning July 1, 202, which reflects the one-year postponement pursuant to GASB Statements No. 95 issued in May 2020. The District is currently evaluating the potential impact of adopting this Statement on its financial statements.

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving 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 financing of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the District's reporting period beginning July 1, 2020. The District has not yet determined the impact that this statement might have on its's financial statements.

Note "17" – Recently Issued Accounting Standards (continued)

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, defines debt purposes of disclosure in the notes to financial statements as a liability that arises from a contractual obligation to pay cash, or other assets in lieu of cash, to settle a fixed amount established at the date of obligation. The Statement requires additional information related to debt to be disclosed in the notes to financial statements, including unused lines of credit, assets pledged as collateral for the debt, and specified terms in debt agreements related to significant events of default and the resulting financial consequences. The Statement also requires disclosure be provided for direct borrowings and direct placements of debt separate from other forms of debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* The objectives of this Statement are (1) to enhance the relevance and comparability to Information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

REQUIRED SUPPLEMENTARY INFORMATION

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Schedule Of Revenue, Expenditures And Changes In Fund Balances
Budget and Actual (NON-GAAP BUDGETARY BASIS)
General Fund
Year Ended June 30, 2020

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Participating towns			
Town of Middlebury	$ 23,170,483	$ **23,170,483**	$ ---
Town of Southbury	47,644,384	**47,644,384**	---
Other			
Investment income	---	**31,410**	31,410
Other income	---	**14,142**	14,142
Total Revenue	70,814,867	**70,860,419**	45,552
Expenditures:			
Current			
Salaries - certified	31,302,576	**30,957,241**	345,335
Salaries - classified	9,346,534	**9,203,911**	142,623
Employee benefits	13,766,867	**13,840,942**	(74,075)
Instructional programs	3,054,825	**3,024,782**	30,043
Tuition	3,243,133	**3,120,294**	122,839
Administrative services	835,367	**827,025**	8,342
Transportation	4,396,764	**4,141,257**	255,507
Plant Operation	2,892,957	**3,575,248**	(682,291)
Total Expenditures	68,839,023	**68,690,700**	148,323
Operating Transfers in (out) :			
Specific Capital improvements	1	**63,324**	(63,323)
School Cafeteria	160,000	**245,000**	(85,000)
Debt service fund	1,815,843	**1,815,843**	---
Total Expenditures and Operating Transfers	70,814,867	**70,814,867**	---
Excess of Revenue Over Expenditures and Transfers	---	**45,552**	45,552
Fund Balance - beginning of year	---	**66,881**	66,881
Return of prior year fund balance	---	**(66,881)**	(66,881)
Fund Balance - end of year	$ ---	$ **45,552**	$ 45,552

Pomperaug Regional School District #15
Pension Plan
Schedule of Changes in Net Pension Liability and Related Ratios
Last Seven Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
Total pension liability:							
Service Cost	$ **584,338**	$ 603,018	$ 599,337	$ 596,706	$ 523,248	$ 539,861	$ 521,605
Interest	**1,684,440**	1,629,740	1,534,200	1,478,898	1,372,148	1,283,679	1,194,124
Differences between expected and actual experience	**(404,121)**	(447,055)	226,956	(212,875)	431,845	(142,049)	-
Change of assumtions	**872,128**	(67,628)	(151,862)	(301,431)	1,132,617	136,421	-
Benefit payments, including refunds of member contributions	**(946,709)**	(890,202)	(806,117)	(742,775)	(660,837)	(583,972)	(497,439)
Net change in total pension liability	**1,790,076**	827,873	1,402,514	818,523	2,799,021	1,233,940	1,218,290
Total pension liability - beginning	**23,944,426**	23,116,553	21,714,039	20,895,516	18,096,495	16,862,555	15,644,265
Total pension liability - ending	**25,734,502**	23,944,426	23,116,553	21,714,039	20,895,516	18,096,495	16,862,555
Plan fiduciary net position:							
Contributions - employer	**900,000**	750,000	950,000	870,000	750,000	625,000	500,000
Contibutions - member	**53,280**	51,634	52,243	52,153	51,098	49,487	49,777
Net investment income/(loss)	**(425,773)**	497,541	1,086,778	1,697,722	(736,267)	259,310	1,590,709
Benefit payments, including refunds of member contributions	**(946,709)**	(890,202)	(806,117)	(742,775)	(660,837)	(583,972)	(497,439)
Administrative expenses	**-**	-	-	-	-	(20,700)	(15,100)
Net change in plan fiduciary net position	**(419,202)**	408,973	1,282,904	1,877,100	(596,006)	329,125	1,627,947
Plan fiduciary net position - beginning	**15,669,197**	15,260,224	13,977,320	12,100,220	12,696,226	12,367,101	10,739,154
Plan fiduciary net position - ending	**15,249,995**	15,669,197	15,260,224	13,977,320	12,100,220	12,696,226	12,367,101
Net Pension Liability - Ending	$ **10,484,507**	$ 8,275,229	$ 7,856,329	$ 7,736,719	$ 8,795,296	$ 5,400,269	$ 4,495,454
Plan fiduciary net position as a percentage of the total pension liability	**59.26%**	65.44%	66.01%	64.37%	57.91%	70.16%	73.34%
Covered employee payroll	$ **5,795,221**	$ 6,145,221	$ 6,090,603	$ 6,255,832	$ 6,198,768	$ 6,235,215	$ 6,451,035
Net pension liability as a percentage of covered employee payroll	**180.92%**	134.66%	128.99%	123.67%	141.89%	86.61%	69.69%

Pomperaug Regional School District #15
Pension Plan
Schedule of Employer Contributions
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	$ **1,446,699**	$ 1,473,148	$ 1,335,493	$ 1,299,426	$ 1,066,552	$ 1,031,473	$ 1,072,382	$ 964,038	$ 910,274	$ 808,709
Contributions in relation to the actuarially determined contribution	**900,000**	750,000	950,000	870,000	750,000	625,000	500,000	400,000	600,000	808,709
Contribution Deficiency (Excess)	$ **546,699**	$ 723,148	$ 385,493	$ 429,426	$ 316,552	$ 406,473	$ 572,382	$ 564,038	$ 310,274	$ -
Covered employee payroll	$ **5,795,221**	$ 6,145,221	$ 6,255,832	$ 6,255,832	$ 6,198,768	$ 6,235,215	$ 6,451,035	$ 6,670,407	$ 6,487,518	$ 6,048,740
Contributions as a percentage of covered employee payroll	**15.53%**	12.20%	15.19%	13.91%	12.10%	10.02%	7.75%	6.00%	9.25%	13.37%

Notes to Schedule

Valuation date: July 1, 2019
Measurement date: June 30, 2020
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Actuarial Cost Method
Amortization method	Level dollar: open
Remaining amortization period	15 years
Asset valuation method	The acturial value of assets used in the development of plan contribution phase in recognition of the difference between the actual return on market value and the expected return on market value over a 3 year period at 33% per year.
Inflation	2.50%
Salary increases	3.50%
Investment rate of return	7.00%
Retirement age	65 years
Mortality	Pub-2010 Public Retirement Plans Mortality Tables for General employees, for non-annuitants and annuitants, projected to the valuation date with Scale MP-2018

Pomperaug Regional School District #15
Pension Plan
Schedule of Investment Returns
Last Six Fiscal Years

	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	**-2.77%**	3.34%	7.83%	14.04%	-5.62%	2.09%

Pomperaug Regional School District #15
Schedule of the District's Proportionate Share of the Net Pension Liability
State of Connecticut Teachers' Retirement System
Last Six Fiscal Years

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	**0.00%**	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability	$ -	$ -	$ -	$ -	$ -	$ -
State's porportionate share of the net pension liability associated with the District	**119,421,515**	92,080,926	96,136,637	101,424,888	81,473,657	75,306,069
Total	$ **119,421,515**	$ 92,080,926	$ 96,136,637	$ 101,424,888	$ 81,473,657	$ 75,306,069
District's covered-employee payroll	**N/A**	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	**0.00%**	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

Notes to Schedule

Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization method	17.6 years
Asset valuation method	4-year smoothed market
Investment rate of returm	8.00%, net of investment-related expense, including inflation
Salary increases	3.25%-6.50% average, including inflation
Inflation	2.75%

District's covered-employee payroll	Not applicable since 0% proportionate share of the net pension liability

Pomperaug Regional School District #15
Schedule of the District's Proportionate Share of the Net OPEB Liability
State of Connecticut Teachers' Retirement System
Last Three Fiscal Years

	2020	2019	2018
District's proportion of the net OPEB liability	**0.00%**	0.00%	0.00%
District's proportionate share of the net OPEB liability	**$ -**	$ -	$ -
State's porportionate share of the net OPEB liability associated with the District	**18,624,458**	18,407,558	24,744,484
Total	**$ 18,624,458**	$ 18,407,558	$ 24,744,484
District's covered-employee payroll	**$ N/A**	$ N/A	$ N/A
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	**0.00%**	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	**2.08%**	1.49%	1.79%

Notes to Schedule

Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization method	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	3.00%, net of investment-related expense
Price inflation	2.75%

District's covered-employee payroll Not applicable since 0% proportionate share of the net OPEB liability

Pomperaug Regional School District #15
Schedule of Changes in Net OPEB Liability and Related Ratios
Other Post Employment Benefits (OPEB)
Last Three Fiscal Years

	2020	2019	2018
Total OPEB liability:			
Service Cost	$ **200,714**	$ 280,862	$ 281,215
Interest Cost	**330,941**	482,603	445,357
Benefit payments	**(54,473)**	(42,794)	(216,877)
Difference between expected and actual experience	**(261,115)**	(3,755,671)	(122,481)
Changes of assumptions	**1,580,130**	79,136	(442,954)
Net change in total OPEB liability	**1,796,197**	(2,955,864)	(55,740)
Total OPEB liability - beginning	**9,254,826**	12,210,690	12,266,430
Total OPEB liability - ending	**11,051,023**	9,254,826	12,210,690
Plan fiduciary net position:			
Plan fiduciary net position at end of the year	**-**	-	-
Net OPEB Liability	$ **11,051,023**	$ 9,254,826	$ 12,210,690
Plan fiduciary net position as a percentage of the total OPEB liability	**0.00%**	0.00%	0.00%
Covered employee payroll	**31,295,581**	30,352,274	30,636,352
Net OPEB liability as a percentage of covered employee payroll	**35.31%**	30.31%	39.86%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds			
	State and Federal Grants	School Cafeteria	Athletic Capital	Total Nonmajor Governmental Funds
ASSETS	$	$	$	$
Cash and cash equivalents	36,903	25,614	12,262	**74,779**
Account receivable	---	1,621	2,486	**4,107**
Due from State of Connecticut	---	21,277	---	**21,277**
Inventory	---	18,590	---	**18,590**
Total Assets	**$ 36,903**	**$ 67,102**	**$ 14,748**	**$ 118,753**
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 557	$ ---	$ ---	$ **557**
Due to other funds	---	---	---	---
Unearned revenue	36,272	77,381	---	**113,653**
Total Liabilities	**36,829**	**77,381**	**---**	**114,210**
Fund balances:				
Nonspendable:				
Inventories	---	18,590	---	**18,590**
Restricted for:				
Federal and state grants	74	---	---	**74**
Athletic capital	---	---	14,748	**14,748**
Unassigned	---	(28,869)	---	**(28,869)**
Total Fund Balances	**74**	**(10,279)**	**14,748**	**4,543**
Total Liabilities and Fund Balances	**$ 36,903**	**$ 67,102**	**$ 14,748**	**$ 118,753**

The accompanying notes are an integral part of these financial statements.

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2020

	Special Revenue Funds			
	State and Federal Grants	School Cafeteria	Athletic Capital	Total Nonmajor Governmental Funds
Revenue:				
Sales of lunches , milk , and other fees	$ ---	$ 621,998	$ ---	$ **621,998**
Contributions	---	---	---	---
Investment income	---	---	134	**134**
Federal & state grants	1,190,415	271,368	---	**1,461,783**
Total Revenues	**1,190,415**	**893,366**	**134**	**2,083,915**
Expenditures:				
Current:				
Cost of goods sold	---	414,692	---	**414,692**
Salaries and wages	890,400	550,725	---	**1,441,125**
Supplies and miscellaneous	11,695	355	---	**12,050**
Instructional programs	102,057	---	---	**102,057**
Employee benefits	112,394	188,694	---	**301,088**
Capital outlay	73,869	---	---	**73,869**
Total Expenditures	**1,190,415**	**1,154,466**	---	**2,344,881**
Other Financing Sources (Uses):				
Operating transfers in (out)	---	**245,000**	---	**245,000**
Total Expenditures and Other Financing Sources (Uses)	**1,190,415**	**909,466**	---	**2,099,881**
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	---	**(16,100)**	**134**	**(15,966)**
Fund Balance - beginning of year	**74**	**5,821**	**14,614**	**20,509**
Fund Balance - end of year	$ **74**	$ **(10,279)**	$ **14,748**	$ **4,543**

The accompanying notes are an integral part of these financial statements.

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Statement of Changes in Assets and Liabilities
Student Activities Agency Fund
Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Assets				
Cash	$ 389,005	$ 545,624	$ 528,752	$ 405,877
Liabilities				
	$	$	$	$
High School Activities	195,334	170,430	185,596	180,168
Athletics program	33,988	102,818	72,860	63,946
Scholarship Funds & Central Activities	88,663	20,703	20,988	88,378
Pomperaug Elementary School Activities	4,665	4,296	4,393	4,568
Gainfield Elementary School Activities	540	3,900	1,975	2,465
Middlebury Elementary School Activities	4,519	7,843	8,003	4,359
Memorial Middle School Activities	27,353	135,457	129,792	33,018
Rochambeau Middle School Activities	31,118	91,889	96,332	26,675
Longmeadow Elementary School Activities	2,825	8,288	8,813	2,300
Total Liabilities	$ 389,005	$ 545,624	$ 528,752	$ 405,877

The accompanying notes are an integral part of these financial statements.

POMPERAUG REGIONAL SCHOOL DISTRICT #15
TOWNS OF MIDDLEBURY AND SOUTHBURY, CONNECTICUT

FEDERAL SINGLE AUDIT SECTION

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Education
Pomperaug Regional School District #15
Middlebury and Southbury, Connecticut

We have audited, in accordance with the 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, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Pomperaug Regional School District #15, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Pomperaug Regional School District #15's basic financial statements, and have issued our report thereon dated December 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pomperaug Regional School District #15's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pomperaug Regional School District #15's internal control. Accordingly, we do not express an opinion on the effectiveness of Pomperaug Regional School District #15's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pomperaug Regional School District #15's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CHARLES HEAVEN & CO.

December 30, 2020

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM, AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
Pomperaug Regional School District #15
Middlebury and Southbury, CT

Report on Compliance for Each Major Federal Program

We have audited Pomperaug Regional School District #15's (the "School District") compliance with the types of compliance requirements described in the Uniform Guidance Compliance Supplement that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2020. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of federal findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by The Uniform Guidance

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of School District's as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We issued our report thereon dated December 30, 2020 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by The Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

CHARLES HEAVEN & CO.

December 30, 2020

Pomperaug Regional School District #15
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor; Pass -Through; Program Title	Grant Number	Federal CFDA Number	Expenditures
U.S. Department of Education			
Passed through the State of Connecticut Department of Education:			
Special Education Idea Part B	12060-SDE64370-20977-2020	**84.027**	$ 693,103
Special Education Idea Part B	12060-SDE64370-20977-2019	**84.027**	156,575
Special Education Idea Preschool	12060-SDE64370-20983-2020	**84.173**	24,110
Special Education Idea Preschool	12060-SDE64370-20983-2019	**84.173**	1,341
			875,129
Title I - Grants to LEA's	12060-SDE64370-20679-2020	**84.010**	140,590
Title I - Grants to LEA's	12060-SDE64370-20679-2019	**84.010**	16,745
			157,335
Title II - Improving Teacher Quality	12060-SDE64370-20858-2020	**84.367**	8,393
Title II - Improving Teacher Quality	12060-SDE64370-20858-2019	**84.367**	53,972
			62,365
Carl D. Perkins Vocational Education	12060-SDE64370-20742-2020	**84.048**	26,570
Title III - English Language Acquisition	12060-SDE64370-29063-2020	**84.365**	3,737
Title IV - Student Support	12060-SDE64370-22854-2020	**84.424**	2,400
	12060-SDE64370-22854-2019		1,218
			3,618
Total U.S. Department of Education			**1,128,754**
U.S. Department of Agriculture			
Passed through the State of Connecticut Department of Administrative Services:			
National School Lunch - Commodities		**10.550**	42,683
Passed through the State of Connecticut Department of Education:			
National School Lunch	12060-SDE64370-20560-2015	**10.555**	228,685
Total U.S. Department of Agriculture			**271,368**
Total Expenditures of Federal Awards			**$ 1,400,122**

The accompanying notes are an integral part of these financial statements.

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Notes to Schedule of Expenditures of Federal Awards
June 30, 2020

Note "1" – Accounting Basis:

Basic Financial Statements

The accounting policies of Regional School District No. 15 conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations.

Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis consistent with the preparation of the basic financial statements. Information included in the schedule of expenditures of federal awards is presented in accordance with the requirements of the Uniform Guidance.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

For performance-based awards, revenues are recognized to the extent of performance achieved during the grant period.

Certain financial assistance is not dependent on expenditure activity or the achievement of performance goals and, accordingly, is considered expended in the fiscal year of receipt. These financial assistance program receipts are reflected in the expenditures column of the schedule of expenditures of federal awards.

Note "2" – Other Federal Assistance:

The United States Department of Agriculture makes available commodities for donations to schools. An amount of $42,683 is reflected in the expenditures column in the accompanying schedule of expenditures of federal awards and represents the market value of such commodities received during the period.

No other federal assistance was received in the form of loans, loan guarantees or insurance.

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Schedule of Federal Findings and Questioned Costs
June 30, 2020

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? _____ yes ___X___ no
Significant deficiency(ies) identified? _____ yes ___X___ none reported
Noncompliance material to financial statements noted? _____ yes ___X___ no

Federal Awards

Internal control over major programs:
Material weakness(es) identified? _____ yes ___X___ no
Significant deficiency(ies) identified? _____ yes ___X___ none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform, Guidance? _____ yes ___X___ no

Identification of major programs:

CFDA Number	Name of Federal Program
84.027/84.173	Special Education Grants Cluster
10.555	National School Lunch

Dollar Threshold used to distinguish between Type A & Type B Programs $ 750,000

Auditee qualified as low-risk auditee? ___X___ yes _____ no

B. FINANCIAL STATEMENTS FINDINGS

No matters were reported.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

D. SUMMARY SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS

None reported.

POMPERAUG REGIONAL SCHOOL DISTRICT #15
TOWNS OF MIDDLEBURY AND SOUTHBURY, CONNECTICUT

STATE SINGLE AUDIT SECTION

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTENCE REQUIRED BY THE STATE SINGLE AUDIT ACT

Board of Education
Pomperaug Regional School District No. 15
Middlebury and Southbury, Connecticut

Report on Compliance for Each Major State Program

We have audited Pomperaug Regional School District #15's compliance with the types of compliance requirements described in the *Office of Policy and Management Compliance Supplement* that could have a direct and material effect on each of Pomperaug Regional School District #15's major state programs for the year ended June 30, 2020. Pomperaug Regional School District #15's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Pomperaug Regional School District #15's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Pomperaug Regional School District #15's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Pomperaug Regional School District #15's compliance.

Opinion on Each Major State Program

In our opinion, Pomperaug Regional School District #15 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of Pomperaug Regional School District #15 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Pomperaug Regional School District #15's internal control over compliance with types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Pomperaug Regional School District #15's internal control over compliance.

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of Pomperaug Regional School District #15 as of and for the year ended June 30, 2020, and have issued our report thereon dated December 30, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of State Financial Assistance is fairly stated in all material respects in relation to the financial statements as a whole.

CHARLES HEAVEN & CO.

December 30, 2020

Pomperaug Regional School District #15
Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2020

	State Grant Program Core-CT Number		Expenditures
Department of Education:			
Child Nutrition Program (School Lunch State Match)	11000-SDE-64000-16072	$	10,895
TEAM mentoring	11000-SDE-64000-12552		5,786
Healthy Food Initiative Program	11000-SDE-64000-16212		20,755
Adult Education	11000-SDE-64000-17030		1,035
Total Department of Education			38,471
Department of Energy and Enviromental Protection			
PEGPETIA	12060-DEP-44620-35363		61,660
Total State Financial Assistance before Exempt Programs			100,131
EXEMPT PROGRAMS			
Department of Education:			
Magnet School Transportation	1100-SDE-64000-17057		19,500
Excess Costs Student Based and Equity	11000-SDE64000-17047		2,728,614
Total Exempt Programs			2,748,114
Total State Financial Assistance		$	**2,848,245**

The accompanying notes are an integral part of these financial statements.

Pomperaug Regional School District #15
Notes to Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2020

The State of Connecticut Department of Education has provided financial assistance to Pomperaug Regional School District #15 through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund children's education, transportation, school lunch and school building renovations and construction.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Pomperaug Regional School District #15 conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies relating to the aforementioned grant programs.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The Fund financial statements are prepared using either modified accrual for governmental funds or accrual basis for proprietary and fiduciary funds.

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for General Obligation bond principal and interest which are reported as expenditures in the year due.

Under the accrual basis of accounting revenue is recorded when earned, and expenses are recorded when the liability is incurred.

The Schedule of Expenditures of State Financial Assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-5), certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

Pomperaug Regional School District #15
Audit Results of Expenditures of State Financial Assistance
Year Ended June 30, 2020

I. SUMMARY OF AUDIT RESULTS

Financial Statements

We audited the basic financial statements of Pomperaug Regional School District #15 as of and for the year ended June 30, 2020 and issued our unqualified report thereon dated December 30, 2020.

Internal control over financial reporting:		
Material weaknesses identified?	_____ yes	X no
Significant deficiency identified that are not considered to be material weaknesses?	_____ yes	X no
Noncompliance material to financial statements noted?	_____ yes	X no

State Financial Assistance

Internal control over major programs:		
Material weaknesses identified?	_____ yes	X no
Significant deficiency identified that are not considered to be material weaknesses?	_____ yes	X none reported

We have issued an unqualified opinion relating to compliance for major State programs.

Any audit findings disclosed that are required To be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?	_____ yes	X no

The following schedule reflects the major programs included in the audit:

State Grantor and Program	State Grant Program Identification Number	Expenditures
Department of Energy and Environmental Protection:		
PEGPETIA		$ 61,660
Dollar Threshold used to distinguish Type A and Type B Programs		$ 100,000

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. FINDINGS AND QUESTIONED COSTS FOR STATE FINANCIAL ASSISTANCE

No matters were reported.