

REGIONAL SCHOOL DISTRICT NO. 10

FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2020**

REGIONAL SCHOOL DISTRICT NO. 10
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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Regional School District No. 10
Burlington, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Regional School District No. 10 (the "District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Regional School District No. 10, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 and the information on pages 55 through 64 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules on pages 65 through 73 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules 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 fund statements and 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 21, 2020, on our consideration of the District'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Certified Public Accountants
Glastonbury, Connecticut
December 21, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

REGIONAL SCHOOL DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

As management of Regional School District No. 10 (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020.

FINANCIAL HIGHLIGHTS

- Assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$38,447,376 (net position). Of this amount, \$1,214,060 represents the District's unrestricted net position.
- The District's overall change in net position for the year ended June 30, 2020 resulted in a decrease of \$599,078.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$4,559,684, an increase of \$346,128 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund amounted to \$3,224,588. Of this amount, \$1,317,117 represents the District's budgetary surplus for the year ended June 30, 2020 and \$1,907,471 represents the District's operating reserve. Such amounts are available for distribution to the District's Member Towns.
- The District's principal balance on long-term bonded debt decreased by \$1,565,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The statement of net position presents information on all of the District's assets, deferred outflows and inflows of resources and liabilities, with net position as the residual of these other elements. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Government-wide Financial Statements *(Continued)*

The government-wide financial statements are intended to distinguish functions of the District that are principally supported by District towns and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include instruction and support services. The District has no business-type activities.

The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term outflows and inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains a number of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Educational Grants Fund, and the Capital Projects Fund, all of which are considered to be major funds by the District.

The basic governmental fund financial statements can be found on pages 15 through 18 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to the District's own programs. The accounting used for fiduciary funds is much like that used for the government-wide financial statements.

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

REGIONAL SCHOOL DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 through 54 of this report.

Required Supplementary Information

Required supplementary information on the District's General Fund budgetary schedules and pension and other post-employment benefit plans can be found on pages 55 through 64 of this report.

Other Information

Combining and individual fund statements and schedules can be found on pages 65 through 73 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Over time, net position may serve as one measure of a government's financial position. The District's net position totaled \$38,447,376 as of June 30, 2020 and \$39,046,454 as of June 30, 2019 and is summarized as follows.

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Current and other assets	\$ 5,584,528	\$ 5,111,736	\$ 472,792	9.2%
Capital assets, net	<u>48,823,424</u>	<u>50,813,639</u>	<u>(1,990,215)</u>	-3.9%
Total assets	<u>54,407,952</u>	<u>55,925,375</u>	<u>(1,517,423)</u>	-2.7%
Deferred outflows of resources	<u>1,893,617</u>	<u>700,932</u>	<u>1,192,685</u>	170.2%
Long-term liabilities	16,617,756	16,493,640	124,116	0.8%
Other liabilities	<u>1,148,637</u>	<u>1,009,789</u>	<u>138,848</u>	13.8%
Total liabilities	<u>17,766,393</u>	<u>17,503,429</u>	<u>262,964</u>	1.5%
Deferred inflows of resources	<u>87,800</u>	<u>76,424</u>	<u>11,376</u>	14.9%
Net position:				
Net investment in capital assets	37,012,866	37,587,721	(574,855)	-1.5%
Restricted for grant and other programs	220,450	321,620	(101,170)	100.0%
Unrestricted	<u>1,214,060</u>	<u>1,137,113</u>	<u>76,947</u>	6.8%
Total net position	<u>\$ 38,447,376</u>	<u>\$ 39,046,454</u>	<u>\$ (599,078)</u>	-1.5%

REGIONAL SCHOOL DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

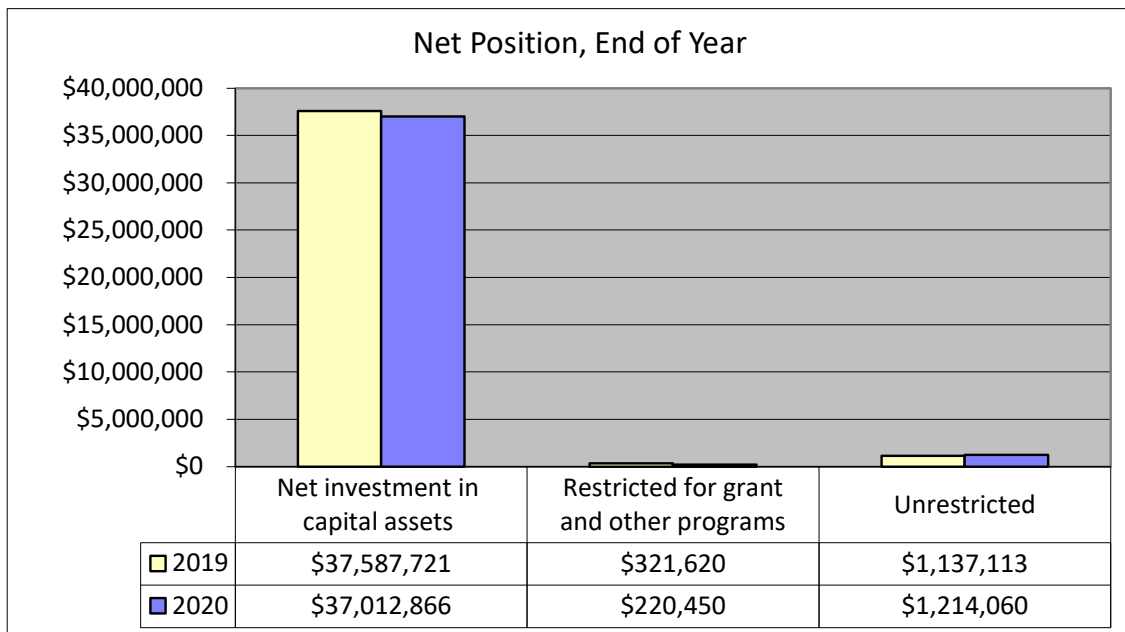
GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Net Position *(Continued)*

96.3% of the District's net position as of June 30, 2020 and 2019 reflected its net investment in capital assets. The District uses these capital assets to provide educational services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

0.6% of the District's net position is subject to external restrictions on how they may be used and are therefore presented as restricted net position.

The remainder of the District's net position as of June 30, 2020 and 2019 was considered unrestricted and available to be used to meet the District's ongoing obligations to its Member Towns, citizens and creditors.



REGIONAL SCHOOL DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position

Changes in net position for the years ended June 30, 2020 and 2019 are as follows.

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues:				
Program revenues:				
Charges for services	\$ 578,039	\$ 882,428	\$ (304,389)	-34.5%
Operating grants and contributions	9,710,250	7,533,503	2,176,747	28.9%
General revenues:				
District Towns	40,859,786	39,574,742	1,285,044	3.2%
Unrestricted investment earnings	56,853	84,556	(27,703)	-32.8%
Total revenues	<u>51,204,928</u>	<u>48,075,229</u>	<u>3,129,699</u>	<u>6.5%</u>
Program expenses:				
General instruction	34,165,495	32,370,118	1,795,377	5.5%
Support services - students	3,975,698	3,769,956	205,742	5.5%
Improvement of instruction	3,883,024	2,615,101	1,267,923	48.5%
Support services - administration	441,837	624,238	(182,401)	-29.2%
School-based administration	1,988,992	1,949,733	39,259	2.0%
Plant operation and maintenance	3,601,494	3,563,373	38,121	1.1%
Transportation	2,595,653	2,709,156	(113,503)	-4.2%
Other support services	639,358	649,926	(10,568)	-1.6%
Interest expense	512,455	432,041	80,414	18.6%
Total expenses	<u>51,804,006</u>	<u>48,683,642</u>	<u>3,120,364</u>	<u>6.4%</u>
Change in net position	<u>\$ (599,078)</u>	<u>\$ (608,413)</u>	<u>\$ 9,335</u>	<u>-1.5%</u>

The District's change in net position was a decrease of \$599,078.

Overall revenues increased by \$3,129,699 or 6.5% over the prior year. The increase in revenues was primarily due to an increase in the amount of pension and OPEB expense recognized by the State of Connecticut in connection with the District's participation in the Connecticut State Teachers' Retirement System. In addition, the change in revenues can be attributed to an increase in assessments to the District's Member Towns to fund budgeted operating costs increases, offset by decreases in charges for services. Specifically, the District recognized lower food service revenue due to the school closing in March 2020 in response to the COVID-19 pandemic.

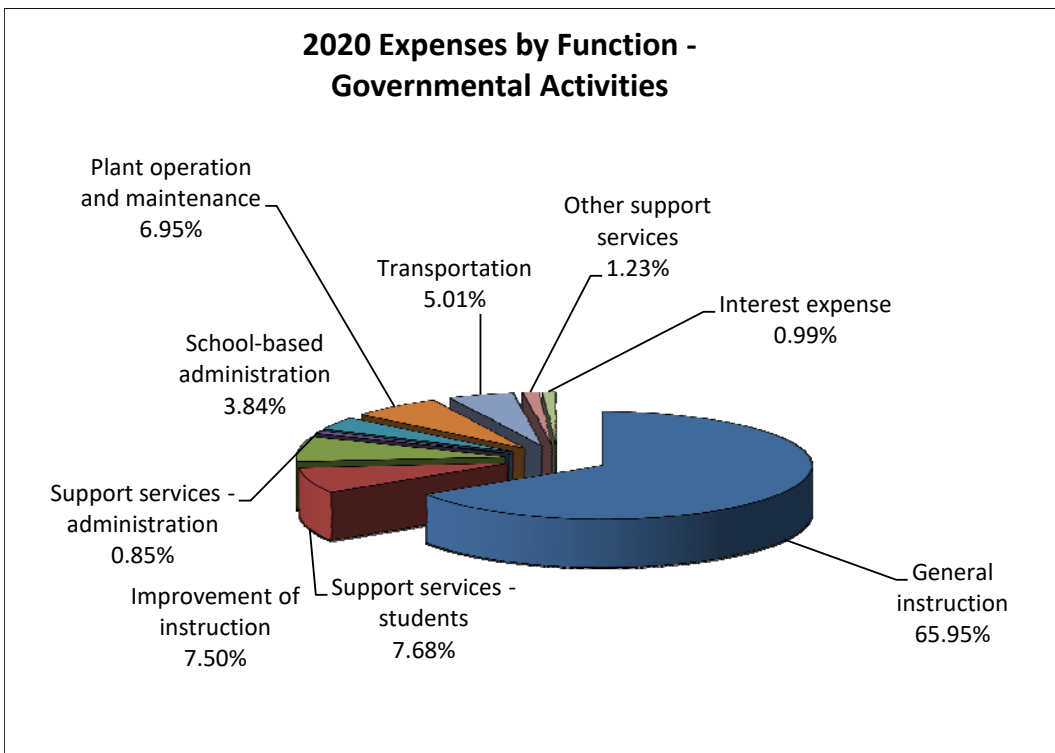
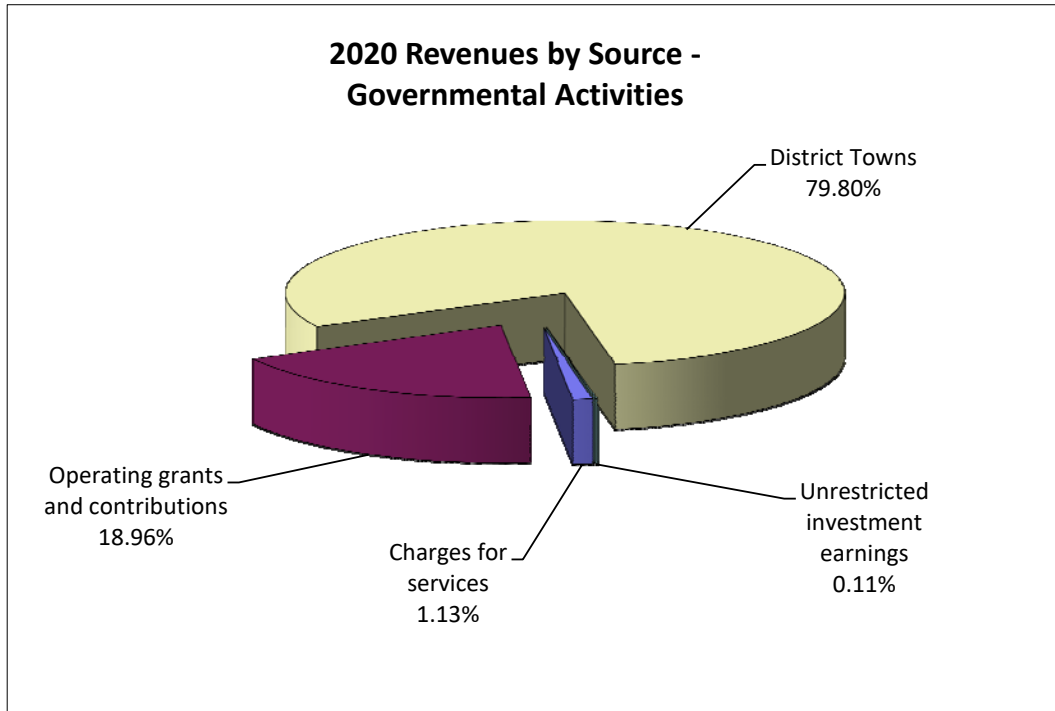
Overall expenses increased by \$3,120,364 or 6.4% over the prior year. This change is primarily due to an increase in the amount of pension and OPEB expense recognized by the State of Connecticut in connection with the District's participation in the Connecticut State Teachers' Retirement System. In addition, the increase in expenditures can be attributed to an increase in general instruction and investments in technology.

REGIONAL SCHOOL DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Changes in Net Position *(Continued)*

The following is a summary of revenues by source and expenses by function for the year ended June 30, 2020.



REGIONAL SCHOOL DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$4,559,684, an increase in ending fund balance of \$346,128 in comparison with the prior year.

General Fund

The General Fund is the chief operating fund of the District. The fund balance of the General Fund totaled \$4,032,010 as of June 30, 2020. Assigned fund balance consisted of \$93,189 in unfulfilled commitments made as of June 30, 2020 and \$714,233, which represents the remaining surplus from the District's 2019 fiscal year that has been authorized by the Board to reduce Member Town assessments for the District's 2021 fiscal year. Unassigned fund balance totaled \$3,224,588 and consists of a \$1,317,117 budgetary surplus recognized for the year ended June 30, 2020 and a \$1,907,471 operating reserve. Such amounts are available for distribution to the District's Member Towns.

Educational Grants Fund

The Educational Grants fund has no fund balance because the fund primarily records activity related to cost reimbursement grants and contracts. Consequently, grant and contract revenues equal expenditures.

Capital Projects Fund

The fund balance of the Capital Projects Fund decreased by \$91,458 during the current fiscal year. This decrease is attributed to the receipt of a transfer in from the General Fund of \$399,028, offset by capital outlay expenditures to fund District renovations and upgrades.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's original budget included the use of fund balance to return the remaining budgetary surplus from the District's 2018 fiscal year in the amount of \$310,510. In addition, in January 2020, the Board authorized the use of fund balance to transfer a portion of the budgetary surplus from the District's 2019 fiscal year to the Capital Projects Fund. No additional appropriations were authorized by the District during the year. The actual change in fund balance was an increase of \$607,579.

Revenues were \$54,802 more than budgeted. This is due to the receipt of tuition from other public schools for students attending the District that was greater than anticipated. Expenditures were \$1,262,315 less than budgeted, primarily due to the change to remote learning as a result of COVID-19 pandemic, in addition to lower than anticipated health insurance premiums.

REGIONAL SCHOOL DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION

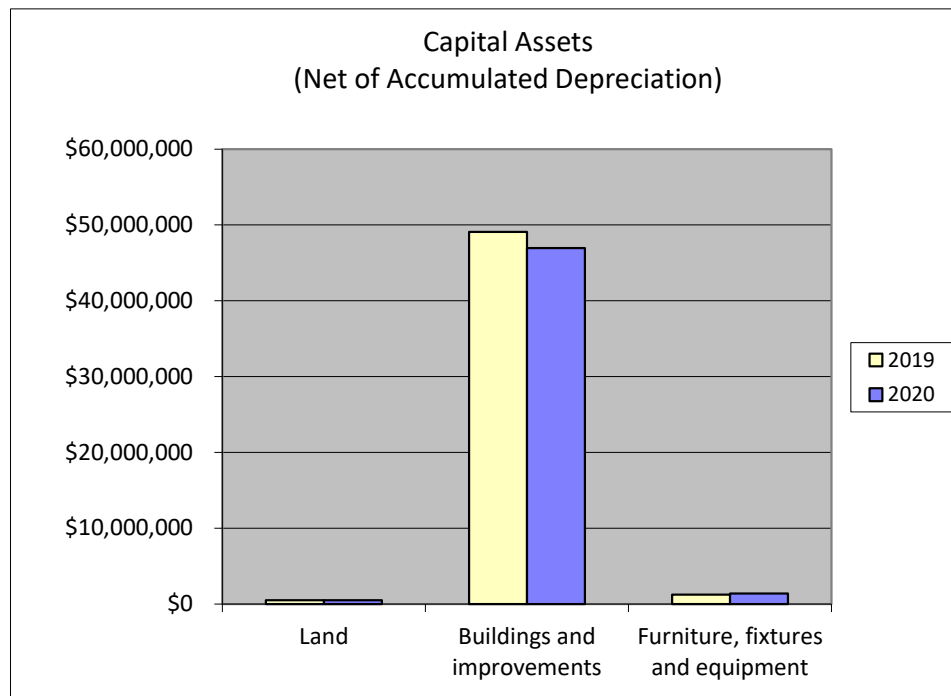
Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2020 totaled \$48,823,424 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements and furniture, fixtures and equipment. The net decrease in the District's investment in capital assets for the current fiscal year was \$1,990,215.

This decrease consists primarily of current year depreciation in the amount of \$2,555,901, offset by capital additions of \$565,686. Significant current year capital asset additions consisted of purchase of classroom furniture and renovations to the District's auditorium and music rooms.

The following table is a two year comparison of the investment in capital assets, net of accumulated depreciation and amortization:

	2020	2019	\$ Change	% Change
Land	\$ 501,479	\$ 501,479	\$ -	0.0%
Buildings and improvements	46,937,413	49,091,934	(2,154,521)	-4.4%
Furniture, fixtures and equipment	1,384,532	1,220,226	164,306	13.5%
Totals	<u>\$ 48,823,424</u>	<u>\$ 50,813,639</u>	<u>\$ (1,990,215)</u>	-3.9%



Additional information on the District's capital assets can be found in Note 4 to the basic financial statements.

REGIONAL SCHOOL DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-term Debt

At the end of the current fiscal year, the District had total principal bonded debt outstanding of \$11,615,000, which is backed by the full faith and credit of the District. In addition, the District had obligations under capital lease arrangements in the amount of \$6,643.

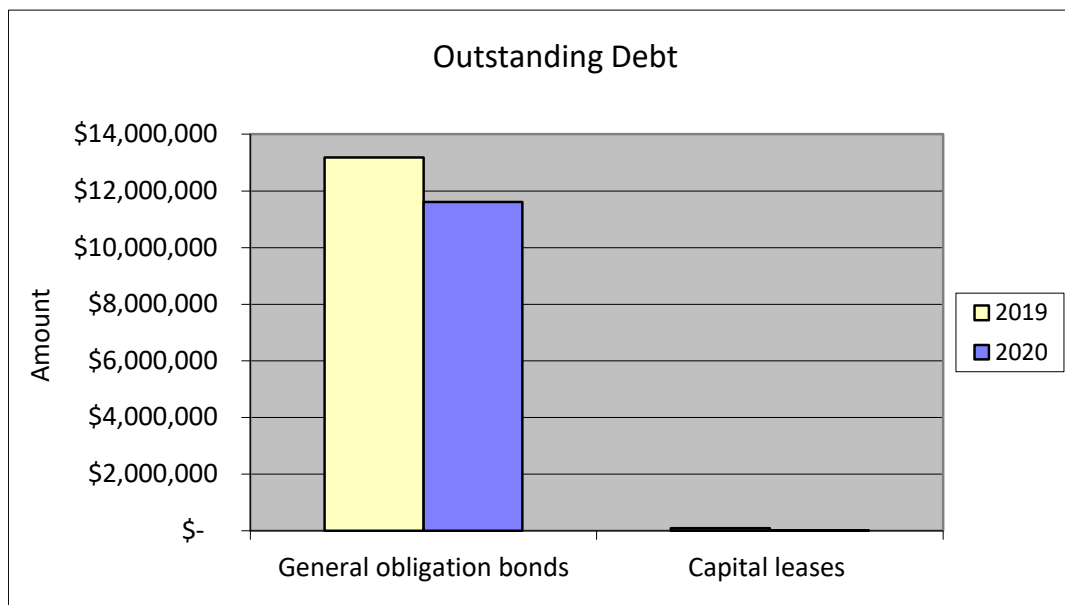
The District's total long-term bonded debt decreased by \$1,565,000 during the current year due to the issuance of general obligation refunding bonds, offset by scheduled principal repayments. During the year ended June 30, 2020, the District issued \$2,050,000 in general obligation refunding bonds with an average interest rate of 3.33% to refund \$2,180,000 of outstanding 2010 general obligation bonds, with an average interest rate of 3.43%. The transaction will generate a cash flow savings of \$168,534 and an economic gain (difference between present values of the debt service payments of the old and the new bonds) of \$147,751. The District's capital lease obligations decreased by \$79,956 due to scheduled principal repayments.

The District maintains an "AA" and "Aa2" rating from Standard and Poor's and Moody's Investor Service, respectively, for its general obligation debt.

State statutes limit the amount of general obligation debt the District may issue to four and a half times its annual receipts from Member Towns, as defined by the statutes. The current debt limitation for the District is significantly in excess of the District's outstanding general obligation debt.

The following table is a two year comparison of long-term bonded debt:

	2020	2019	\$ Change	% Change
General obligation bonds	\$ 11,615,000	\$ 13,180,000	\$ (1,565,000)	-11.9%
Capital leases	6,643	86,599	(79,956)	-92.3%
Total long-term debt	<u>\$ 11,621,643</u>	<u>\$ 13,266,599</u>	<u>\$ (1,644,956)</u>	-12.4%



Additional information on the District's long-term debt can be found in Note 7 to the basic financial statements.

REGIONAL SCHOOL DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The District receives a significant amount of federal and state grants. Any loss or significant reduction in federal or state funding could have an impact on the District's budget and program services. The District operates under various negotiated union contracts that span multiple budgetary years. A significant portion of the District's budget consists of contractual wages and related employee benefits. In addition, special education costs can vary significantly from year to year based on student needs.

In early March 2020, there was a global outbreak of COVID-19 that was declared a Public Health Emergency of International Concern by the World Health Organization and was subsequently declared a state of emergency by the Governor of Connecticut and a national emergency by the President of the United States. The outbreak of the virus has affected travel, commerce and financial markets globally, and is widely expected to affect economic growth worldwide. The District has received and continues to apply for additional funding from federal and state agencies to assist in covering certain costs associated with the response to the pandemic. However, the extent to which COVID-19 will impact the District's operations and its financial condition will ultimately depend on future developments that are uncertain and cannot be fully predicted with confidence at this time.

These factors were considered in preparing the District's budget for fiscal year 2021. The fiscal year 2021 budget was adopted by the District in accordance with the Governor's executive orders in May 2020. The approved budgetary expenditures total \$41,910,113, a \$612,814 or 1.48% increase over the District's fiscal year 2020 approved budgetary expenditures. The budget contemplates the use of the District's remaining fiscal year 2019 surplus of \$714,233 to reduce the amounts assessed to its Member Towns.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Business Manager, 24 Lyon Road, Burlington, CT 06013.

BASIC FINANCIAL STATEMENTS

REGIONAL SCHOOL DISTRICT NO. 10
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 5,419,328
Receivables:	
Grants and contracts	74,000
Other	81,479
Other assets	9,721
Capital assets:	
Non-depreciable	501,479
Depreciable, net	48,321,945
Total assets	<u>54,407,952</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on pension expense	198,640
Deferred charges on OPEB expense	1,327,026
Deferred charges on refundings	367,951
Total deferred outflows of resources	<u>1,893,617</u>
LIABILITIES	
Accounts payable	678,195
Accrued expenses	250,404
Unearned revenue	220,038
Noncurrent liabilities:	
Due within one year	1,698,485
Due in more than one year	14,919,271
Total liabilities	<u>17,766,393</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred charges on pension expense	49,702
Deferred charges on OPEB expense	38,098
Total deferred inflows of resources	<u>87,800</u>
NET POSITION	
Net investment in capital assets	37,012,866
Restricted for:	
Grant and other programs	220,450
Unrestricted	1,214,060
Total net position	<u>\$ 38,447,376</u>

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

REGIONAL SCHOOL DISTRICT NO. 10
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position - Governmental Activities
		Charges for Services	Operating Grants and Contributions	
General instruction	\$ 34,165,495	\$ 130,213	\$ 9,065,793	\$ (24,969,489)
Support services:				
Support services - students	3,975,698	447,826	349,806	(3,178,066)
Improvement of instruction	3,883,024	-	159,967	(3,723,057)
Support services - administration	441,837	-	-	(441,837)
School-based administration	1,988,992	-	131,884	(1,857,108)
Plant operation and maintenance	3,601,494	-	-	(3,601,494)
Transportation	2,595,653	-	2,800	(2,592,853)
Other support services	639,358	-	-	(639,358)
Total support services	17,126,056	447,826	644,457	(16,033,773)
Interest expense	512,455	-	-	(512,455)
	<u>\$ 51,804,006</u>	<u>\$ 578,039</u>	<u>\$ 9,710,250</u>	<u>(41,515,717)</u>
General revenues:				
				40,859,786
				56,853
				<u>40,916,639</u>
				(599,078)
				<u>39,046,454</u>
				<u>\$ 38,447,376</u>

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

REGIONAL SCHOOL DISTRICT NO. 10
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2020

	General Fund	Educational Grants Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 4,353,150	\$ 221,586	\$ 579,760	\$ 264,832	\$ 5,419,328
Receivables:					
Grants and contracts	-	74,000	-	-	74,000
Other	81,479	-	-	-	81,479
Due from other funds	255,215	-	-	-	255,215
Inventories	-	-	-	9,721	9,721
Total assets	<u>\$ 4,689,844</u>	<u>\$ 295,586</u>	<u>\$ 579,760</u>	<u>\$ 274,553</u>	<u>\$ 5,839,743</u>
LIABILITIES					
Accounts payable	\$ 531,223	\$ 1,548	\$ 116,645	\$ 28,779	\$ 678,195
Accrued expenses	126,611	-	-	-	126,611
Due to other funds	-	74,000	170,117	11,098	255,215
Unearned revenue	-	220,038	-	-	220,038
Total liabilities	<u>657,834</u>	<u>295,586</u>	<u>286,762</u>	<u>39,877</u>	<u>1,280,059</u>
FUND BALANCES					
Nonspendable:					
Inventories	-	-	-	9,721	9,721
Restricted:					
School lunch operations	-	-	-	220,450	220,450
Committed:					
Debt service	-	-	-	4,505	4,505
Capital purposes	-	-	292,998	-	292,998
Assigned:					
Education encumbrances	93,189	-	-	-	93,189
Use in fiscal year 2021 budget	714,233	-	-	-	714,233
Unassigned:					
Fiscal year 2020 surplus	1,317,117	-	-	-	1,317,117
Operating reserve	1,907,471	-	-	-	1,907,471
Total fund balances	<u>4,032,010</u>	<u>-</u>	<u>292,998</u>	<u>234,676</u>	<u>4,559,684</u>
Total liabilities and fund balances	<u>\$ 4,689,844</u>	<u>\$ 295,586</u>	<u>\$ 579,760</u>	<u>\$ 274,553</u>	<u>\$ 5,839,743</u>

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

REGIONAL SCHOOL DISTRICT NO. 10
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2020

Total fund balances for governmental funds \$ 4,559,684

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 48,823,424

Deferred charges on refundings are not susceptible to accrual and are, therefore, not reported in governmental funds. 367,951

Deferred outflows and inflows of resources resulting from changes in the components of the District's net pension and total OPEB liabilities are reported in the statement of net position. 1,437,866

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as governmental fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Those liabilities consist of:

Long-term debt:

Bonds payable	\$ (11,615,000)
Unamortized bond premiums	(556,866)
Obligations under capital leases	(6,643)
Accrued interest payable	(123,793)

Other long-term liabilities:

Compensated absences	(927,300)
Total OPEB liability	(3,313,289)
Net pension liability	(198,658)
Total long-term liabilities	<u>(16,741,549)</u>

Net position of governmental activities \$ 38,447,376

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

REGIONAL SCHOOL DISTRICT NO. 10
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Educational Grants Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
District Towns	\$ 40,859,786	\$ -	\$ -	\$ -	\$ 40,859,786
Intergovernmental	6,512,577	569,207	-	141,990	7,223,774
Charges for goods and services	130,213	-	-	447,826	578,039
Interest income	51,593	-	4,891	369	56,853
Total revenues	<u>47,554,169</u>	<u>569,207</u>	<u>4,891</u>	<u>590,185</u>	<u>48,718,452</u>
EXPENDITURES					
Current:					
General instruction	29,482,858	566,407	-	-	30,049,265
Support services:					
Support services - students	2,888,914	-	-	684,191	3,573,105
Improvement of instruction	2,631,388	-	-	-	2,631,388
Support services - administration	413,179	-	-	-	413,179
School-based administration	1,669,616	-	-	-	1,669,616
Plant operation and maintenance	3,360,932	-	-	-	3,360,932
Transportation	2,580,681	2,800	-	-	2,583,481
Other support services	597,372	-	-	-	597,372
Total support services	<u>14,142,082</u>	<u>2,800</u>	<u>-</u>	<u>684,191</u>	<u>14,829,073</u>
Capital outlays	1,082,978	-	495,377	-	1,578,355
Debt service:					
Principal payments	79,956	-	-	1,435,000	1,514,956
Interest and fiscal charges	-	-	-	424,907	424,907
Debt issuance costs	-	-	-	75,265	75,265
Total expenditures	<u>44,787,874</u>	<u>569,207</u>	<u>495,377</u>	<u>2,619,363</u>	<u>48,471,821</u>
Excess (deficiency) of revenues over expenditures	2,766,295	-	(490,486)	(2,029,178)	246,631
OTHER FINANCING SOURCES (USES)					
Refunding bonds issued	-	-	-	2,050,000	2,050,000
Payment to refunding bond escrow agent	-	-	-	(2,196,552)	(2,196,552)
Premium on refunding bonds issued	-	-	-	246,049	246,049
Transfers in	-	-	399,028	1,839,744	2,238,772
Transfers out	(2,238,772)	-	-	-	(2,238,772)
Total other financing sources (uses)	<u>(2,238,772)</u>	<u>-</u>	<u>399,028</u>	<u>1,939,241</u>	<u>99,497</u>
Net changes in fund balances	527,523	-	(91,458)	(89,937)	346,128
Fund balances - beginning	<u>3,504,487</u>	<u>-</u>	<u>384,456</u>	<u>324,613</u>	<u>4,213,556</u>
Fund balances - ending	<u>\$ 4,032,010</u>	<u>\$ -</u>	<u>\$ 292,998</u>	<u>\$ 234,676</u>	<u>\$ 4,559,684</u>

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

REGIONAL SCHOOL DISTRICT NO. 10
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances for governmental funds	\$	346,128
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Total change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. The amount by which depreciation and amortization exceeded capital outlays in the current period is as follows:

Expenditures for capital assets	\$ 565,686	
Depreciation and amortization expense	(2,555,901)	
Net adjustment		(1,990,215)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. However, neither transaction has any effect on net position. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Debt issued or incurred:		
Refunding bonds	(2,050,000)	
Premium on refunding bonds	(246,049)	
Principal repayments:		
Obligations under capital leases	79,956	
Bonds payable	3,615,000	
Net adjustment		1,398,907

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the statement of activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. Also, governmental funds recognize the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of such items is as follows:

Compensated absences	(131,481)	
Accrued interest	(12,184)	
Amortization of bond premiums	130,302	
Amortization of deferred charge on refundings	(113,849)	
Total OPEB liability	(1,421,807)	
Net pension liability	(100,037)	
Deferred charges on pension expense	117,265	
Deferred charges on OPEB expense	1,177,893	
		(353,898)

Change in net position of governmental activities	\$	(599,078)
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The accompanying notes are an integral part of these financial statements .

REGIONAL SCHOOL DISTRICT NO. 10**STATEMENT OF NET POSITION****FIDUCIARY FUNDS****AS OF JUNE 30, 2020**

	Pension Trust Funds	Private Purpose Trust - Scholarship Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 253,517	\$ 127,173	\$ 305,126
Investments:			
Mutual funds	5,203,373	-	-
Equity securities	118,386	-	-
Other assets	201,174	-	-
Total assets	<u>5,776,450</u>	<u>127,173</u>	<u>\$ 305,126</u>
LIABILITIES			
Due to others	-	-	\$ 305,126
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 305,126</u>
NET POSITION			
Restricted for pension benefits and other purposes	<u>\$ 5,776,450</u>	<u>\$ 127,173</u>	

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

REGIONAL SCHOOL DISTRICT NO. 10
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Pension Trust Funds	Private- Purpose Trust - Scholarship Fund
ADDITIONS		
Contributions:		
Employer	\$ 283,456	\$ -
Employee	220,531	-
Private donations	-	31,349
Total contributions	<u>503,987</u>	<u>31,349</u>
Other	6,511	-
Investment earnings:		
Interest and dividends	294,373	24
Net change in the fair value of investments, net of fees	<u>(141,228)</u>	<u>-</u>
Total investment earnings	<u>153,145</u>	<u>24</u>
Total additions	<u>663,643</u>	<u>31,373</u>
DEDUCTIONS		
Benefit payments	461,365	11,345
Insurance premiums	11,587	-
Other	<u>30,046</u>	<u>-</u>
Total deductions	<u>502,998</u>	<u>11,345</u>
Change in net position	160,645	20,028
Net position - beginning	<u>5,615,805</u>	<u>107,145</u>
Net position - ending	<u><u>\$ 5,776,450</u></u>	<u><u>\$ 127,173</u></u>

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

REGIONAL SCHOOL DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Regional School District No. 10 (the "District") conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

Financial Reporting Entity

The District is governed by a Board of Education (the "Board").

The Board is an elected group of individuals, which has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Regional School District No. 10, serving the towns of Burlington and Harwinton, Connecticut ("Member Towns"). The District receives funding from local, state, and federal government sources and must comply with the compliance requirements from these funding sources. The District is not included in any other governmental "reporting entity" since Board members are elected by the public, have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

The District's operating and debt service expenses are paid by the member towns in proportion to the number of attending pupils. The approximate current year assessment percentages was Burlington at 66.6% and Harwinton at 33.4%.

The basic financial statements of the reporting entity include only the funds of the District as no component units exist based on operational or financial relationships with the District.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the District and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through payments from the Member Towns, intergovernmental revenues, and other non-exchange transactions.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to other governments or students who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Payments from Member Towns and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of governmental fund financial statements is on major governmental funds, each of which is displayed in a separate column. The remaining governmental funds have been reported as nonmajor governmental funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government-wide and Fund Financial Statements *(Continued)*

Fund Financial Statements *(Continued)*

The District reports the following major governmental funds:

General Fund - This fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Educational Grants Fund - This fund is used to account for the proceeds of federal and state cost reimbursement grants controlled, not by the District's legal budgets but, by requirements specific to the grants.

Capital Projects Fund - This fund is used to account for financial resources related to various capital acquisitions and projects within the District.

In addition, the District reports the following fiduciary fund types:

Pension Trust Funds - These funds are used to account for resources held in trust for the members and beneficiaries of the Employees' Pension Plan, which is a defined benefit pension plan, and the Custodial and Maintenance Employees' Plan and the Employees' Defined Contribution Plan, both of which are defined contribution plans.

Private Purpose Trust Fund - This fund is used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The District utilizes this fund to account for amounts contributed to fund student scholarships.

Agency Fund - These funds are used to account for resources held by the District in a purely custodial capacity. The District utilizes this fund to account for assets held for students and adult educational activities.

Measurement Focus and Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from the Member Towns are recognized as revenues in the year for which the Member Towns levied the property taxes. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Measurement Focus and Basis of Accounting *(Continued)*

Governmental Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

Revenues from Member Towns and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or is available to be received within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when the cash is received.

The pension trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Implementation of New Accounting Standards

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this statement was to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective was accomplished by postponing the effective dates of certain provisions in statements and implementation guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. As such, no new accounting standards were implemented by the District for the year ended June 30, 2020.

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balance

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are measured by the District at fair value (generally based on quoted market prices), except for investments in certain external investment pools as described below.

REGIONAL SCHOOL DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balance *(Continued)*

Investments *(Continued)*

Investments in certain external investment pools consist of money market mutual funds. Investments in these types of funds, which are permitted to measure their investment holdings at amortized costs, are measured by the District at the net asset value per share as determined by the fund.

Inventories

Inventories are reported at cost using the first-in first-out (FIFO) method, except for USDA donated commodities, which are recorded at market value. Inventories are recorded as expenditures when consumed rather than when purchased.

Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, and furniture, fixtures and equipment are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Such assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	20 – 50
Furniture, fixtures and equipment	5 – 20

Unearned Revenue

This liability represents resources that have been received but not yet earned.

Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources represent an acquisition or consumption of net position that applies to a future period(s) and so will not be recognized as an inflow or outflow of resources until that time.

Deferred outflows and inflows of resources include deferred charges on the District's pension and OPEB expenses reported in the government-wide financial statements. Deferred pension and OPEB expenses result from certain changes in the components of the District's net pension and total OPEB liabilities and are being amortized as a component of the related expenses on a systematic and rational basis.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balance *(Continued)*

Deferred Outflows and Inflows of Resources *(Continued)*

Deferred outflows of resources also include deferred charges on refundings reported in the government-wide statement of net position. Deferred charges on refundings are amortized to interest expense using the effective-interest method over the life of the related bonds.

Compensated Absences

Employees are granted vacation and sick leave based upon length of employment. Under certain union contracts, District employees' unused vacation can be accumulated from year to year subject to certain limits. Sick days can also be accumulated up to certain limits and paid upon death, retirement or termination using a prescribed formula. All compensated absences are recorded when incurred in the government-wide financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or the vested amount is expected to be paid with available resources.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the related bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position and Fund Balance

The government-wide statement of net position presents the District's non-fiduciary assets, liabilities and deferred outflows and inflows of resources, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets - This category consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

Restricted net position - This category consists of net position whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This category consists of net position, which does not meet the definition of the two preceding categories.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balance *(Continued)*

Net Position and Fund Balance *(Continued)*

The District's governmental funds report the following fund balance categories:

Nonspendable - Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

Restricted - Constraints are placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through enabling legislation.

Committed - Amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education (the highest level of decision making authority of the District) and cannot be used for any other purpose unless the District removes or changes the specified use by taking the same formal action.

Assigned - Amounts are constrained by the government's intent to be used for specific purposes, but are not restricted or committed. The Board of Education has delegated the responsibility to assign funds to management of the District, with the exception of those amounts assigned by the Board of Education during the District's annual budgeting process.

Unassigned - Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

The District does not have a formal policy over the use of fund balance. In accordance with applicable accounting guidance, the District uses restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned.

Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Interfund Services Provided and Used

Sales and purchases of goods and services between funds for a price approximating their external exchange value are reported as revenues and expenditures, or expenses, in the applicable funds.

Interfund Transfers

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers.

REGIONAL SCHOOL DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Interfund Activities *(Continued)*

Interfund Reimbursements

Interfund reimbursements represent repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

Cash Deposits – Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District will not be able to recover its cash deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District does not have a deposit policy for custodial credit risk.

As of June 30, 2020, \$1,816,737 of the District's bank balance of \$2,381,673 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,635,063
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the District's name	<u>181,674</u>
	<u><u>\$ 1,816,737</u></u>

All of the District's cash deposits were in qualified public institutions as defined by Connecticut state statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

A reconciliation of the District's cash deposits as of June 30, 2020 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 5,419,328
Less: cash equivalents considered investments for disclosure purposes	<u>3,665,199</u>
	<u>1,754,129</u>
Statement of fiduciary net position:	
Cash and cash equivalents	685,816
Less: cash equivalents considered investments for disclosure purposes	<u>188,581</u>
	<u>497,235</u>
	<u><u>\$ 2,251,364</u></u>

REGIONAL SCHOOL DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)

Investments

A reconciliation of the District's investments as of June 30, 2020 is as follows:

Government-wide statement of net position:	
Investments	\$ -
Add: cash equivalents considered investments for disclosure purposes	3,665,199
	<u>3,665,199</u>
Statement of fiduciary net position:	
Investments	5,321,759
Add: cash equivalents considered investments for disclosure purposes	188,581
	<u>5,510,340</u>
	<u>\$ 9,175,539</u>

As of June 30, 2020, the District's investments consist of the following:

<u>Investment type</u>	<u>Valuation Basis</u>	<u>Credit Rating</u>	<u>Value</u>	<u>Investment Maturities (In Years)</u> <u>Less Than 1</u>
Debt Securities:				
<i>Governmental activities:</i>				
Repurchase agreement	Amortized cost	Unrated	\$ 3,665,199	\$ 3,665,199
<i>Fiduciary Funds:</i>				
Money market mutual funds	Net asset value	Unrated	188,581	188,581
			<u>3,853,780</u>	<u>\$ 3,853,780</u>
Other Investments:				
<i>Fiduciary Funds:</i>				
Mutual funds	Fair value	N/a	5,203,373	
Equity securities	Fair value	N/a	118,386	
			<u>\$ 9,175,539</u>	

Because the money market mutual funds had weighted average maturities of less than 90 days, they are presented as investments with maturities of less than one year.

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.

REGIONAL SCHOOL DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 - CASH DEPOSITS AND INVESTMENTS *(Continued)*

Investments *(Continued)*

Credit Risk

The District has no investment policy that would further limit its investment choices beyond those limited by Connecticut state statutes ("Statutes"). Connecticut state statutes permit the District to invest: (1) in obligations of the United States, including its instrumentalities and agencies; (2) in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; (3) in shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations; or (4) in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of pension funds do not specify permitted investments. Therefore, the investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The District's investments in debt securities, consisting of money market and bond mutual funds, were unrated at June 30, 2020.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk. The District's reverse repurchase agreement was not exposed to custodial credit risk as of June 30, 2020 because it was held by the buyer-lender. The District's other investments were not exposed to custodial credit risk as of June 30, 2020 because their existence was not evidenced by securities that exist in physical or book entry form.

Concentrations of Credit Risk

The District places no limit on the amount of investment in any one issuer. As of June 30, 2020, 100% or \$3,665,199 of the District's investments within its governmental activities were invested in an overnight repurchase agreement. The underlying securities were held for the benefit of the District at the Federal Home Loan Bank of Boston. None of the District's Fiduciary Fund investments in any one issuer exceeded 10.0% as of June 30, 2020.

NOTE 3 - FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs). The District categorizes its fair value measurements as either Level 1 (inputs which are based on quoted prices in active markets for identical assets or liabilities), Level 2 (inputs, other than quoted prices, which are based on observable prices for the asset or liability), and Level 3 (inputs which are based on unobservable prices). Fair value measurements are categorized in their entirety based on the lowest level of input that is significant to the fair value measurement.

REGIONAL SCHOOL DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 - FAIR VALUE MEASUREMENTS *(Continued)*

The District's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2020, by level within the fair value hierarchy are presented in the table below.

Financial Assets Measured at Fair Value	Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 5,203,373	\$ -	\$ -
Equity securities	118,386	-	-

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 501,479	\$ -	\$ -	\$ 501,479
Total capital assets, not being depreciated	<u>501,479</u>	<u>-</u>	<u>-</u>	<u>501,479</u>
Capital assets, being depreciated:				
Buildings and improvements	96,712,026	245,857	-	96,957,883
Furniture and equipment	4,690,429	319,829	(157,413)	4,852,845
Total capital assets, being depreciated	<u>101,402,455</u>	<u>565,686</u>	<u>(157,413)</u>	<u>101,810,728</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	47,620,092	2,400,378	-	50,020,470
Furniture and equipment	3,470,203	155,523	(157,413)	3,468,313
Total accumulated depreciation and amortization	<u>51,090,295</u>	<u>2,555,901</u>	<u>(157,413)</u>	<u>53,488,783</u>
Total capital assets, being depreciated, net	<u>50,312,160</u>	<u>(1,990,215)</u>	<u>-</u>	<u>48,321,945</u>
Governmental activities capital assets, net	<u>\$ 50,813,639</u>	<u>\$ (1,990,215)</u>	<u>\$ -</u>	<u>\$ 48,823,424</u>

REGIONAL SCHOOL DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 4 - CAPITAL ASSETS *(Continued)*

Depreciation and amortization expense was charged to functions of the District as follows:

Governmental Activities:	
General instruction	\$ 1,770,914
Support services:	
Support services - students	188,994
Improvement of instruction	170,702
Support services - administration	30,403
School-based administration	181,452
Plant operation and maintenance	155,141
Transportation	12,172
Other support services	46,123
Total depreciation and amortization expense	<u>\$ 2,555,901</u>

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2020 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	Educational Grants Fund	\$ 74,000
	Capital Projects Fund	170,117
	Nonmajor governmental funds	11,098
		<u>\$ 255,215</u>

Amounts receivable by the General Fund from other funds are primarily due to the time lag between when goods and services are paid by the General Fund on-behalf of the other funds and when the reimbursement is paid by the other funds to the General Fund.

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2020 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
Capital Projects Fund	General Fund	\$ 399,028
Nonmajor governmental funds	General Fund	1,839,744
		<u>\$ 2,238,772</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

REGIONAL SCHOOL DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 7 - LONG-TERM DEBT

The applicable accounting standards define debt as a liability that arises from a contractual obligation to pay cash, or other assets that may be used in lieu of cash, in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. For disclosure purposes, debt does not include accounts payable or leases, except for contracts reported as financed purchase of the underlying asset.

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Direct Placements:					
General obligation bonds	\$ 13,180,000	\$ 2,050,000	\$ (3,615,000)	\$ 11,615,000	\$ 1,445,000
Unamortized premiums	441,119	246,049	(130,302)	556,866	-
Total bonds payable	13,621,119	2,296,049	(3,745,302)	12,171,866	1,445,000
Capital leases from direct borrowings	86,599	-	(79,956)	6,643	6,643
	<u>\$ 13,707,718</u>	<u>\$ 2,296,049</u>	<u>\$ (3,825,258)</u>	<u>\$ 12,178,509</u>	<u>\$ 1,451,643</u>

Bonds payable are liquidated in the Debt Service Fund from use of fund balance and transfers in from the General Fund.

Direct Placements - General Obligation Bonds

A summary of bonds payable outstanding at June 30, 2020 is as follows:

<u>Purpose of Bonds</u>	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
Bonds Payable			
General Obligation Bonds:			
General obligation bonds and refunding bonds issued 4/13/12, original amount of \$8,170,000	8/2026	2.00% - 4.00%	\$ 4,320,000
General obligation refunding bonds issued 8/1/14, original amount of \$7,400,000	8/2028	2.00% - 4.00%	5,245,000
General obligation refunding bonds issued 10/7/19, original amount of \$2,050,000	8/2030	3.00% - 4.00%	2,050,000
			<u>\$ 11,615,000</u>

REGIONAL SCHOOL DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 7 - LONG-TERM DEBT *(Continued)*

Direct Placements - General Obligation Bonds *(Continued)*

Annual debt service repayments on general obligation bonds to maturity at June 30, 2020 are as follows:

Year ending June 30:	General Obligation Bonds		
	Principal	Interest	Total
2021	\$ 1,445,000	\$ 362,532	\$ 1,807,532
2022	1,485,000	314,557	1,799,557
2023	1,530,000	263,231	1,793,231
2024	1,495,000	211,557	1,706,557
2025	1,545,000	159,405	1,704,405
2026-2030	3,880,000	258,359	4,138,359
2031-2032	235,000	4,700	239,700
	<u>\$ 11,615,000</u>	<u>\$ 1,574,341</u>	<u>\$ 13,189,341</u>

As of June 30, 2020, the District has no authorized and unissued bonds.

Debt Refundings

On October 7, 2019, the District issued \$2,050,000 in general obligation refunding bonds with an average interest rate of 3.33% to refund \$2,180,000 of outstanding 2010 general obligation bonds, with an average interest rate of 3.43%. The transaction generated a cash flow savings of \$168,534 and an economic gain (difference between present values of the debt service payments of the old and the new bonds) of \$147,751.

The District has advanced refunded general obligation bonds to reduce its total future debt service payments. The amount for which the reacquisition price exceeded the carrying amount of the old debt, has been presented as a deferred charge on refunding and is being amortized over the remaining life of the refunded debt. The carrying value of the deferred charges on refundings totaled \$367,951 as of June 30, 2020 and amortization expense for the year ended June 30, 2020 totaled \$113,849.

The net proceeds from the issuance of the general obligation bonds were deposited with an escrow agent in an irrevocable escrow fund. The proceeds were used to buy a portfolio of non-callable direct obligations of, or obligations guaranteed by the United States of America, to provide all future debt service payments on the refunded bonds. The refunded bonds are considered defeased and the liability for the bonds has been removed from the government-wide statement of net position.

Legal Debt Limit

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the District shall not exceed four and a half times base receipts, as defined in the Statute, or \$183,869,037 as of June 30, 2020. The District did not exceed the statutory debt limitation as of June 30, 2020.

Capital Leases from Direct Borrowings

Capital leases from direct borrowings include non-appropriation clauses and provide the obligor with a security interest in the underlying equipment in the event of default.

REGIONAL SCHOOL DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 7 - LONG-TERM DEBT *(Continued)*

Capital Leases from Direct Borrowings *(Continued)*

A summary of assets under capital leases is as follows as of June 30, 2020:

Equipment	\$ 319,804
Less: accumulated amortization	<u>63,960</u>
	<u><u>\$ 255,844</u></u>

Amortization expense relative to leased property under capital leases totaled \$15,990 for the year ended June 30, 2020 and is included in depreciation and amortization expense disclosed in Note 4.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 are as follows:

Year ending June 30:	
2021	<u>\$ 6,643</u>
Total minimum lease payments	6,643
Less: amount representing interest	<u>-</u>
Present value of minimum lease payments	<u><u>\$ 6,643</u></u>

NOTE 8 - OTHER LONG-TERM LIABILITIES

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Compensated absences	\$ 795,819	\$ 190,680	\$ (59,199)	\$ 927,300	\$ 246,842
Net pension liability <i>(see Note 9)</i>	98,621	100,037	-	198,658	-
Total OPEB liability <i>(see Note 10)</i>	<u>1,891,482</u>	<u>1,421,807</u>	<u>-</u>	<u>3,313,289</u>	<u>-</u>
	<u><u>\$ 2,785,922</u></u>	<u><u>\$ 1,712,524</u></u>	<u><u>\$ (59,199)</u></u>	<u><u>\$ 4,439,247</u></u>	<u><u>\$ 246,842</u></u>

Other long-term liabilities are typically liquidated in the General Fund.

NOTE 9 - PENSION PLANS

Defined Contribution Plans

Custodial and Maintenance Employees' Plan

The District maintains a single employer defined contribution plan (the "Plan"). Under the provisions of the Plan, all full-time custodial and maintenance employees (except those covered under a comparable employer plan) who are at least 21 years of age and have twelve months of service to the District are eligible. Participation in the Plan is optional. The District is required to contribute an amount equal to 5.5% of participants' compensation. Employee contributions are permitted through the use of individual 403(b) participant accounts, under which a participant can contribute on a pre-tax basis. Such accounts are included in the Plan.

REGIONAL SCHOOL DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - PENSION PLANS *(Continued)*

Defined Contribution Plans *(Continued)*

Custodial and Maintenance Employees' Plan *(Continued)*

The Plan does not issue stand-alone financial statements and is part of the District's financial reporting entity since the District has trustee responsibilities related to the participant accounts, which contain employer contributions. As such, the Plan is accounted for in the fiduciary fund financial statements as a pension trust fund.

The Plan is accounted for using the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. District contributions are recognized when due and the District has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investments are reported at fair value. Securities traded on national exchanges are valued at the last reported sales price. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date.

Contribution requirements of the District are established and may be amended by the Board. Employer and employee contributions totaled \$59,805 and \$37,940, respectively, for the year ended June 30, 2020.

Employees' Defined Contribution Plan

The District established a single employer defined contribution plan (the "Plan"), effective July 1, 2003, for participants in the existing defined benefit pension plan as well as newly eligible employees. Under the provisions of the Plan, all full-time employees (except those covered under a comparable employer plan), who are at least 21 years of age and have six months of service in the District, may participate. Participation in the Plan is optional. The District is required to contribute an amount equal to 50% of participants' contributions up to 3% of participants' base compensation. In addition, the District may make discretionary contributions equal to 2% of the participants' base compensation. Employees may annually contribute on a pre-tax basis up to 100% of their salary, subject to IRS limitations.

The Plan does not issue stand-alone financial statements and is part of the District's financial reporting entity since the District has trustee responsibilities related to the participant accounts, which contain employer contributions. As such, the Plan is accounted for in the fiduciary fund financial statements as a pension trust fund.

The Plan is accounted for using the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. District contributions are recognized when due and the District has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investments are reported at fair value. Securities traded on national exchanges are valued at the last reported sales price. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date.

Contribution requirements of the District are established and may be amended by the Board. Employer and employee contributions totaled \$88,651 and \$172,262, respectively, for the year ended June 30, 2020.

REGIONAL SCHOOL DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - PENSION PLANS *(Continued)*

Defined Benefit Pension Plan

Plan Description

Plan administration - The District maintains a single employer, contributory defined benefit pension plan (the "Plan"). The Plan covers all full time employees who met the eligibility requirements of the Plan and who were fully vested prior to July 1, 2003, except certified teachers covered by the State Teachers' Retirement System. The Plan does not issue stand-alone financial statements and is part of the District's financial reporting entity. As such, the Plan is accounted for in the fiduciary fund financial statements as a pension trust fund.

Plan membership - Membership of the Plan consisted of the following at July 1, 2019, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	22
Active plan members	<u>6</u>
Total	<u><u>28</u></u>

Benefits provided - The Plan provides for retirement benefits for all members.

Pension benefits for normal retirement under the Plan are based on the average monthly compensation during the 5 consecutive years of service which the participant's earnings were at their highest level. The participant's monthly benefit shall be equal to 1.8% of the average monthly compensation multiplied by the total number of years of employment with the District (limited to 40 years).

Benefit provisions are established and can be amended by the Board.

Contributions - The contribution requirements of Plan members and the District are established and may be amended by the Board. The Plan's funding policy provides for periodic District contributions at rates that, when expressed as a percentage of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due.

Participants are required to contribute 5.0% of their annual earnings. The contribution rate for normal costs was determined using the Aggregate Actuarial Cost Method.

For the year ended June 30, 2020, employer contributions to the Plan totaled \$135,000.

Other plan provisions - The Plan does not provide disability benefits.

Summary of Significant Accounting Policies

The Plan is accounted for using the accrual basis of accounting. Plan members' contributions are recognized in the period in which the contributions are due. District contributions to the Plan are recognized when due and the District has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

REGIONAL SCHOOL DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - PENSION PLANS *(Continued)*

Defined Benefit Pension Plan *(Continued)*

Summary of Significant Accounting Policies *(Continued)*

Investments - Investments are reported at fair value, except for investments money market mutual funds, which are permitted to be measured at the net asset value per share as determined by the fund. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Investment Policy - 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. It is the practice of the District to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes.

The following was the asset allocation as of June 30, 2020:

<u>Asset Class</u>	<u>Allocation</u>
Mutual Funds	95%
Equity securities	5%

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 expenses, was a negative 0.04%. The money-weighted rate of return expresses investment performance, net of investment expense adjusted for the changing amounts actually invested.

Concentrations - Investments in certain mutual funds exceeded 10.0% of the Plan's net position. However, mutual funds are not generally considered to be exposed to concentration risks as such investments are considered diversified by nature.

Net Pension Liability

The components of the District's net pension liability of the Plan at June 30, 2020 was as follows:

Total pension liability	\$ 2,805,309
Plan fiduciary net position	<u>2,606,651</u>
District's net pension liability	<u>\$ 198,658</u>
Plan fiduciary net position as a percentage of the total pension liability	92.9%

REGIONAL SCHOOL DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - PENSION PLANS *(Continued)*

Defined Benefit Pension Plan *(Continued)*

Net Pension Liability *(Continued)*

The components of the changes in the net pension liability for the Plan for the year ended June 30, 2020 was as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2019	\$ 2,808,434	\$ 2,709,813	\$ 98,621
Changes for the year:			
Service cost	33,260	-	33,260
Interest	188,419	-	188,419
Actuarial (gains) losses	20,131	-	20,131
Contributions - employer	-	135,000	(135,000)
Contributions - employee	-	10,329	(10,329)
Net investment income	-	995	(995)
Benefit payments, including refunds	(244,935)	(244,935)	-
Other additions (deductions), net	-	(4,551)	4,551
Net changes	<u>(3,125)</u>	<u>(103,162)</u>	<u>100,037</u>
Balance as of June 30, 2020	<u>\$ 2,805,309</u>	<u>\$ 2,606,651</u>	<u>\$ 198,658</u>

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

Salary increases	2.50%
Investment rate of return	7.00%

Mortality rates were based on the 1983 Individual Annuity Mortality Table.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term expected Real Rate of Return
Money Market Funds	5%	3.2%
Equities	70%	9.3%
Fixed Income	25%	4.5%

REGIONAL SCHOOL DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - PENSION PLANS (Continued)

Defined Benefit Pension Plan (Continued)

Net Pension Liability (Continued)

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the District's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 7.0%, 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	Discount Rate		
	6.0%	7.0%	8.0%
Net pension liability	\$ 392,947	\$ 198,658	\$ 26,698

Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, the District recognized pension expense of \$135,223.

At June 30, 2020, the District reported deferred outflows and inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Amounts
Net difference between projected and actual earnings on pension plan investments	\$ 167,339	\$ -	\$ 167,339
Differences between expected and actual experience	31,301	(49,702)	(18,401)
Change of assumptions	-	-	-
Total	<u>\$ 198,640</u>	<u>\$ (49,702)</u>	<u>\$ 148,938</u>

Amounts reported as deferred outflows and inflows of resources related to the Plan will be recognized as a component of pension expense in future years as follows:

	Pension Expense
Year ended June 30,	
2021	\$ 33,272
2022	33,971
2023	44,570
2024	37,125
Total	<u>\$ 148,938</u>

REGIONAL SCHOOL DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - PENSION PLANS *(Continued)*

Defined Benefit Pension Plan *(Continued)*

Pension Plan Financial Statements

The following presents the statement of fiduciary net position and the statement of changes in fiduciary net position for the District's defined benefit plan as of and for the year ended June 30, 2020.

ASSETS	
Cash and cash equivalents	\$ 89,236
Investments:	
Mutual funds	2,197,855
Equity securities	118,386
Other assets	201,174
Total assets	<u>2,606,651</u>
NET POSITION	
Restricted for pension benefits	<u>\$ 2,606,651</u>
ADDITIONS	
Contributions:	
Employer contributions	\$ 135,000
Employee contributions	10,329
Total contributions	145,329
Other	6,441
Investment earnings:	
Interest and dividends	136,626
Net change in the fair value of investments, net of fees	(108,941)
Total investment earnings	27,685
Total additions	<u>179,455</u>
DEDUCTIONS	
Benefit payments	244,935
Insurance premiums	11,587
Other	26,095
Total deductions	<u>282,617</u>
Change in net position	(103,162)
Net position restricted for pension benefits:	
Beginning	<u>2,709,813</u>
Ending	<u>\$ 2,606,651</u>

NOTE 9 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System

Plan Description

The Connecticut Teachers' Retirement System ("TRS" or the "Plan") is the public pension plan offered by the State of Connecticut (the "State") to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The Plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

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

Benefit Provisions

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

Normal Retirement: Retirement benefits for the employees are calculated as 2.0% of the average annual salary times the years of credited service (maximum benefit is 75.0% of average annual salary during the 3 years of highest salary). In addition, amounts derived from the accumulation of the 6.0% contributions made prior to July 1, 1989 and voluntary contributions are payable.

Early Retirement: Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6.0% per year for the first 5 years preceding normal retirement age and 4.0% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

Minimum Benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly benefit of \$1,200 to teachers who retire under the normal retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. Disability benefits are calculated as 2.0% per year of service times the average of the highest three years of pensionable salary, but not less than 15.0%, nor more than 50.0%. In addition, disability benefits under this Plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75.0% of average annual salary. A plan member who leaves service and has attained 10 years of service will be entitled to 100.0% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

Pre-Retirement Death Benefit: The plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

NOTE 9 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

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 are amended and certified by the TRB 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 the year, with any additional amounts to finance any unfunded accrued liability.

Employers - School District employers are not required to make contributions to the Plan, as contributions are required only from employees and the State.

Employees - Effective July 1, 1992, each teacher was required to contribute 6.0% of pensionable salary for the pension benefit. Effective January 1, 2018, the required contribution increased to 7.0% of pensionable salary.

Administrative Expenses

Administrative costs of the plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

Basis of Presentation

The components associated with pension expense and deferred outflows and inflows of resources have been determined based on fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019. The net pension liability at June 30, 2019 has been calculated using the audited amounts. TRS is included in the State of Connecticut audit as a pension trust fund. The State of Connecticut's Comprehensive Annual Financial Report can be obtained at www.ct.gov.

The accounting standards require participating employers to recognize their proportional share of the collective net pension liability, deferred outflows and inflows of resources and pension expense. Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Allocation Methodology

The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The liabilities of the June 30, 2018 actuarial valuation were rolled forward to the measurement date of June 30, 2019. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to District totaled 0.433% as of the most recent measurement date.

REGIONAL SCHOOL DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Collective Net Pension Liability

The following summarizes the collective net pension liability of the State for the TRS as of June 30, 2019, the measurement date, in addition to the District's and State's proportionate shares of the collective net pension liability that is attributed to the District:

Collective Net Pension Liability of the State for the TRS		<u>\$ 17,072,720,000</u>
	<u>Proportion</u>	<u>Proportionate Share</u>
District's proportionate share of the Collective Net Pension Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net Pension Liability attributed to the District	0.433%	<u>\$ 73,911,000</u>

Collective Pension Expense

The District's expected contribution effort for allocation purposes totaled \$5,594,706 or 0.433% of the total expected contribution effort. The District has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures in the General Fund for the year ended June 30, 2020.

The collective pension expense includes certain current period changes in the collective net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective pension expense attributed to the District totaled \$9,077,590 or 0.433% of the total collective pension expense and has been recognized as an operating contribution and related education expenses in the statement of activities for the year ended June 30, 2020.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, and a measurement date of June 30, 2019, 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	6.90%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the General Assembly

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.

REGIONAL SCHOOL DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Actuarial Assumptions *(Continued)*

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5.0% 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 6.0% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5.0% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3.0%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

Long-Term Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The current capital market assumptions and the target asset allocation as provided by the Treasurer's Office are summarized in the following table:

Asset Class	Target Allocation	Expected Return	Standard Deviation
Public Equity - US Equity	20.0%	8.1%	17.0%
Public Equity - International Developed Equity	11.0%	8.5%	19.0%
Public Equity - Emerging Markets Equity	9.0%	10.4%	24.0%
Fixed Income - Core Fixed Income	16.0%	4.6%	7.0%
Fixed Income - Inflation Linked Bonds	5.0%	3.6%	7.0%
Fixed Income - High Yield	6.0%	6.5%	11.0%
Fixed Income - Emerging Market Debt	5.0%	5.2%	11.0%
Private Equity	10.0%	9.8%	23.0%
Real Estate	10.0%	7.0%	15.0%
Alternative Investments - Real Assets	4.0%	8.2%	17.0%
Alternative Investments - Hedge Funds	3.0%	5.4%	7.0%
Liquidity Fund	1.0%	2.9%	1.0%
	<u>100%</u>		

The geometric rates of expected return shown in the table above are nominal returns net of investment expenses.

REGIONAL SCHOOL DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the State contributions will be made at the actuarially determined rates in 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 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Board of Education Plan

Plan Description

Plan administration - The District provides healthcare benefits for eligible retirees and their families through the District's group medical and dental insurance plans, which cover both active and retired members. Benefit provisions are established through negotiations between the District and the union representing the employees and are renegotiated each three-year bargaining period.

Plan membership - As of July 1, 2019, the date of the most recent actuarial valuation, membership data was as follows:

Retiree, beneficiaries, and dependents currently receiving benefits	18
Active participants	<u>258</u>
Total	<u><u>276</u></u>

Benefits provided - Health benefits for retired teachers are determined by State Law. Retired or disabled teachers receiving benefits from TRS can receive health insurance coverage from the Teachers' Retirement Board if they are eligible for Medicare Part A hospital insurance. Those who are not eligible for Medicare Part A are allowed to participate by law in the same plan offer by the District to active teachers if they were last employed by the District. Benefits are established by contract and may be amended by union negotiations.

Contributions - Contribution requirements of the participants and the District are established by and may be amended through negotiations between the District and the union representing the employees. Currently, retirees are required to contribute 100% of their medical and dental premiums to the District, less any reimbursements received by the District from the State Retirement Board. The District pays the benefits on a pay-as-you-go basis.

Total OPEB Liability

The District's total OPEB liability reported as of June 30, 2020 totaled \$3,313,289. The total OPEB liability was measured as of July 1, 2019 for the reporting period and fiscal year ended June 30, 2020, using an actuarial valuation performed as of July 1, 2019.

REGIONAL SCHOOL DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Board of Education Plan (Continued)

Total OPEB Liability (Continued)

Actuarial Assumptions - The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	July 1, 2019
Actuarial cost method	Individual Entry Age Normal
Amortization method	Flat Dollar
Remaining amortization period	30 years, closed
Asset valuation method	Market Value
Actuarial assumptions (includes inflation rate):	
Investment rate of return	Not applicable
Municipal bond rate	2.66%
Medicare Supplement Plan cost trend rate	4.50%
Non-Medicare Supplement Plan cost trend rate	4.50%

The discount rate was based on the S&P Municipal Bond 20-Year High Grade Index as of the measurement date, which represents municipal bond trends based on a portfolio of 20 general obligation bonds that mature in 20 years. Mortality rates for post-retirement mortality were based on the RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females. Mortality rates for pre-retirement mortality were based on the RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females.

Assumptions regarding participation and coverage election relating to are as follows:

- It was assumed that 50% of employees eligible to receive retirement benefits would enroll in the retiree medical and dental plans upon retirement.
- It was assumed that 80% of male employees and 70% of female employees who elect retiree healthcare coverage for themselves would also elect coverage for a spouse upon retirement. If provided, the actual census information was used. Otherwise it was assumed that a male spouse is three years older than a female spouse and same sex spouses are assumed to be the same age.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2019	\$ 1,891,482
Changes for the year:	
Service cost	76,420
Interest	62,579
Changes of benefit terms	-
Differences between expected and actual experience	(44,448)
Changes in assumptions or other inputs	1,444,564
Benefit payments	(148,616)
Other	31,308
Net changes	1,421,807
Balance as of June 30, 2020	\$ 3,313,289

REGIONAL SCHOOL DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Board of Education Plan *(Continued)*

Changes in the Total OPEB Liability *(Continued)*

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the District's total OPEB liability calculated using the discount rate disclosed above, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
Total OPEB liability	\$ 3,659,063	\$ 3,313,289	\$ 3,016,806

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates - The following presents the District's total OPEB liability calculated using the discount rate disclosed above, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Total OPEB liability	\$ 2,956,911	\$ 3,313,289	\$ 3,730,407

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expense of \$212,606. As of June 30, 2020, the District reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Amounts</u>
Difference between expected and actual experience	\$ 88,828	\$ (38,098)	\$ 50,730
Changes of assumptions	1,238,198	-	1,238,198
	<u>\$ 1,327,026</u>	<u>\$ (38,098)</u>	<u>\$ 1,288,928</u>

Amounts reported as deferred outflows of resources related to OPEB will be recognized as a component of OPEB expense as follows:

Year ended June 30:	
2021	\$ 222,223
2022	222,223
2023	222,223
2024	222,223
2025	200,016
Thereafter	200,020
	<u>\$ 1,288,928</u>

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut Teachers' Retirement System

Plan Description

The Connecticut Teachers' Retirement System ("TRS" or the "Plan") is the public pension plan offered by the State of Connecticut (the State) to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The Plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

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

Benefit Provisions

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

Any member that is not currently participating in Medicare Parts A & B is eligible to continue 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.

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

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

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 pays for one third of plan costs through an annual appropriation in the General Fund.

Employers - School District employers are not required to make contributions to the Plan.

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

Administrative Expenses

Administrative costs of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

Basis of Presentation

The components associated with the other postemployment benefits (OPEB) expense and deferred inflows and outflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019. The net OPEB liability at June 30, 2019 has been calculated using the audited amounts. The OPEB trust fund is included in the TRS, and the TRS is included in the State of Connecticut audit as a pension trust fund. The State of Connecticut's Comprehensive Annual Financial Report can be obtained at www.ct.gov.

The accounting standards require participating employers to recognize their proportional share of the collective net OPEB liability, deferred outflows and inflows of resources and OPEB expense. Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Allocation Methodology

The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The liabilities of the June 30, 2018 actuarial valuation were rolled forward to the measurement date of June 30, 2019. The employer allocations were then applied to the net OPEB liability and OPEB expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to District totaled 0.433% as of the most recent measurement date.

REGIONAL SCHOOL DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Collective Net OPEB Liability

The following summarizes the collective net OPEB liability of the State for the TRS as of June 30, 2019, the measurement date, in addition to the District's and State's proportionate shares of the collective net OPEB liability that is attributed to the District:

Collective Net OPEB Liability of the State for the TRS		<u>\$ 2,662,587,000</u>
	<u>Proportion</u>	<u>Proportionate Share</u>
District's proportionate share of the Collective Net OPEB Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net OPEB Liability attributed to the District	0.433%	<u>\$ 11,527,000</u>

Collective OPEB Expense

The District's expected contribution effort for allocation purposes totaled \$152,908 or 0.433% of the total expected contribution effort. The District has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures in the General Fund for the year ended June 30, 2020.

The collective OPEB expense includes certain current period changes in the collective net OPEB liability, projected earnings on OPEB plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective OPEB expense attributed to the District totaled a negative \$(843,500) or 0.433% of the total collective OPEB expense and has been recognized as a reduction in operating contributions and related education expenses in the statement of activities for the year ended June 30, 2020.

Actuarial Assumptions

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

Inflation	2.50%
Real Wage Growth	0.75%
Wage Inflation	3.25%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including 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

REGIONAL SCHOOL DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

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.

Long-Term Rate of Return

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

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

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

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

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 the applicable standards. The projection's basis was an actuarial valuation performed as of June 30, 2018.

In addition to the actuarial methods and assumptions of the June 30, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

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

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.

NOTE 11 - DEFERRED COMPENSATION PLAN

The District offers a deferred compensation plan for all employees in accordance with Internal Revenue Code Section 403(b). In addition, employees of the District may participate in the State of Connecticut's deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). Deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of the plan participants and their beneficiaries. In addition, the District has no liability for losses under the plan. Therefore, the accounts of the deferred compensation plans are not reported in the basic financial statements of the District.

NOTE 12 - RISK MANAGEMENT AND UNCERTAINTIES

Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God for which the District carries commercial insurance. During fiscal year 2020, deductibles paid by the District were insignificant. Neither the District nor its insurers have settled any claims which exceeded the District's insurance coverage in any of the last three fiscal years. There have been no significant reductions in any insurance coverage from amounts in the prior year.

Uncertainties – Pandemic

In early March 2020, there was a global outbreak of COVID-19 that was declared a Public Health Emergency of International Concern by the World Health Organization and was subsequently declared a state of emergency by the Governor of Connecticut and a national emergency by the President of the United States. The outbreak of the virus has affected travel, commerce and financial markets globally, and is widely expected to affect economic growth worldwide. On March 27, 2020, the United States Congress enacted the Coronavirus Aid, Relief, and Economic Stabilization Act (the "CARES Act") that provides in excess of \$2 trillion of relief to industries and entities throughout the country, including state and local governments. On March 28, 2020, the President of the United States approved the Governor of Connecticut's request for a disaster declaration for the State. On April 24, 2020, the United States Congress enacted legislation that provided an additional \$484 billion to replenish a small business loan program, support hospitals and expand COVID-19 testing.

The District has received and continues to apply for additional funding from federal and state agencies to assist in covering certain costs associated with the response to the pandemic. However, the extent to which COVID-19 will impact the District's operations and its financial condition will ultimately depend on future developments that are uncertain and cannot be fully predicted with confidence at this time.

NOTE 13 - CONTINGENCIES

There are several lawsuits pending against the District. The outcome and eventual liability to the District, if any, in these cases is not known at this time. The District's management, based upon consultation with legal counsel, estimates that potential claims against the District, not covered by insurance, resulting from such litigation would not materially affect the financial position of the District.

The District has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, District management believes such disallowances, if any, will not be material.

REGIONAL SCHOOL DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 14 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

In January 2017, the GASB issued 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. The requirements of this statement are effective for the District's reporting period beginning July 1, 2020, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The District is currently evaluating the potential impact of adopting this Statement on its financial statements.

In June 2017, the GASB issued 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 financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the District's reporting period beginning July 1, 2021, which reflects the eighteen month postponement pursuant to GASB Statement No. 95 issued in May 2020. The District is currently evaluating the potential impact of adopting this Statement on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement should be applied prospectively and are effective for the District's reporting period beginning July 1, 2021, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The District does not expect this statement to have a material effect on its financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for the District's reporting period beginning July 1, 2020, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The District does not expect this statement to have a material effect on its financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the District's reporting period beginning July 1, 2022, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The District does not expect this statement to have a material effect on its financial statements.

REGIONAL SCHOOL DISTRICT NO. 10
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 14 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE *(Continued)*

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and the requirements of this statement are effective for the District's reporting period beginning July 1, 2021, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The District does not expect this statement to have a material effect on its financial statements.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this statement are effective for the District's reporting period beginning July 1, 2020. The District does not expect this statement to have a material effect on its financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the District's reporting period beginning July 1, 2022. The District is currently evaluating the potential impact of adopting this Statement on its financial statements.

In May 2020, the GASB issued Statement 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this statement are effective for the District's reporting period beginning July 1, 2022. The District does not expect this statement to have a material effect on its financial statements.

In June 2020, the GASB issued Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - An Amendment of GASB Statement No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for the District's reporting period beginning July 1, 2021. The District is currently evaluating the potential impact of adopting this Statement on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

REGIONAL SCHOOL DISTRICT NO. 10
STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
				Over (Under)
REVENUES				
District Towns	\$ 40,859,786	\$ 40,859,786	\$ 40,859,786	\$ -
Interest income	45,000	45,000	51,593	6,593
Other	82,004	82,004	130,213	48,209
Total revenues	<u>40,986,790</u>	<u>40,986,790</u>	<u>41,041,592</u>	<u>54,802</u>
EXPENDITURES				
Current:				
Salaries	24,721,691	24,092,388	24,092,388	-
Employee benefits	5,882,175	5,308,038	5,308,038	-
Supplies	1,152,234	1,255,538	1,255,538	-
Facilities	1,367,279	1,272,136	1,272,136	-
Purchased services	588,939	404,504	404,504	-
Equipment	321,203	264,894	264,894	-
Other	5,408,217	6,860,058	5,597,743	(1,262,315)
Debt service	1,855,562	1,839,744	1,839,744	-
Total expenditures	<u>41,297,300</u>	<u>41,297,300</u>	<u>40,034,985</u>	<u>(1,262,315)</u>
Excess (deficiency) of revenues over expenditures	(310,510)	(310,510)	1,006,607	1,317,117
OTHER FINANCING SOURCES (USES)				
Use of fiscal year 2018 surplus	310,510	310,510	-	(310,510)
Use of fiscal year 2019 surplus	-	399,039	-	(399,039)
Transfer out	-	(399,039)	(399,028)	11
Total other financing sources (uses)	<u>310,510</u>	<u>310,510</u>	<u>(399,028)</u>	<u>(709,538)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 607,579</u>	<u>\$ 607,579</u>

See accompanying notes to required supplementary information.

REGIONAL SCHOOL DISTRICT NO. 10
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
PENSION PLAN (UNAUDITED)
LAST SEVEN FISCAL YEARS*

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 33,260	\$ 40,605	\$ 42,376	\$ 45,698	\$ 62,762	\$ 62,232	\$ 44,341
Interest	188,419	196,622	195,306	191,089	186,677	189,672	190,447
Changes in benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	20,131	(103,146)	29,580	69,657	24,427	(108,957)	25,798
Changes of assumptions	-	-	-	-	-	-	-
Benefit payments, including refunds	(244,935)	(252,940)	(257,397)	(237,696)	(183,979)	(187,373)	(178,035)
Net change in total pension liability	(3,125)	(118,859)	9,865	68,748	89,887	(44,426)	82,551
Total pension liability - beginning	2,808,434	2,927,293	2,917,428	2,848,680	2,758,793	2,803,219	2,720,668
Total pension liability - ending	2,805,309	2,808,434	2,927,293	2,917,428	2,848,680	2,758,793	2,803,219
Plan fiduciary net position							
Contributions - employer	135,000	160,000	100,000	210,855	105,000	175,000	225,000
Contributions - members	10,329	13,861	13,452	17,188	22,016	22,075	24,024
Net investment income	995	138,018	173,639	252,537	(29,292)	111,706	323,455
Benefit payments, including refunds	(244,935)	(252,940)	(257,397)	(237,471)	(183,559)	(187,373)	(178,035)
Other	(4,551)	33,534	(39,003)	(36,963)	(36,480)	(37,064)	(38,161)
Net change in plan fiduciary net position	(103,162)	92,473	(9,309)	206,146	(122,315)	84,344	356,283
Plan fiduciary net position - beginning	2,709,813	2,617,340	2,626,649	2,420,503	2,542,818	2,458,474	2,102,191
Plan fiduciary net position - ending	2,606,651	2,709,813	2,617,340	2,626,649	2,420,503	2,542,818	2,458,474
District's net pension liability	\$ 198,658	\$ 98,621	\$ 309,953	\$ 290,779	\$ 428,177	\$ 215,975	\$ 344,745
Plan fiduciary net position as a percentage of total pension liability	92.92%	96.49%	89.41%	90.03%	84.97%	92.17%	87.70%
Covered payroll	\$ 205,192	\$ 278,626	\$ 276,636	\$ 442,748	\$ 442,124	\$ 441,500	\$ 469,968
District's net pension liability as a percentage of covered payroll	96.82%	35.40%	112.04%	65.68%	96.85%	48.92%	73.35%

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

See accompanying notes to required supplementary information.

REGIONAL SCHOOL DISTRICT NO. 10
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS
PENSION PLAN (UNAUDITED)
LAST SEVEN FISCAL YEARS*

	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 78,062	\$ 124,790	\$ 107,961	\$ 149,939	\$ 126,038	\$ 151,312	\$ 204,948
Contributions in relation to the actuarially determined contribution	<u>135,000</u>	<u>160,000</u>	<u>113,452</u>	<u>228,043</u>	<u>127,016</u>	<u>197,075</u>	<u>249,024</u>
Excess contribution	<u><u>\$ (56,938)</u></u>	<u><u>\$ (35,210)</u></u>	<u><u>\$ (5,491)</u></u>	<u><u>\$ (78,104)</u></u>	<u><u>\$ (978)</u></u>	<u><u>\$ (45,763)</u></u>	<u><u>\$ (44,076)</u></u>
Covered payroll	\$ 205,192	\$ 278,626	\$ 276,636	\$ 442,748	\$ 442,124	\$ 441,500	\$ 469,968
Contributions as a percentage of covered payroll	65.79%	57.42%	41.01%	51.51%	28.73%	44.64%	52.99%
Annual money-weighted rate of return, net of investment expense	(0.04%)	6.38%	5.21%	8.96%	2.80%	3.14%	13.78%

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

See accompanying notes to required supplementary information.

REGIONAL SCHOOL DISTRICT NO. 10
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY
CONNECTICUT TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST SIX FISCAL YEARS*
(Rounded to nearest thousand)

	2020	2019	2018	2017	2016	2015
District's proportion of the collective net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the collective net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net pension liability attributed to the District	73,911,000	56,990,000	57,506,000	60,670,000	48,951,000	45,246,000
Total	<u>\$ 73,911,000</u>	<u>\$ 56,990,000</u>	<u>\$ 57,506,000</u>	<u>\$ 60,670,000</u>	<u>\$ 48,951,000</u>	<u>\$ 45,246,000</u>
District's covered payroll	\$ 19,004,000	\$ 18,710,000	\$ 18,227,000	\$ 17,569,000	\$ 18,196,000	\$ 17,538,000
District's proportionate share of the collective net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total collective pension liability	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

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

See accompanying notes to required supplementary information.

REGIONAL SCHOOL DISTRICT NO. 10
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY -
OTHER POST-EMPLOYMENT BENEFITS PLAN (UNAUDITED)
LAST THREE FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 76,420	\$ 49,919	\$ 59,833
Interest	62,579	60,752	55,307
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(44,448)	-	-
Changes of assumptions	1,444,564	-	155,449
Benefit payments, including refunds	(148,616)	(76,447)	(109,614)
Other	31,308	-	-
Net change in total OPEB liability	<u>1,421,807</u>	<u>34,224</u>	<u>160,975</u>
Total OPEB liability - beginning	<u>1,891,482</u>	<u>1,857,258</u>	<u>1,696,283</u>
Total OPEB liability - ending	<u><u>\$ 3,313,289</u></u>	<u><u>\$ 1,891,482</u></u>	<u><u>\$ 1,857,258</u></u>

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

REGIONAL SCHOOL DISTRICT NO. 10
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY
CONNECTICUT TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST THREE FISCAL YEARS*
(Rounded to Nearest Thousand)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the collective net OPEB liability	0.00%	0.00%	0.00%
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability attributed to the District	<u>11,527,000</u>	<u>11,393,000</u>	<u>14,802,000</u>
Total	<u><u>\$ 11,527,000</u></u>	<u><u>\$ 11,393,000</u></u>	<u><u>\$ 14,802,000</u></u>
District's covered employee payroll	\$ 19,004,000	\$ 18,710,000	\$ 18,227,000
District's proportionate share of the collective 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 collective OPEB liability	2.08%	1.49%	1.79%

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

REGIONAL SCHOOL DISTRICT NO. 10
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND

The General Fund is the only fund for which an annual budget is legally adopted. The District adheres to the following procedures in establishing the budgetary data for the General Fund:

- Not less than two weeks before the annual meeting, which must be held on the first Monday of May, the Board holds a public District meeting to present a proposed budget for the next fiscal year. Any person may recommend the addition or deletion of expenditures at such time.
- After the public District meeting, the Board shall prepare an annual budget for the next fiscal year, make available on request copies thereof, and deliver a reasonable number of copies to the Town Clerk of each Member Town at least five days before the annual meeting. At the annual meeting, the Board shall present a budget which includes statements 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 fiscal year, (4) bonded or other debt, (5) estimated per pupil expenditures 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 at the annual meeting may accept or reject the proposed budget. If a majority of such persons voting reject the budget, the Board shall, within two weeks thereafter and upon notice of not less than one week, call a District meeting to consider the same or an amended budget. Such meetings shall be convened at such intervals until a budget is approved.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the fund level. The Superintendent is authorized to make budget transfers, provided that such transfers do not exceed one percent of the District's annual adopted budget.
- Except for the use of encumbrances, the budget is prepared on the modified accrual basis of accounting. Intergovernmental and other reimbursements for certain special education costs are recorded as reductions to expenditures for budgetary purposes and on-behalf payments made by the State of Connecticut into the State Teachers' Retirement System are not recorded for budgetary purposes.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year.
- All unexpended and unencumbered appropriations lapse at year-end.

Accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). The differences consist primarily of payments made by the State of Connecticut on-behalf of the District into the State Teachers' Retirement System, which are not recorded for budgetary purposes and of encumbrances, which are recorded as expenditures for budgetary purposes.

REGIONAL SCHOOL DISTRICT NO. 10
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND *(Continued)*

A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2020:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Change in Fund Balance</u>
Budgetary basis	\$ 41,041,592	\$ 40,034,985	\$ (399,028)	\$ 607,579
"On-behalf" payments - State Teachers' Retirement Fund	5,747,614	5,747,614	-	-
Reimbursement for certain special education and other costs recorded as a reduction to expenditures for budgetary purposes	764,963	764,963	-	-
Transfers out recorded as expenditures for budgetary purposes	-	(1,839,744)	(1,839,744)	-
Encumbrances outstanding:				
June 30, 2020	-	(93,189)	-	93,189
June 30, 2019	-	173,245	-	(173,245)
GAAP basis	<u>\$ 47,554,169</u>	<u>\$ 44,787,874</u>	<u>\$ (2,238,772)</u>	<u>\$ 527,523</u>

NOTE 2 - SCHEDULE OF THE CHANGES IN NET PENSION LIABILITY - PENSION PLAN

The District began to report this schedule when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every year with the most recent available actuarial valuation performed as of July 1, 2019. The July 1, 2019 valuation was utilized to calculate the total pension liability as June 30, 2020.

Benefit Changes - There have been no benefit term changes that have had a significant effect on the measurement of the District's total pension liability.

Assumption Changes - There have been no changes in assumptions that have had a significant effect on the measurement of the District's total pension liability.

REGIONAL SCHOOL DISTRICT NO. 10
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - PENSION PLAN

The District began to report this schedule when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarially determined contributions rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2020.

Actuarial cost method	Aggregate Actuarial Cost Method
Amortization method	Not applicable
Remaining amortization period	Not applicable
Asset valuation method	Market Value
Actuarial assumptions (includes inflation rate):	
Long-term expected rate of return	7.0% per annum
Salary scale	2.5% per annum
Retirement age	Normal retirement age

NOTE 4 - SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY - CONNECTICUT - STATE TEACHERS' RETIREMENT SYSTEM

The District began to report this schedule when it implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, in fiscal year 2015. GASB Statement No. 68 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2018. The liabilities of the June 30, 2018 actuarial valuation were rolled forward to the measurement date of June 30, 2019. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. This information is utilized by the District for reporting as of June 30, 2020.

Benefit Changes - Connecticut House Bill 7424 made the following provision changes:

- Beginning July 1, 2019, annual interest credited on mandatory contributions set at 4.0%;
- For members retiring on or after July 1, 2019, with a partial refund option election (Plan N), if 50% of the benefits paid prior to death do not exceed the Member's mandatory contributions plus interest frozen at the date of the benefit commencement, the difference is paid to the member's beneficiary.

Assumption Changes - New assumptions were adopted in conjunction with Connecticut House Bill 7424. The following assumption changes collectively had a significant effect on the measurement of the total pension liability reported as of June 30, 2020.

- the inflation assumption was reduced from 2.75% to 2.50%;
- the real rate of return assumption was reduced from 5.25% to 4.40%, which when combined with the inflation assumption change, results in a decrease in the investment rate of return assumption from 8.00% to 6.90%;
- the annual rate of wage increase assumption was increased from 0.50% to 0.75%;
- phase in to a level dollar amortization method for June 30, 2024 valuation.

REGIONAL SCHOOL DISTRICT NO. 10
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 5 - SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY - OTHER POST-EMPLOYMENT BENEFITS PLAN

The District began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years.

The total OPEB liability was measured as of June 30, 2020 for the reporting period and fiscal year ended June 30, 2020, using an actuarial valuation performed as of July 1, 2019.

Benefit Changes - There have been no benefit term changes that have had a significant effect on the measurement of the District's total OPEB liability.

Assumption Changes - The following assumption changes collectively had a significant effect on the measurement of the District's total OPEB liability reported as of June 30, 2020:

- discount rate has been decreased from 3.25% to 2.75%;
- the mortality table has been updated from the RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 to the RP-2014 Mortality Table projected generationally with scale MP-2016 for males and females;
- the expected long-term medical trend has been updated to 4.50%.

NOTE 6 - SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM

The District began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2018. This information is utilized by the District for reporting as of June 30, 2020.

Benefit Changes - Effective January 1, 2019, the Board elected a new prescription drug plan, which is expected to reduce overall costs and allow for the Board to receive a government subsidy for members whose claims reach a catastrophic level. These changes were communicated to retired members during the months leading up to the open enrollment period that preceded the January 1, 2019 implementation date.

Assumption Changes - The following assumption changes collectively had a significant effect on the measurement of the net OPEB liability reported as of June 30, 2020:

- the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2019 was updated to equal the Municipal Bond Index Rate of 3.50%;
- expected annual per capital claim costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on January 1, 2019; and
- the expected rate of inflation was decrease and the real wage growth assumption was increased.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

REGIONAL SCHOOL DISTRICT NO. 10
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
REVENUES:				
District Towns:				
Burlington	\$ 27,216,160	\$ 27,216,160	\$ 27,216,160	\$ -
Harwinton	13,643,626	13,643,626	13,643,626	-
Total District Towns	<u>40,859,786</u>	<u>40,859,786</u>	<u>40,859,786</u>	<u>-</u>
Interest income	<u>45,000</u>	<u>45,000</u>	<u>51,593</u>	<u>6,593</u>
Other revenues:				
User fees and tuition	82,000	82,000	123,528	41,528
Other	<u>4</u>	<u>4</u>	<u>6,685</u>	<u>6,681</u>
Total other revenues	<u>82,004</u>	<u>82,004</u>	<u>130,213</u>	<u>48,209</u>
Total revenues	<u>40,986,790</u>	<u>40,986,790</u>	<u>41,041,592</u>	<u>54,802</u>
OTHER FINANCING SOURCES:				
Use of fiscal year 2018 surplus	310,510	310,510	-	(310,510)
Use of fiscal year 2019 surplus	<u>-</u>	<u>399,039</u>	<u>-</u>	<u>(399,039)</u>
Total other financing sources	<u>310,510</u>	<u>709,549</u>	<u>-</u>	<u>(709,549)</u>
Total revenues and other financing sources	<u>\$ 41,297,300</u>	<u>\$ 41,696,339</u>	<u>\$ 41,041,592</u>	<u>\$ (654,747)</u>

REGIONAL SCHOOL DISTRICT NO. 10
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
EXPENDITURES:				Over (Under)
Salaries:				
Certified	\$ 19,127,954	\$ 18,756,985	\$ 18,756,985	\$ -
Noncertified	5,244,447	5,176,093	5,176,093	-
Substitute wages	349,290	159,310	159,310	-
Total salaries	<u>24,721,691</u>	<u>24,092,388</u>	<u>24,092,388</u>	<u>-</u>
Employee Benefits:				
Health and life benefits	4,410,000	3,996,081	3,996,081	-
Social security and Medicare tax	785,000	691,448	691,448	-
Retirement contributions	295,000	277,438	277,438	-
Workers compensation	258,175	240,873	240,873	-
Group disability insurance	24,000	18,003	18,003	-
Tuition reimbursement	40,000	20,825	20,825	-
Unemployment compensation	70,000	63,370	63,370	-
Total employee benefits	<u>5,882,175</u>	<u>5,308,038</u>	<u>5,308,038</u>	<u>-</u>
Supplies:				
Supplies	450,683	392,788	392,788	-
Fuel oil	260,210	273,879	273,879	-
Library/Audio supplies	236,014	381,305	381,305	-
Textbooks	112,389	129,935	129,935	-
Propane and natural gas	51,500	38,940	38,940	-
Library books	25,800	20,034	20,034	-
Periodicals	10,138	14,892	14,892	-
Gasoline	5,500	3,765	3,765	-
Total supplies	<u>1,152,234</u>	<u>1,255,538</u>	<u>1,255,538</u>	<u>-</u>
Facilities:				
Repairs and maintenance services	470,879	495,813	495,813	-
Utility services	583,000	474,856	474,856	-
Grounds upkeep	47,800	66,083	66,083	-
Snowplowing services	73,200	69,228	69,228	-
Security services	45,500	53,681	53,681	-
Disposal and recycling services	45,000	41,771	41,771	-
Septic and water system	46,250	28,406	28,406	-
Sewer fee	26,350	27,900	27,900	-
Facility rentals	20,500	6,847	6,847	-
Cleaning services	6,000	5,731	5,731	-
Pest control	2,800	1,820	1,820	-
Total facilities	<u>1,367,279</u>	<u>1,272,136</u>	<u>1,272,136</u>	<u>-</u>
				<i>(Continued)</i>

REGIONAL SCHOOL DISTRICT NO. 10
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget Over (Under)
EXPENDITURES: (Continued)				
Purchased services:				
Other professional services	\$ 424,189	\$ 295,408	\$ 295,408	\$ -
Administrative services	75,000	16,157	16,157	-
Professional education services	55,950	54,336	54,336	-
Instructional improvement	17,800	18,628	18,628	-
Technical services	16,000	19,975	19,975	-
Total purchased services	<u>588,939</u>	<u>404,504</u>	<u>404,504</u>	<u>-</u>
Equipment:				
Replace non-instructional equipment	316,116	218,516	218,516	-
Replace instructional equipment	5,087	4,107	4,107	-
New instructional equipment	-	42,271	42,271	-
Total equipment	<u>321,203</u>	<u>264,894</u>	<u>264,894</u>	<u>-</u>
Other:				
Student transportation	2,725,447	2,522,024	2,522,024	-
Insurance	216,717	206,417	206,417	-
Communication/telephone	56,180	59,960	59,960	-
Postage	29,750	15,951	15,951	-
Advertising	4,500	596	596	-
Printing & binding	8,400	5,560	5,560	-
Tuition to LEAs	316,460	322,448	322,448	-
Tuition to private schools	1,461,864	1,482,169	1,482,169	-
Professional development/travel	73,414	27,547	27,547	-
Other purchased services	192,665	128,542	128,542	-
Student activities	14,200	10,458	10,458	-
Dues and fees	34,699	38,805	38,805	-
Capital improvements	144,500	776,870	776,870	-
Total other	<u>5,278,796</u>	<u>5,597,347</u>	<u>5,597,347</u>	<u>-</u>
Debt service:				
Principal	1,435,000	1,435,000	1,435,000	-
Interest	420,562	404,744	404,744	-
Total debt service	<u>1,855,562</u>	<u>1,839,744</u>	<u>1,839,744</u>	<u>-</u>
Contingency	<u>129,421</u>	<u>1,262,711</u>	<u>396</u>	<u>(1,262,315)</u>
Total expenditures	<u>41,297,300</u>	<u>41,297,300</u>	<u>40,034,985</u>	<u>(1,262,315)</u>
OTHER FINANCING USES:				
Transfer out	<u>-</u>	<u>399,039</u>	<u>399,028</u>	<u>(11)</u>
Total expenditures and other financing uses	<u>\$ 41,297,300</u>	<u>\$ 41,696,339</u>	<u>\$ 40,434,013</u>	<u>\$ (1,262,326)</u>
				<i>(Concluded)</i>

REGIONAL SCHOOL DISTRICT NO. 10
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
AS OF JUNE 30, 2020

	<u>Burlington</u>	<u>Harwinton</u>	<u>Total</u>
Total cash collections for the year ended June 30, 2020:	<u>\$ 27,216,160</u>	<u>\$ 13,643,626</u>	<u>\$ 40,859,786</u>
			<u>District</u>
Debt limitation: 4-1/2 times base			<u>\$ 183,869,037</u>
Indebtedness:			
Bonds payable			<u>11,615,000</u>
Total indebtedness			<u>11,615,000</u>
Debt limitation in excess of outstanding and authorized debt			<u>\$ 172,254,037</u>
Total capacity of borrowing (4-1/2 times base)			\$ 183,869,037
Total present indebtedness			<u>11,615,000</u>
Margin for additional borrowing			<u>\$ 172,254,037</u>

REGIONAL SCHOOL DISTRICT NO. 10
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2020

	Nonmajor Governmental Funds		
	School Lunch Fund	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 260,327	\$ 4,505	\$ 264,832
Inventories	9,721	-	9,721
Total assets	<u>\$ 270,048</u>	<u>\$ 4,505</u>	<u>\$ 274,553</u>
LIABILITIES			
Accounts payable	\$ 28,779	\$ -	\$ 28,779
Due to other funds	11,098	-	11,098
Total liabilities	<u>39,877</u>	<u>-</u>	<u>39,877</u>
FUND BALANCES			
Nonspendable:			
Inventories	9,721	-	9,721
Restricted:			
School lunch operations	220,450	-	220,450
Committed:			
Debt service	-	4,505	4,505
Total fund balances	<u>230,171</u>	<u>4,505</u>	<u>234,676</u>
Total liabilities and fund balances	<u>\$ 270,048</u>	<u>\$ 4,505</u>	<u>\$ 274,553</u>

REGIONAL SCHOOL DISTRICT NO. 10
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Nonmajor Governmental Funds		
	School Lunch Fund	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 141,990	\$ -	\$ 141,990
Charges for goods and services	447,826	-	447,826
Interest income	127	242	369
Total revenues	<u>589,943</u>	<u>242</u>	<u>590,185</u>
EXPENDITURES			
Current:			
Support services - students	684,191	-	684,191
Debt service:			
Principal payments	-	1,435,000	1,435,000
Interest and fiscal charges	-	424,907	424,907
Debt issuance costs	-	75,265	75,265
Total expenditures	<u>684,191</u>	<u>1,935,172</u>	<u>2,619,363</u>
Excess (deficiency) of revenues over expenditures	(94,248)	(1,934,930)	(2,029,178)
OTHER FINANCING SOURCES (USES)			
Refunding bonds issued	-	2,050,000	2,050,000
Payment to refunding bond escrow agent	-	(2,196,552)	(2,196,552)
Premium on refunding bonds issued	-	246,049	246,049
Transfers in	-	1,839,744	1,839,744
Total other financing sources (uses)	<u>-</u>	<u>1,939,241</u>	<u>1,939,241</u>
Net changes in fund balances	(94,248)	4,311	(89,937)
Fund balances - beginning	<u>324,419</u>	<u>194</u>	<u>324,613</u>
Fund balances - ending	<u>\$ 230,171</u>	<u>\$ 4,505</u>	<u>\$ 234,676</u>

REGIONAL SCHOOL DISTRICT NO. 10
COMBINING STATEMENT OF NET POSITION
PENSION TRUST FUNDS
AS OF JUNE 30, 2020

	Employees' Pension Plan	Employees' Defined Contribution Plan	Custodial and Maintenance Employees' Plan	Total
ASSETS				
Cash and cash equivalents	\$ 89,236	\$ 53,561	\$ 110,720	\$ 253,517
Investments:				
Mutual funds	2,197,855	1,706,421	1,299,097	5,203,373
Equity securities	118,386	-	-	118,386
Other assets	201,174	-	-	201,174
Total assets	<u>2,606,651</u>	<u>1,759,982</u>	<u>1,409,817</u>	<u>5,776,450</u>
NET POSITION				
Restricted for pension benefits	<u>\$ 2,606,651</u>	<u>\$ 1,759,982</u>	<u>\$ 1,409,817</u>	<u>\$ 5,776,450</u>

REGIONAL SCHOOL DISTRICT NO. 10
COMBINING STATEMENT OF CHANGES IN NET POSITION
PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Employees' Pension Plan	Employees' Defined Contribution Plan	Custodial and Maintenance Employees' Plan	Total
ADDITIONS				
Contributions:				
Employer contributions	\$ 135,000	\$ 88,651	\$ 59,805	\$ 283,456
Employee contributions	10,329	172,262	37,940	220,531
Total contributions	145,329	260,913	97,745	503,987
Other	6,441	35	35	6,511
Investment earnings:				
Interest and dividends	136,626	93,809	63,938	294,373
Net change in the fair value of investments, net of fees	(108,941)	(25,611)	(6,676)	(141,228)
Total investment earnings	27,685	68,198	57,262	153,145
Total additions	179,455	329,146	155,042	663,643
DEDUCTIONS				
Benefit payments	244,935	165,417	51,013	461,365
Insurance premiums	11,587	-	-	11,587
Other	26,095	3,851	100	30,046
Total deductions	282,617	169,268	51,113	502,998
Change in net position	(103,162)	159,878	103,929	160,645
Net position restricted for pension benefits:				
Beginning	2,709,813	1,600,104	1,305,888	5,615,805
Ending	\$ 2,606,651	\$ 1,759,982	\$ 1,409,817	\$ 5,776,450

REGIONAL SCHOOL DISTRICT NO. 10
COMBINING STATEMENT OF CHANGES IN FIDUCIARY
ASSETS AND LIABILITIES
AGENCY FUNDS - STUDENT ACTIVITIES FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Balance, July 1, 2019	Additions	Deductions	Balance, June 30, 2020
ASSETS				
Cash and cash equivalents	\$ 289,986	\$ 420,264	\$ 405,124	\$ 305,126
Total assets	<u>\$ 289,986</u>	<u>\$ 420,264</u>	<u>\$ 405,124</u>	<u>\$ 305,126</u>
 LIABILITIES				
Due to students	\$ 289,986	\$ 420,264	\$ 405,124	\$ 305,126
Total liabilities	<u>\$ 289,986</u>	<u>\$ 420,264</u>	<u>\$ 405,124</u>	<u>\$ 305,126</u>