
REGIONAL SCHOOL DISTRICT NO. 14

Annual Financial Statements

For the Year Ended June 30, 2023

REGIONAL SCHOOL DISTRICT NO. 14

Table of Contents

For the Year Ended June 30, 2023

| | <u>Page</u> |
|--|-------------|
| INDEPENDENT AUDITOR’S REPORT | 1 |
| MANAGEMENT’S DISCUSSION AND ANALYSIS | 4 |
| BASIC FINANCIAL STATEMENTS: | |
| <i>Government-Wide Financial Statements:</i> | |
| Statement of Net Position | 11 |
| Statement of Activities | 12 |
| <i>Fund Financial Statements:</i> | |
| Governmental Funds | |
| Balance Sheet | 13 |
| Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position | 14 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances | 15 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 16 |
| Fiduciary Funds | |
| Statement of Fiduciary Net Position | 17 |
| Statement of Changes in Fiduciary Net Position | 18 |
| Notes to the Financial Statements | 19 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| General Fund | |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Budgetary Basis) | 46 |
| Notes to Required Supplementary Information | 47 |
| Pension and OPEB Plans | |
| Schedule of Changes in Net Pension Liability and Related Ratios - Employee Retirement System, Non-Certified Employee Plan | 49 |
| Schedule of Contributions - Employee Retirement System, Non-Certified Employee Plan | 50 |
| Schedule of Investment Returns - Employee Retirement System, Non-Certified Employee Plan | 51 |
| State Teacher’s Retirement System - Proportionate Share of Net Pension Liability | 52 |
| State Teacher’s Retirement System - Proportionate Share of Net OPEB Liability | 53 |
| Schedule of Changes in the Total OPEB Liability | 54 |

REGIONAL SCHOOL DISTRICT NO. 14

Table of Contents

For the Year Ended June 30, 2023

| | <u>Page</u> |
|---|-------------|
| SUPPLEMENTAL, COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES | |
| Nonmajor Governmental Funds | |
| Combining Balance Sheet | 55 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | 56 |
| Fiduciary Funds | |
| Private Purpose Trust Funds | |
| Detailed Statement of Scholarship Net Position | 57 |
| Detailed Statement of Changes in Scholarship Net Position | 58 |
| Other Supplemental Schedules | |
| Schedule of Debt Limitation | 59 |

Financial Section



INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Regional School District No. 14
Woodbury, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Regional School District No. 14 (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, and the pension and OPEB schedules on pages 4-10, and 46-54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 accompanying combining and individual nonmajor fund financial statements, and other supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and other supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023 on our consideration of the Regional School District No. 14's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Regional School District No. 14's internal control over financial reporting and compliance.



King, King & Associates, P.C., CPAs
Winsted, CT
December 21, 2023

REGIONAL SCHOOL DISTRICT NO. 14
Management's Discussion and Analysis
June 30, 2023

As management of the Regional School District No. 14, we offer readers of the Regional School District No. 14's financial statements this narrative overview and analysis of the financial activities of the Regional School District No. 14 for the fiscal year ended June 30, 2023.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Regional School District No. 14 exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$30,655,666 (*net position*). Governmental activities reflect a negative unrestricted net position in the amount of (\$6,109,911) indicating that currently none of the net position may be used to meet ongoing obligations to citizens and creditors.
- The District's total net position increased by \$1,613,120.
- As of the close of the current fiscal year, the Regional School District No. 14's governmental funds reported combined ending fund balances of \$8,064,444, a decrease of \$827,353 in comparison with the prior year.
- Of the General Fund's \$2,931,250 fund balance, \$140,418 is restricted to member towns, \$2,624,733 is committed for OPEB benefits, \$94,708 is assigned for encumbrances, and \$71,391 is assigned for future retirement benefits.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Regional School District No. 14's basic financial statements. The Regional School District No. 14'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 Regional School District No. 14's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Regional School District No. 14's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator whether the financial position of the Regional School District No. 14 is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position is changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Regional School District No. 14 that are principally supported by 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 District has no business-type activities. The governmental activities of the Regional School District No. 14 include education, food service, maintenance and general administration. Local revenue funding and federal and state grants finance most of these activities.

REGIONAL SCHOOL DISTRICT NO. 14
Management's Discussion and Analysis
June 30, 2023

The government-wide financial statements can be found on pages 11-12 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 Regional School District No. 14, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Regional School District No. 14 can be divided into two categories: governmental funds and fiduciary funds.

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

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

The Regional School District No. 14, 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, High School Renovation Fund, Reserve for Specific Capital Improvements, and State, Federal, and Other Grants. Data from the other governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Regional School District No. 14, adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13-16 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Regional School District No. 14's own programs.

The basic fiduciary fund financial statements can be found on pages 17-18 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-45 of this report.

REGIONAL SCHOOL DISTRICT NO. 14
Management's Discussion and Analysis
June 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Regional School District No. 14, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$30,655,666 at the close of the most recent fiscal year.

SUMMARY STATEMENT OF NET POSITION

| | 2023 | 2022 | Variance |
|----------------------------------|---------------|---------------|----------------|
| Current and Other Assets | \$ 9,084,309 | \$ 10,341,249 | \$ (1,256,940) |
| Capital Assets | 77,449,960 | 76,287,690 | 1,162,270 |
| Total Assets | 86,534,269 | 86,628,939 | (94,670) |
| Deferred Outflows of Resources | 2,706,552 | 3,401,227 | (694,675) |
| Other Liabilities | 1,827,244 | 1,926,243 | (98,999) |
| Long-Term Liabilities | 49,568,821 | 55,674,580 | (6,105,759) |
| Total Liabilities | 51,396,065 | 57,600,823 | (6,204,758) |
| Deferred Inflows of Resources | 7,189,090 | 3,386,797 | 3,802,293 |
| Net Position: | | | |
| Net Investment in Capital Assets | 36,276,345 | 34,347,247 | 1,929,098 |
| Restricted | 489,232 | 372,074 | 117,158 |
| Unrestricted | (6,109,911) | (5,676,775) | (433,136) |
| Total Net Position | \$ 30,655,666 | \$ 29,042,546 | \$ 1,613,120 |

The largest portion of the District's net position reflects its investment in capital assets (land, buildings, and furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these assets to provide services to its citizens; consequently, these assets are not available for spending. Net investment in capital assets increased by \$1,929,098 due to current year capital purchases being greater than depreciation and losses on disposal by \$1,179,020, less the net change in the related debt, along with the amortization of the bond premiums.

The District's restricted net position of \$489,232 increased by \$117,158 compared to last years restricted net position of \$372,074.

The District's unrestricted net position of (\$6,109,911) decreased by \$433,136 compared to last years unrestricted net position of (\$5,676,775).

REGIONAL SCHOOL DISTRICT NO. 14
Management's Discussion and Analysis
June 30, 2023

STATEMENT OF CHANGES IN NET POSITION

| | 2023 | 2022 | Variance |
|---|---------------|---------------|--------------|
| REVENUES | | | |
| <i>Program:</i> | | | |
| Charges for Services | \$ 2,306,061 | \$ 2,149,878 | \$ 156,183 |
| Operating Grants and Contributions | 10,946,317 | 7,567,856 | 3,378,461 |
| Capital Grants and Contributions | 552,792 | - | 552,792 |
| <i>General:</i> | | | |
| Participating Towns | 34,669,546 | 34,407,625 | 261,921 |
| Unrestricted Investment Earnings | 24,860 | 4,078 | 20,782 |
| Other | 75,900 | 43,899 | 32,001 |
| Total Revenues | 48,575,476 | 44,173,336 | 4,402,140 |
| EXPENSES | | | |
| <i>Governmental Activities:</i> | | | |
| Instructional Services | 16,995,309 | 15,546,083 | 1,449,226 |
| <i>Supporting Services:</i> | | | |
| Instructional Staff | 4,566,502 | 4,475,437 | 91,065 |
| Administrative | 4,913,755 | 5,292,865 | (379,110) |
| Operation and Maintenance of Facilities | 3,584,595 | 3,837,114 | (252,519) |
| Transportation | 2,121,107 | 1,909,541 | 211,566 |
| School Lunch Services | 1,152,465 | 1,060,715 | 91,750 |
| Employee Benefits - Unallocated | 12,129,351 | 9,009,586 | 3,119,765 |
| Interest on long-term debt | 1,499,272 | 1,296,521 | 202,751 |
| Total Expenses | 46,962,356 | 42,427,862 | 4,534,494 |
| Change in Net Position | 1,613,120 | 1,745,474 | \$ (132,354) |
| Beginning Net Position | 29,042,546 | 27,297,072 | |
| Ending Net Position | \$ 30,655,666 | \$ 29,042,546 | |

Governmental activities. Governmental activities increased the Regional School District No. 14's net position by \$1,613,120.

- There was an increase in the employee benefits expenses and operating grants and contributions due to an increased actuarially determined on-behalf amount for the State Teachers Retirement System and related actuarially determined pension and OPEB expense.
- There was a budgeted increase in the member towns annual assessments.

Seventy-one percent (71%) of the revenues of the District were derived from town assessments, followed by twenty-four percent (24%) from grants and contributions, five percent (5%) from charges for services and other, and less than one percent (1%) of the District's revenue in the fiscal year was derived from investment income.

Thirty-six percent (36%) of the expenses of the District were related to instructional services, followed by thirty-three percent (33%) related to supporting services, two percent (2%) related to school lunch services and twenty-nine percent (29%) related to employee benefits and interest expense.

REGIONAL SCHOOL DISTRICT NO. 14
Management's Discussion and Analysis
June 30, 2023

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Regional School District No. 14 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Regional School District No. 14's governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Regional School District No. 14's financing requirements. In particular, *unassigned and assigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Regional School District No. 14's governmental funds reported combined ending fund balances of \$8,064,444, a decrease of \$827,353, in comparison with the prior year.

General Fund. The General Fund is the chief operating fund of the Regional School District No. 14. At the end of the current fiscal year the total fund balance of the General Fund was \$2,931,250. Of this amount, \$140,418 is restricted for the member towns, \$2,624,733 is committed for OPEB benefits, \$94,708 is assigned for encumbrances, and \$71,391 is assigned for future retirement benefits.

High School Renovation Fund. The fund balance of the High School Renovation Fund decreased by \$346,138 during the current fiscal year. This decrease is primarily related to the current year's expenditures on the project capital.

Reserve for Capital Improvements. The state legislature established the ability to transfer to a capital reserve fund up to 2% of the annual approved budget. The Board of Education did not vote to transfer to this fund for future capital or nonrecurring expenditures during FY 2023.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgetary revenues were \$156,295 less than anticipated due primarily to not receiving the 21-22 Agri-Science/Tech grant offset by tuition income and encumbrance credits greater than anticipated.

Budgetary expenditures \$220,670 less than anticipated due mainly to purchased services and employee benefits coming in less than budgeted. This was due to costs for special education tuition, transportation, and purchased services being less than anticipated.

Other financing uses included the approved transfer of the budget to the Food Service Fund of \$653.

REGIONAL SCHOOL DISTRICT NO. 14
Management's Discussion and Analysis
June 30, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Regional School District No. 14's reported value in capital assets for its governmental activities as of June 30, 2023, amounts to \$77,449,960 (net of accumulated depreciation). This reported value in capital assets includes land, building in progress, buildings and improvements, and furniture and equipment. The total increase in the District's investment in capital assets for the current fiscal year was \$1,162,270, which consisted of capital additions of \$1,764,843, offset by current year depreciation of \$585,823 and loss on disposal of \$16,750.

| | <u>2023</u> | <u>2022</u> |
|----------------------------|----------------------|----------------------|
| Land | \$ 494,814 | \$ 494,814 |
| Building in Progress | 65,308,422 | 63,747,152 |
| Buildings and Improvements | 11,103,927 | 11,549,107 |
| Furniture and Equipment | 422,858 | 341,574 |
| Right of Use Equipment | 119,939 | 155,043 |
| | <u>\$ 77,449,960</u> | <u>\$ 76,287,690</u> |

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

- Current year progress on the Nonnewaug High School renovation project and Horse Barn project.

Additional information on the Regional School District No. 14's capital assets can be found in Note 5 on page 29 of this report.

Long-term debt. At the end of the current fiscal year, the Regional School District No. 14 had long-term debt and other long-term liabilities outstanding of \$49,568,821.

| | <u>2023</u> | <u>2022</u> |
|---------------------------|----------------------|----------------------|
| G.O. Bonds | \$ 40,285,000 | \$ 33,315,000 |
| Unamortized Premiums | 2,625,003 | 2,237,280 |
| Bond Anticipation Notes | - | 8,510,710 |
| Equipment Financing Notes | 351,105 | 689,656 |
| Leases Payable | 123,677 | 156,428 |
| Compensated Absences | 994,501 | 1,002,249 |
| Net Pension Liability | 418,642 | 725,855 |
| OPEB Liability | 4,770,893 | 9,037,402 |
| Total | <u>\$ 49,568,821</u> | <u>\$ 55,674,580</u> |

The Regional School District No. 14's total long-term debt decreased by \$6,105,759 (10.9 percent) during the current fiscal year primarily due to the annual paydown of general obligation bonds of \$1,430,000, the current year paydown of the equipment financing notes in the amount of \$338,551, the decrease in the OPEB liability in the amount of \$4,266,509, and the decrease in the net pension liability of \$307,213. Additional information on the Regional School District No. 14's long-term debt can be found in Note 6 on pages 30-32 of this report.

The District currently maintains a bond rating of Aa2 by Moody's.

REGIONAL SCHOOL DISTRICT NO. 14
Management's Discussion and Analysis
June 30, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A summary of key economic factors affecting the District are as follows:

- The Towns of Woodbury and Bethlehem continue to be concerned with the effect the current economic climate may have on their ability to generate revenue while holding taxes steady. The First Selectman from each town has raised concerns about increases in town budgets and the likely decreases in state funding and possible exposure to fund a significant portion of the annual contribution to the CT Teachers Retirement System currently funded by the CT State Government.
- The District receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which from time to time will affect the amount of intergovernmental revenues the District will receive.
- Increased threat of losing state funding will continue to be a variable in our local budget.

All of these factors were considered in preparing the Regional School District No. 14's budget for the 2024 fiscal year.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Regional School District No. 14's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Office, Regional School District No. 14, 5 Minortown Road, Woodbury, CT 06798.

Basic Financial Statements

REGIONAL SCHOOL DISTRICT NO. 14

Statement of Net Position

June 30, 2023

| | Governmental Activities |
|---|----------------------------|
| Assets | |
| Cash and Cash Equivalents | \$ 7,993,471 |
| Receivables, Net | 1,084,356 |
| Inventory | 6,482 |
| Capital Assets: | |
| Assets Not Being Depreciated | 65,803,236 |
| Assets Being Depreciated, Net | <u>11,646,724</u> |
| Total Assets | <u>86,534,269</u> |
| Deferred Outflows of Resources | |
| Deferred Outflows - Pension | 375,436 |
| Deferred Outflows - OPEB | <u>2,331,116</u> |
| Total Deferred Outflows of Resources | <u>2,706,552</u> |
| Liabilities | |
| Accounts Payable and Accrued Items | 762,914 |
| Accrued Interest Payable | 807,379 |
| Unearned Revenues | 256,951 |
| Noncurrent Liabilities: | |
| Due Within One Year | 2,035,471 |
| Due In More Than One Year | <u>47,533,350</u> |
| Total Liabilities | <u>51,396,065</u> |
| Deferred Inflows of Resources | |
| Deferred Inflows - Pension | 279,290 |
| Deferred Inflows - OPEB | <u>6,909,800</u> |
| Total Deferred Inflows of Resources | <u>7,189,090</u> |
| Net Position | |
| Net Investment in Capital Assets | 36,276,345 |
| Restricted: | |
| Member Towns | 140,418 |
| Student Activities | 348,814 |
| Unrestricted | <u>(6,109,911)</u> |
| Total Net Position | <u>\$ 30,655,666</u> |

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

REGIONAL SCHOOL DISTRICT NO. 14

Balance Sheet
Governmental Funds
June 30, 2023

| | General Fund | High School Renovation Fund | Reserve for Capital Improvements | State, Federal and Other Grants | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------------|-----------------------------------|--|---------------------------------------|-----------------------------------|--------------------------------|
| Assets | | | | | | |
| Cash and Cash Equivalents | \$ 6,967,917 | \$ - | \$ - | \$ 522,300 | \$ 503,254 | \$ 7,993,471 |
| Receivables, Net of Allowance | 73,229 | - | - | 830,793 | 180,334 | 1,084,356 |
| Inventory | - | - | - | - | 6,482 | 6,482 |
| Due from Other Funds | <u>1,351,597</u> | <u>1,860,065</u> | <u>2,863,767</u> | <u>-</u> | <u>300,801</u> | <u>6,376,230</u> |
| Total Assets | <u><u>\$ 8,392,743</u></u> | <u><u>\$ 1,860,065</u></u> | <u><u>\$ 2,863,767</u></u> | <u><u>\$ 1,353,093</u></u> | <u><u>\$ 990,871</u></u> | <u><u>\$ 15,460,539</u></u> |
| Liabilities | | | | | | |
| Accounts Payable and Accrued Items | \$ 400,006 | \$ 6,170 | \$ 306,063 | \$ 45,857 | \$ 4,818 | \$ 762,914 |
| Unearned Revenues | 36,854 | - | - | 23,866 | 196,231 | 256,951 |
| Due to Other Funds | <u>5,024,633</u> | <u>-</u> | <u>-</u> | <u>1,283,370</u> | <u>68,227</u> | <u>6,376,230</u> |
| Total Liabilities | <u><u>5,461,493</u></u> | <u><u>6,170</u></u> | <u><u>306,063</u></u> | <u><u>1,353,093</u></u> | <u><u>269,276</u></u> | <u><u>7,396,095</u></u> |
| Fund Balances | | | | | | |
| Restricted | 140,418 | - | - | - | 348,814 | 489,232 |
| Committed | 2,624,733 | 1,853,895 | 2,557,704 | - | 372,781 | 7,409,113 |
| Assigned | 166,099 | - | - | - | - | 166,099 |
| Unassigned | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Fund Balances | <u><u>2,931,250</u></u> | <u><u>1,853,895</u></u> | <u><u>2,557,704</u></u> | <u><u>-</u></u> | <u><u>721,595</u></u> | <u><u>8,064,444</u></u> |
| Total Liabilities and Fund Balances | <u><u>\$ 8,392,743</u></u> | <u><u>\$ 1,860,065</u></u> | <u><u>\$ 2,863,767</u></u> | <u><u>\$ 1,353,093</u></u> | <u><u>\$ 990,871</u></u> | <u><u>\$ 15,460,539</u></u> |

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

REGIONAL SCHOOL DISTRICT NO. 14

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2023

Fund balances reported in governmental funds Balance Sheet \$ 8,064,444

Amounts reported for governmental activities in the Statement of Net Position are different because:

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

| | |
|-----------------------|--------------|
| <i>Capital Assets</i> | 95,518,369 |
| <i>Depreciation</i> | (18,068,409) |

Governmental funds report the effect of premiums, deferred charges and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Net Position.

(2,625,003)

Certain changes related to pensions and OPEB are deferred and amortized over time

| | |
|------------------------------------|-------------|
| <i>Deferred Outflows - Pension</i> | 375,436 |
| <i>Deferred Inflows - Pension</i> | (279,290) |
| <i>Deferred Outflows - OPEB</i> | 2,331,116 |
| <i>Deferred Inflows - OPEB</i> | (6,909,800) |

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

| | |
|----------------------------------|--------------------|
| <i>Accrued Interest Payable</i> | (807,379) |
| <i>Bonds Payable</i> | (40,285,000) |
| <i>Equipment Financing Notes</i> | (351,105) |
| <i>Leases Payable</i> | (123,677) |
| <i>Compensated Absences</i> | (994,501) |
| <i>Net Pension Liability</i> | (418,642) |
| <i>Total OPEB Liability</i> | <u>(4,770,893)</u> |

Net position of governmental activities \$ 30,655,666

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

REGIONAL SCHOOL DISTRICT NO. 14
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

| | General Fund | High School Renovation Fund | Reserve for Capital Improvements | State, Federal and Other Grants | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|-----------------------------------|--|---------------------------------------|-----------------------------------|--------------------------------|
| Revenues | | | | | | |
| Participating Towns | \$ 34,669,546 | \$ - | \$ - | \$ - | \$ - | \$ 34,669,546 |
| Intergovernmental Revenues | 7,065,051 | - | - | 1,603,800 | 912,593 | 9,581,444 |
| Tuition and Charges for Services | 2,071,602 | - | - | - | 761,100 | 2,832,702 |
| Investment Income | 15,849 | - | 7,135 | - | 1,876 | 24,860 |
| Other Revenue | 18,155 | - | - | 6,682 | 51,063 | 75,900 |
| Total Revenues | <u>43,840,203</u> | <u>-</u> | <u>7,135</u> | <u>1,610,482</u> | <u>1,726,632</u> | <u>47,184,452</u> |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Salaries - Certified | 17,267,595 | - | - | 807,156 | - | 18,074,751 |
| Salaries - Classified | 4,751,061 | - | - | 87,230 | 350,667 | 5,188,958 |
| Employee Benefits | 10,815,081 | - | - | - | 143,529 | 10,958,610 |
| Purchased Services | 6,450,848 | - | - | 80,089 | 71,527 | 6,602,464 |
| Supplies and Materials | 1,178,413 | - | - | 29,735 | 117,050 | 1,325,198 |
| Liability and Property Insurance | 186,833 | - | - | - | - | 186,833 |
| Dues and Fees | 67,756 | - | - | - | 40 | 67,796 |
| Cost of Food Purchased | - | - | - | - | 504,348 | 504,348 |
| Student Activities | - | - | - | - | 473,305 | 473,305 |
| Debt Service | 2,993,433 | 8,581,000 | - | - | - | 11,574,433 |
| Capital Outlay | 239,846 | 646,598 | 307,768 | 712,830 | 29,527 | 1,936,569 |
| Total Expenditures | <u>43,950,866</u> | <u>9,227,598</u> | <u>307,768</u> | <u>1,717,040</u> | <u>1,689,993</u> | <u>56,893,265</u> |
| Excess/(Deficiency) of Revenues over Expenditures | (110,663) | (9,227,598) | (300,633) | (106,558) | 36,639 | (9,708,813) |
| Other Financing Sources/(Uses) | | | | | | |
| Proceeds from the Issuance of Bonds | - | 8,400,000 | - | - | - | 8,400,000 |
| Bond Issuance Premiums | - | 481,460 | - | - | - | 481,460 |
| Transfers In | - | - | - | 115,142 | 42,888 | 158,030 |
| Transfers Out | (42,888) | - | (115,142) | - | - | (158,030) |
| Total Other Financing Sources/(Uses) | <u>(42,888)</u> | <u>8,881,460</u> | <u>(115,142)</u> | <u>115,142</u> | <u>42,888</u> | <u>8,881,460</u> |
| Net Change in Fund Balances | (153,551) | (346,138) | (415,775) | 8,584 | 79,527 | (827,353) |
| Fund Balances at Beginning of Year | <u>3,084,801</u> | <u>2,200,033</u> | <u>2,973,479</u> | <u>(8,584)</u> | <u>642,068</u> | <u>8,891,797</u> |
| Fund Balances at End of Year | <u>\$ 2,931,250</u> | <u>\$ 1,853,895</u> | <u>\$ 2,557,704</u> | <u>\$ -</u> | <u>\$ 721,595</u> | <u>\$ 8,064,444</u> |

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

REGIONAL SCHOOL DISTRICT NO. 14

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, 2023

Net Change in Fund Balances - Total Governmental Funds \$ (827,353)

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

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

| | |
|-----------------------------|-----------|
| <i>Capital outlay</i> | 1,764,843 |
| <i>Depreciation expense</i> | (585,823) |
| <i>Loss on disposal</i> | (16,750) |

Deferred outflows and inflows of resources resulting from changes in the components of the net pension and OPEB liabilities are amortized as a component of expense in the statement of activities. (4,496,968)

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

| | |
|---|-------------|
| <i>Proceeds from long-term debt - general obligation bonds</i> | (8,400,000) |
| <i>Principal payments on long-term debt - general obligation bonds</i> | 1,430,000 |
| <i>Principal payments on long-term debt - bond anticipation notes</i> | 8,510,710 |
| <i>Principal payments on long-term debt - equipment financing notes</i> | 338,551 |
| <i>Principal payments on long-term debt - leases payable</i> | 32,751 |
| <i>Premium on bonds issued</i> | (481,460) |
| <i>Amortization of premiums</i> | 93,737 |

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

| | |
|------------------------------|----------------|
| <i>Accrued Interest</i> | (330,588) |
| <i>Compensated Absences</i> | 7,748 |
| <i>Total OPEB Liability</i> | 4,266,509 |
| <i>Net Pension Liability</i> | <u>307,213</u> |

Change in net position of governmental activities **\$ 1,613,120**

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

REGIONAL SCHOOL DISTRICT NO. 14

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2023

| | Pension Trust Fund | Private Purpose Trust Funds |
|---|-----------------------------------|--|
| | <u> </u> | <u> </u> |
| Assets | | |
| Cash and Cash Equivalents | \$ - | \$ 502,739 |
| Investments, at Fair Value: | | |
| Money Market Funds | 190,254 | - |
| Equity Mutual Funds | 4,193,347 | - |
| Fixed Income Mutual Funds | 2,381,500 | - |
| Receivables | - | - |
| Total Assets | <u>\$ 6,765,101</u> | <u>\$ 502,739</u> |
| Deferred Outflows of Resources | <u>-</u> | <u>-</u> |
| Liabilities | | |
| Payables | <u>-</u> | <u>-</u> |
| Deferred Inflows of Resources | <u>-</u> | <u>-</u> |
| Net Position | | |
| Restricted for Pension Benefits | 6,765,101 | - |
| Restricted for Scholarships | <u>-</u> | <u>502,739</u> |
| Total Net Position | <u>\$ 6,765,101</u> | <u>\$ 502,739</u> |

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

REGIONAL SCHOOL DISTRICT NO. 14
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

| | Pension Trust Fund | Private Purpose Trust Funds |
|---|-----------------------------------|--|
| | <u> </u> | <u> </u> |
| Additions | | |
| Contributions: | | |
| Employer | \$ 350,000 | \$ - |
| Scholarships | - | 72,110 |
| Investment Income: | | |
| Net Appreciation/(Depreciation) in Fair Value of Investments | 572,204 | - |
| Interest and Dividends | <u>153,065</u> | <u>7,497</u> |
| Total Investment Income | 725,269 | 7,497 |
| Less: Investment Management Fees | - | - |
| Net Investment Income | <u>725,269</u> | <u>7,497</u> |
| Total Additions | <u>1,075,269</u> | <u>79,607</u> |
| Deductions | | |
| Benefit Payments | 329,707 | - |
| Administrative Costs | 34,444 | - |
| Scholarships | - | <u>69,860</u> |
| Total Deductions | <u>364,151</u> | <u>69,860</u> |
| Change in Net Position | 711,118 | 9,747 |
| Net Position at Beginning of Year | <u>6,053,983</u> | <u>492,992</u> |
| Net Position at End of Year | <u>\$ 6,765,101</u> | <u>\$ 502,739</u> |

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

REGIONAL SCHOOL DISTRICT NO. 14
Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Regional School District No. 14 (the “District”) have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing the governmental accounting and financial reporting principles. The District’s significant accounting policies are described below.

Reporting Entity

The District was established in 1968 to provide education for the residents of two Connecticut Districts: Woodbury and Bethlehem. The District is primarily funded through assessments from its two member Districts. The District operates under the Board of Education form of government and provides education services to its member Districts.

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

The District's financial statements include the accounts of all District controlled operations. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Regional School District No. 14 (the primary government) and its component units. The basic criterion for inclusion of a component unit in a governmental unit's reporting entity for general purpose financial reporting is the exercise of oversight responsibility. Oversight responsibility is determined on the basis of financial interdependence, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters and scope of public service. Currently, there are no entities considered component units of the District. The District includes all funds, agencies, boards, and commissions that are controlled by or dependent on the District's executive and legislative branches.

The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Regional School District No. 14.

Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Town assessments and other items not properly included among program revenues are reported instead as general revenues.

REGIONAL SCHOOL DISTRICT NO. 14
Notes to the Financial Statements

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in the demonstrating compliance with finance related legal and contractual provisions. The District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with nonmajor funds, if any, aggregated and presented in a single column. The District maintains fiduciary funds which are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

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

Measurement Focus, Basis of Accounting, and Financial Statements Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Their revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred. Exceptions to this general rule include: compensated absences, debt service, capital leases, other post-employment benefit obligations, and claims and judgments that are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Governmental Funds are those through which most governmental functions typically are financed. The following are the District's major governmental funds:

- The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another manner. Revenues are derived primarily from town assessments, state grants, charges for services, and earnings on investments.

REGIONAL SCHOOL DISTRICT NO. 14

Notes to the Financial Statements

- The *High School Renovation Fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays and debt service related to the High School construction project.
- The *Reserve for Capital Improvements* is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.
- The *State, Federal, and Other Grants Fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditures relating to the Districts education grant programs.

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, and other governments. Fiduciary funds are not included in the government-wide financial statements. The fiduciary funds are as follows:

- The *Pension Trust Fund* is used to account for the activities of the District Employees' Retirement System, which accumulates resources for retirement benefit payments to qualified employees.
- The *Private Purpose Trust Fund* is used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The District utilizes private purpose trust funds to account for activities of funds held in trust for student scholarships.

Estimates

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

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

Cash and Cash Equivalents – The 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 - In general, State of Connecticut Statutes allow the District to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust, in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short-Term Investment Fund. Trust funds are able to invest in a wider range of investments. Investments are stated at fair value, based on quoted market prices. Certificates of Deposit are reported at cost.

The Short-Term Investment Fund ("STIF") is a money market investment pool managed by the Cash Management Division of the State Treasurer's Office created by Section 3-27 of the Connecticut General Statutes ("CGS"). Pursuant to CGS 3-27a through 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the fund. The fund is considered a "2a7-like" pool and, as such, reports its investments at amortized cost (which approximates fair value). A 2a7-

REGIONAL SCHOOL DISTRICT NO. 14
Notes to the Financial Statements

like pool is not necessarily registered with the Security and Exchange Commission (“SEC”) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s rule 2a7 of the Investment Company Act of 1940 that allows money market mutual funds to use the amortized cost to report net assets. The pool is overseen by the Office of the State Treasurer. The pool is rated AAAM by Standard & Poor’s. This is the highest rating for money market funds and investment pools. The pooled investment funds’ risk category cannot be determined since the District does not own identifiable securities but invests as a shareholder of the investment pool. The fair value of the position in the pool is the same as the value of the pool shares.

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

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

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

Due From/To Other Funds - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables and payables. They arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Capital Assets - Capital assets, which include equipment, fixtures, and other long-lived assets 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 estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

| <u>Assets</u> | <u>Years</u> |
|----------------------------|--------------|
| Land Improvements | 20 |
| Buildings and Improvements | 20 - 50 |
| Furniture and Equipment | 5 - 10 |

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

REGIONAL SCHOOL DISTRICT NO. 14
Notes to the Financial Statements

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 bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period they are incurred.

In the fund financial statements, governmental fund types 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, and debt payments, are reported as debt service expenditures.

Compensated absences - District employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement.

Leases (as Lessee) – The District recognizes a lease liability and an intangible right-of-use lease asset for a noncancellable lease in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$20,000 or more. At the commencement of the lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the life of the lease.

Key estimates and judgments related to leases included how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) the lease term, and (3) lease payments. The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise. The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt and other long-term liabilities on the statement of net position.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred pension and OPEB expense in the government-wide statement of net position. Deferred pension and OPEB expense results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active and inactive employees).

REGIONAL SCHOOL DISTRICT NO. 14

Notes to the Financial Statements

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred pension and OPEB expense in the government-wide statement of net position. Deferred pension and OPEB expense results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active and inactive employees).

Fund equity and net position – Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. In the government-wide statement of net position, net position is classified in the following categories:

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

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

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

When both restricted and unrestricted resources are available for certain expenses, the District expends restricted resources first and uses unrestricted resources when the restricted funds are depleted.

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

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

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

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

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

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

REGIONAL SCHOOL DISTRICT NO. 14
Notes to the Financial Statements

The District does not have a formal policy over the use of fund balance. When both restricted and unrestricted (committed, assigned, unassigned) amounts of fund balance are available for use for expenditures incurred, it is assumed that the District will use restricted fund balance first if the expenditure meets the restricted purpose, followed by committed, assigned and unassigned amounts.

Encumbrances – In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities.

Fair Value of Financial Instruments

In accordance with GASB Statement No. 72, the District is required to measure the fair value of its assets and liabilities under a three-level hierarchy, as follows:

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

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

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

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

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

Certificates of Deposit are reported at amortized cost and are excluded from the fair value disclosures.

NOTE 2 – CASH, CASH EQUIVALENTS, RESTRICTED CASH, AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank” as defined by the Statutes, which is not a “qualified public depository”. The following is a summary of cash and cash equivalents, and restricted cash at June 30, 2023.

| | Governmental Funds | Fiduciary Funds | Total |
|---------------------------|-----------------------|--------------------|--------------|
| Cash and Cash Equivalents | \$ 7,993,471 | \$ 502,739 | \$ 8,496,210 |

REGIONAL SCHOOL DISTRICT NO. 14

Notes to the Financial Statements

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk-based capital ratio.

At year-end, the District's carrying amount of deposits subject to custodial credit risk was \$8,496,210 and the bank balance was \$8,747,389. Of the bank balance, the Federal Depository Insurance Corporation insured \$675,839.

As of June 30, 2023, \$8,071,550 of the District's bank balance of \$8,747,389 was exposed to custodial credit risk as follows:

| | |
|--|---------------------|
| Uninsured and uncollateralized | \$ 7,214,395 |
| Uninsured and collateral held by pledging bank's Trust department not in the District's name | <u>857,155</u> |
| | <u>\$ 8,071,550</u> |

Investments

The following is a summary of investments at June 30, 2023:

| | Fiduciary Funds |
|---------------------------|---------------------|
| Money Market Funds | \$ 190,254 |
| Equity Mutual Funds | 4,193,347 |
| Fixed Income Mutual Funds | <u>2,381,500</u> |
| Total Investments | <u>\$ 6,765,101</u> |

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

| | | Fair Value Measurements Using | | |
|---------------------------|---------------------|--|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| <u>Description</u> | June 30, 2023 | | | |
| Money Market Funds | \$ 190,254 | \$ 190,254 | \$ - | \$ - |
| Equity Mutual Funds | 4,193,347 | 4,193,347 | - | - |
| Fixed Income Mutual Funds | <u>2,381,500</u> | <u>2,381,500</u> | - | - |
| Total Investments | <u>\$ 6,765,101</u> | <u>\$ 6,765,101</u> | <u>\$ -</u> | <u>\$ -</u> |

Custodial Credit Risk - This is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District does not have a policy for custodial credit risk.

REGIONAL SCHOOL DISTRICT NO. 14
Notes to the Financial Statements

Credit Risk – The District does not have an investment policy that limits investment choices further than the Connecticut General Statutes. Generally, credit risk is defined as the risk that an issuer of a debt type investment will not fulfill its obligation to the holder. This is measured by assignment of a rating by a nationally recognized rating organization.

Concentrations of Credit Risk – The District places no limit on the amount of investment in any one issuer.

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.

NOTE 3 – RECEIVABLES

Receivables as of year-end for the District’s individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, if any, are as follows:

| | General Fund | State, Federal and Other Grants | Nonmajor and Other Funds | Total |
|-----------------------|-----------------|---------------------------------------|--------------------------------|--------------|
| Receivables: | | | | |
| Intergovernmental | \$ - | \$ 830,418 | \$ 180,017 | \$ 1,010,435 |
| Accounts | 73,229 | 375 | 317 | 73,921 |
| Gross Receivables | 73,229 | 830,793 | 180,334 | 1,084,356 |
| Less Allowance for | | | | |
| Uncollectibles: | | | | |
| Total Allowance | - | - | - | - |
| Net Total Receivables | \$ 73,229 | \$ 830,793 | \$ 180,334 | \$ 1,084,356 |

Governmental funds report unavailable revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

| | Governmental Funds |
|----------------------------------|-----------------------|
| General Fund: | |
| Fees Collected in Advance | \$ 36,854 |
| State, Federal and Other Grants: | |
| Advances on Grants | 23,866 |
| Nonmajor Funds: | |
| Advances on Grants | 165,440 |
| Fees Collected in Advance | 30,791 |
| Total Unearned Revenue | \$ 256,951 |

REGIONAL SCHOOL DISTRICT NO. 14
Notes to the Financial Statements

NOTE 4 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. At June 30, 2023, the outstanding balances between funds were:

| Payable Fund | Receivable Fund | Total |
|-----------------------------|----------------------------------|--------------|
| General Fund | High School Renovation Fund | \$ 1,860,065 |
| General Fund | Reserve for Capital Improvements | 2,863,767 |
| General Fund | Nonmajor Governmental Funds | 300,801 |
| Nonmajor Governmental Funds | General Fund | 1,351,597 |
| | | \$ 6,376,230 |

Fund transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and 2) to account for unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers during the year ended June 30, 2023, were as follows:

| Transfers In: | Transfers Out: | Total |
|-----------------------------|----------------------------------|------------|
| Education Grants Fund | Reserve for Capital Improvements | \$ 115,142 |
| Nonmajor Governmental Funds | General Fund | 42,888 |
| | | \$ 158,030 |

REGIONAL SCHOOL DISTRICT NO. 14
Notes to the Financial Statements

NOTE 5 – CAPITAL ASSETS

The following is a summary of the change in capital assets as of June 30, 2023:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|--|-----------------------|---------------------|--------------------|----------------------|
| Governmental Activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 494,814 | \$ - | \$ - | \$ 494,814 |
| Building in Progress | 63,747,152 | 1,575,453 | (14,183) | 65,308,422 |
| Total capital assets, not being depreciated | 64,241,966 | 1,575,453 | (14,183) | 65,803,236 |
| Capital assets, being depreciated | | | | |
| Buildings and Improvements | 28,332,996 | - | - | 28,332,996 |
| Furniture and Equipment | 1,071,779 | 189,390 | (54,552) | 1,206,617 |
| Right of Use Equipment | 175,520 | - | - | 175,520 |
| Total capital assets, being depreciated | 29,580,295 | 189,390 | (54,552) | 29,715,133 |
| Less accumulated depreciation for: | | | | |
| Buildings and Improvements | 16,783,889 | 445,180 | - | 17,229,069 |
| Furniture and Equipment | 730,205 | 105,539 | (51,985) | 783,759 |
| Right of Use Equipment | 20,477 | 35,104 | - | 55,581 |
| Total accumulated depreciation | 17,534,571 | 585,823 | (51,985) | 18,068,409 |
| Total capital assets, being depreciated, net | 12,045,724 | (396,433) | (2,567) | 11,646,724 |
| <i>Governmental Activities capital assets, net</i> | \$ 76,287,690 | \$ 1,179,020 | \$ (16,750) | \$ 77,449,960 |

Depreciation and amortization expense were charged to functions/programs of the primary government as follows:

| | |
|--|-------------------|
| Instructional Services | \$ 296,554 |
| Supporting Services: | |
| Instructional Staff | 87,081 |
| Administrative | 93,703 |
| Operation and Maintenance of Facilities | 68,037 |
| Transportation | 40,448 |
| Total | \$ 585,823 |

REGIONAL SCHOOL DISTRICT NO. 14
Notes to the Financial Statements

NOTE 6 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2023, was as follows:

| Governmental Activities | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|--------------------------------|------------------------------|---------------------|---------------------|---------------------------|--------------------------------|
| Bonds Payable: | | | | | |
| General Obligation Bonds | \$ 33,315,000 | \$ 8,400,000 | \$ 1,430,000 | \$ 40,285,000 | \$ 1,430,000 |
| Unamortized Premium | 2,237,280 | 481,460 | 93,737 | 2,625,003 | 112,995 |
| Total Bonds Payable | <u>35,552,280</u> | <u>8,881,460</u> | <u>1,523,737</u> | <u>42,910,003</u> | <u>1,542,995</u> |
| Bond Anticipation Notes | 8,510,710 | - | 8,510,710 | - | - |
| Equipment Financing Notes | 689,656 | - | 338,551 | 351,105 | 298,710 |
| Leases Payable | 156,428 | - | 32,751 | 123,677 | 34,255 |
| Compensated Absences | 1,002,249 | 11,538 | 19,286 | 994,501 | 159,511 |
| Net Pension Liability | 725,855 | - | 307,213 | 418,642 | - |
| Total OPEB Liability | <u>9,037,402</u> | <u>-</u> | <u>4,266,509</u> | <u>4,770,893</u> | <u>-</u> |
| Total | <u>\$ 55,674,580</u> | <u>\$ 8,892,998</u> | <u>\$14,998,757</u> | <u>\$ 49,568,821</u> | <u>\$ 2,035,471</u> |

Long-term obligations have typically been liquidated by the General Fund.

General Obligation Bonds

The District issues general obligation bonds to provide financing for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the District and pledge the full faith and credit of the District. General obligation bonds outstanding as of June 30, 2023, consisted of the following:

| <u>Bond Issue</u> | <u>Year of Issue</u> | <u>Original Amount</u> | <u>Interest Rates</u> | <u>Final Maturity</u> | <u>Principal Outstanding June 30, 2023</u> |
|-------------------|--------------------------|----------------------------|---------------------------|---------------------------|--|
| G.O. Bonds | 2018 | \$ 12,000,000 | 2.25 - 5% | 2043 | \$ 10,080,000 |
| G.O. Bonds | 2019 | \$ 24,655,000 | 2.75 - 5% | 2045 | 21,805,000 |
| G.O. Bonds | 2022 | \$ 8,400,000 | 3.50 - 5% | 2047 | 8,400,000 |
| | | | | | <u>\$ 40,285,000</u> |

The annual debt service requirements of the District's general obligation bonds are as follows:

| <u>Year(s)</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------|----------------------|----------------------|----------------------|
| 2024 | \$ 1,430,000 | \$ 1,693,392 | \$ 3,123,392 |
| 2025 | 1,780,000 | 1,406,875 | 3,186,875 |
| 2026 | 1,780,000 | 1,317,875 | 3,097,875 |
| 2027 | 1,780,000 | 1,235,475 | 3,015,475 |
| 2028 | 1,780,000 | 1,159,375 | 2,939,375 |
| 2029-2033 | 8,900,000 | 4,694,775 | 13,594,775 |
| 2034-2038 | 8,895,000 | 3,031,937 | 11,926,937 |
| 2039-2043 | 8,875,000 | 1,592,650 | 10,467,650 |
| 2044-2048 | <u>5,065,000</u> | <u>310,975</u> | <u>5,375,975</u> |
| Total | <u>\$ 40,285,000</u> | <u>\$ 16,443,329</u> | <u>\$ 56,728,329</u> |

Interest paid and expensed on general obligation bonds for the year ended June 30, 2023, totaled \$1,431,476.

REGIONAL SCHOOL DISTRICT NO. 14

Notes to the Financial Statements

Bonds Authorized and Unissued

At June 30, 2023, there was \$18,645,000 of authorized and unissued bonds for the Nonnewaug High School renovation project.

Equipment Financing Notes

The District has outstanding equipment financing notes used to finance the purchase of technology equipment.

| <u>Equipment</u> | <u>Year of Issue</u> | <u>Original Amount</u> | <u>Interest Rate</u> | <u>Final Maturity</u> | <u>Principal Outstanding June 30, 2023</u> |
|----------------------|----------------------|------------------------|----------------------|-----------------------|--|
| Technology Equipment | 2019 | \$ 250,000 | 3.91% | July 2023 | \$ 52,842 |
| Technology Equipment | 2020 | 250,000 | 3.23% | July 2024 | 103,152 |
| Technology Equipment | 2021 | 585,685 | 4.25% | July 2023 | 195,111 |
| | | | | | <u>\$ 351,105</u> |

The annual debt service requirements of the District's equipment financing notes are as follows:

| <u>Year(s)</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------|-------------------|------------------|-------------------|
| 2024 | \$ 298,710 | \$ 13,853 | \$ 312,563 |
| 2025 | 52,395 | 1,692 | 54,087 |
| Total | <u>\$ 351,105</u> | <u>\$ 15,545</u> | <u>\$ 366,650</u> |

Interest paid and expensed on equipment financing notes for the year ended June 30, 2023, totaled \$29,637.

Leases Payable

The District has entered into agreements to lease certain equipment. The leases qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of their inception.

The first agreement was entered into in November 2021, to lease copiers and printers and requires monthly payments of \$3,260 through November 2026. The lease liability is measured at a discount rate of 4.5%, which is the average rate recently received when the District issued bonds. As a result of the lease, the District has recorded a right of use asset with a net book value of \$119,939 at June 30, 2023.

The annual debt service requirements of the District's leases payable are as follows:

| <u>Year(s)</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------|-------------------|-----------------|-------------------|
| 2024 | \$ 34,255 | \$ 4,865 | \$ 39,120 |
| 2025 | 35,829 | 3,291 | 39,120 |
| 2026 | 37,475 | 1,645 | 39,120 |
| 2027 | 16,118 | 182 | 16,300 |
| Total | <u>\$ 123,677</u> | <u>\$ 9,983</u> | <u>\$ 133,660</u> |

Interest paid and expensed on leases payable for the year ended June 30, 2023, totaled \$6,369.

REGIONAL SCHOOL DISTRICT NO. 14
Notes to the Financial Statements

Compensated Absences

Vacation time earned during the fiscal year can be carried over to the succeeding year, subject to limitations as provided in the respective collective bargaining agreements. Employees are entitled to accumulate sick leave up to a maximum amount stipulated in each contract. Payment for accumulated sick leave is dependent upon the length of service and accumulated days. The value of all compensated absences has been reflected in the government-wide financial statements.

NOTE 7 – BOND ANTICIPATION NOTES

The District uses bond anticipation notes to fund construction costs prior to issuance of bonds. The following table summarizes changes in the District's Bond Anticipation Notes for the year ended June 30, 2023:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|------------------------|----------------------|-------------|---------------------|-------------------|
| Bond Anticipation Note | \$ 8,500,000 | \$ - | \$ 8,500,000 | \$ - |
| Unamortized Premium | 10,710 | - | 10,710 | - |
| | <u>\$ 8,510,710</u> | <u>\$ -</u> | <u>\$ 8,510,710</u> | <u>\$ -</u> |

The total interest incurred and expensed on bond anticipation notes during the year was \$42,500.

NOTE 8 - FUND BALANCE COMPONENTS

The components of fund balance for the governmental funds at June 30, 2023 are as follows:

| | General Fund | High School Renovation Fund | Reserve for Capital Improvements | Nonmajor Governmental Funds | Total |
|-------------------------|---------------------|-----------------------------------|--|-----------------------------------|---------------------|
| Fund Balances: | | | | | |
| Restricted for: | | | | | |
| Member Towns | \$ 140,418 | \$ - | \$ - | \$ - | \$ 140,418 |
| Student Activities | - | - | - | 348,814 | 348,814 |
| Total Restricted | <u>\$ 140,418</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 348,814</u> | <u>\$ 489,232</u> |
| Committed to: | | | | | |
| OPEB | \$ 2,624,733 | \$ - | \$ - | \$ - | \$ 2,624,733 |
| Food Service | - | - | - | 180,807 | 180,807 |
| Special Activities | - | - | - | 111,596 | 111,596 |
| Debt Service | - | - | - | 38,143 | 38,143 |
| Capital | - | 1,853,895 | 2,557,704 | 42,235 | 4,453,834 |
| Total Committed | <u>\$ 2,624,733</u> | <u>\$ 1,853,895</u> | <u>\$ 2,557,704</u> | <u>\$ 372,781</u> | <u>\$ 7,409,113</u> |
| Assigned: | | | | | |
| Encumbrances | \$ 94,708 | \$ - | \$ - | \$ - | \$ 94,708 |
| Retirement Benefits | 71,391 | - | - | - | 71,391 |
| Total Assigned | <u>\$ 166,099</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 166,099</u> |
| Unassigned | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

REGIONAL SCHOOL DISTRICT NO. 14
Notes to the Financial Statements

NOTE 9 – RETIREMENT BENEFITS

Non-certified Employee Defined Benefit Pension Plan

The District is the administrator of a single-employer public employee retirement systems (“PERS”), called the Pension Plan of Regional School District No. 14, established and administered by the Board of Education to provide pension benefits for its non-certified employees. The plan is considered to be part of the District’s financial reporting entity and is included in the District’s financial statements as a pension trust fund. Separate stand-alone financial reports are not issued. Benefits may be changed by the Board of Education.

Eligibility – Substantially all full-time non-certified employees over the age of 25 are eligible after completion of one year of service.

Normal Retirement – Normal Retirement is the first of the month coincident with or next following the later of age 65 and 10 years of plan participation.

Early Retirement – Employees are eligible for early retirement at age 55 with 10 years of credited service, subject to reduced benefits.

Benefits Provided – The monthly benefit at normal retirement is equal to 30% of average compensation, reduced proportionately for less than 15 years of service.

Plan Membership – As of the date of the latest actuarial valuation, membership consisted of the following:

| | |
|---|------------------|
| Inactive plan members or beneficiaries receiving payments | 31 |
| Inactive plan members entitled but not yet receiving payments | 5 |
| Active Members | <u>38</u> |
| Total Members | <u><u>74</u></u> |

Contributions and Funding Policy

The contribution requirements of the plan members and the District are established and may be amended by the Board of Education. District is required to contribute at an actuarially determined rate. Administrative costs of the plan are financed through investment earnings of the plan’s assets.

Summary of Significant Accounting Policies

Basis of Accounting - The District Pension Plan’s financial statements are prepared using the accrual basis of accounting. Plan member and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expenses, information about the fiduciary net position of the plan and additions/deductions to/from the District’s fiduciary net position have been determined on the same basis as they are reported by the District’s Pension Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Investment Policy – The District’s pension plans policy in regard to the allocation of invested assets is established and may be amended by the Board of Education by a majority vote of its members. It is the policy of the Board of Education to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plans investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the target asset allocation of the pension plan as of June 30, 2023:

REGIONAL SCHOOL DISTRICT NO. 14
Notes to the Financial Statements

Target Allocation and Expected Rate of Return

| <u>Asset Class</u> | Target Allocation | Long-Term Expected Real Rate of Return | Weighting |
|-----------------------------------|----------------------|--|---------------------|
| Cash | 5.00% | 0.00% | 0.00% |
| US Govt/Credited Fixed Income | 25.50% | 0.75% | 0.19% |
| High-Yield Bonds | 4.50% | 4.00% | 0.18% |
| US Large and Mid-Cap | 51.00% | 5.50% | 2.81% |
| US Small Cap | 4.50% | 5.75% | 0.26% |
| International Equity - Developed | 6.00% | 5.75% | 0.35% |
| International Equity - Emerging | 3.50% | 7.75% | 0.27% |
| | <u>100.00%</u> | | <u>4.06%</u> |
| Long-Term Inflation Expectation | | | <u>2.40%</u> |
| Long-Term Expected Nominal Return | | | <u><u>6.46%</u></u> |

Long-Term Expected Rate of Return – The long term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the future real rates of return by the target asset allocation percentage and by adding expected inflation.

The information above is based on geometric means and does not reflect additional returns through investment selection, asset allocation, and rebalancing. An expected rate of return of 7.00% was used.

Net Pension Liability

The components of the net pension liability of the District at June 30, 2023, were as follows:

| | District |
|--|------------------|
| Total pension liability | \$ 7,183,743 |
| Plan fiduciary net position | <u>6,765,101</u> |
| Net pension liability (asset) | 418,642 |
| Plan fiduciary net position as a percentage of total pension liability | 94.17% |
| Covered payroll | 2,661,445 |
| Net pension liability (asset) as a % of covered payroll | 15.73% |

REGIONAL SCHOOL DISTRICT NO. 14
Notes to the Financial Statements

Actuarial Methods and Significant Assumptions

The following actuarial methods and assumptions were used in the July 1, 2022 valuation and projected forward to a measurement date of June 30, 2023:

| | |
|----------------------------------|---|
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level Percent of Salary |
| Inflation | 2.40% |
| Payroll growth | 3.15% |
| Investment rate of return | 7.00% net of investment and admin fees |
| Retirement age | 10 years of service and age 55 for early retirement 10 years of service and age 65 for normal retirement |
| Post-retirement mortality | Pub-2010 Public Retirement Plans Amount-Weighted Mortality Table projected to the valuation date with Scale MP-2021 |

There were no changes of assumptions for FY 2023.

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. 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 District 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 payment to determine the local pension liability.

Sensitivity Analysis – The following presents the net pension liability of the District, calculated using the current discount rate, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher:

| | Decrease 6.00% | Discount Rate 7.00% | Increase 8.00% |
|-------------------------------|-------------------|------------------------|-------------------|
| Net Pension Liability (Asset) | \$ 1,130,401 | \$ 418,642 | \$ (194,362) |

REGIONAL SCHOOL DISTRICT NO. 14
Notes to the Financial Statements

| | Increase (Decrease) | | |
|--|---------------------|---------------------|-------------------|
| | Total Pension | Plan Fiduciary | Net Pension |
| | Liability | Net Position | Liability (Asset) |
| | (a) | (b) | (a) - (b) |
| Balance at June 30, 2022 | \$ 6,779,838 | \$ 6,053,983 | \$ 725,855 |
| Changes for the year: | | | |
| Service Cost | 280,798 | - | 280,798 |
| Interest | 482,900 | - | 482,900 |
| Differences Between Expected and Actual Experience | (30,086) | - | (30,086) |
| Changes of Assumptions | - | - | - |
| Employer Contributions | - | 350,000 | (350,000) |
| Member Contributions | - | - | - |
| Net Investment Income | - | 725,269 | (725,269) |
| Benefit Payments | (329,707) | (329,707) | - |
| Administrative Expenses | - | (34,444) | 34,444 |
| Net Changes | <u>403,905</u> | <u>711,118</u> | <u>(307,213)</u> |
| Balance at June 30, 2023 | <u>\$ 7,183,743</u> | <u>\$ 6,765,101</u> | <u>\$ 418,642</u> |
| Plan fiduciary net position as a percentage of the total pension liability | | | 94.17% |
| Covered Payroll | | | \$ 2,661,445 |
| Net pension liability (asset) as a percentage of covered payroll | | | 15.73% |

For the year ended June 30, 2023, the total pension expense recognized was \$320,842. As of June 30, 2023, the District reported deferred inflows and outflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between projected and actual earnings | \$ 5,281 | \$ (244,206) |
| Differences between expected and actual experience | 259,394 | (35,084) |
| Changes of assumptions | 110,761 | - |
| | <u>\$ 375,436</u> | <u>\$ (279,290)</u> |

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

| Year ended June 30: | |
|---------------------|------------------|
| 2024 | \$ (47,257) |
| 2025 | (39,933) |
| 2026 | 247,659 |
| 2027 | <u>(64,323)</u> |
| | <u>\$ 96,146</u> |

REGIONAL SCHOOL DISTRICT NO. 14

Notes to the Financial Statements

Connecticut State Teacher's Retirement System

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

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

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

In addition, amounts derived from the accumulation of the 6% contributions made prior to July 1, 1989, and voluntary contributions are payable.

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

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 regardless of length of service. Five years of credited service is required for non-service-related disability or eligibility. Disability benefits are calculated as 2% per year of service times the average of the highest three years of pensionable salary, as defined per the plan, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this Plan (without regard for cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of average annual salary.

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

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

Employees: Participants are required to contribute 7% of their annual salary to the System as required by the CGS Section 10-183b(7). For the year ended June 30, 2023, the certified teachers' contribution to the Connecticut Teachers Retirement Board was \$1,147,733. Covered payroll for the District for the year ended June 30, 2023 was approximately \$16,396,186.

REGIONAL SCHOOL DISTRICT NO. 14
Notes to the Financial Statements

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2023 the District reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

| | | |
|---|----|-------------------|
| District's proportionate share of the net pension liability | \$ | - |
| State's proportionate share of the net pension liability associated with the District | | <u>63,308,575</u> |
| Total | \$ | <u>63,308,575</u> |

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2023, the District had no proportionate share of the net pension liability.

For the year ended June 30, 2023, the District recognized benefits expense and contribution revenue of \$4,991,424 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the District recognized \$6,118,845 for pension expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement.

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

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

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

REGIONAL SCHOOL DISTRICT NO. 14
Notes to the Financial Statements

The long-term expected rate of return on pension investments was determined using a log-normal distributions analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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 asset allocation and best estimates of arithmetic real rates of return for each major asset class as provided by the State of Connecticut Treasurer’s Office are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------------|--------------------------|---|
| Domestic Equity Fund | 20.00% | 5.40% |
| Developed Market Intl. Stock Fund | 11.00% | 6.40% |
| Emerging Market Intl. Stock Fund | 9.00% | 8.60% |
| Core Fixed Income Fund | 13.00% | 0.80% |
| Emerging Market Debt Fund | 5.00% | 3.80% |
| High Yield Bond Fund | 3.00% | 3.40% |
| Real Estate Fund | 19.00% | 5.20% |
| Private Equity | 10.00% | 9.40% |
| Private Credit | 5.00% | 6.50% |
| Alternative Investments | 3.00% | 3.10% |
| Liquidity Fund | 2.00% | -0.40% |

Discount Rate: The discount rate used to measure the total pension liability was 6.9%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Other Post-Employment Benefits

Plan Description: The District provides post-retirement benefits, including medical and life insurance benefits, to eligible retirees and their spouses through a single-employer defined benefit plan called the Regional School District No. 14 Other Post-Employment Benefits Program (the “Plan”). Benefits provisions are established by the Board of Education and may be amended by the Board. The plan does not issue a publicly available financial report and is not included in the financial statements of another entity. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Benefits Provided: The OPEB Plan provides for medical and life insurance benefits for all eligible District retirees.

Eligibility: Teachers and Administrators (Certified) – A Teacher or administrator retiring under the Connecticut State Teachers Retirement System shall be eligible to receive health benefits for self and spouse prior to reaching the age of eligibility for Medicare.

REGIONAL SCHOOL DISTRICT NO. 14
Notes to the Financial Statements

Employees Covered by Benefit Terms: The membership of the Plan consisted of the following at July 1, 2022, the date of the latest actuarial valuation:

| | |
|---|-----|
| Retirees and beneficiaries receiving benefits | 20 |
| Active plan members | 236 |
| | 256 |
| | 256 |

Total OPEB Liability: The District's total OPEB liability of \$4,770,893 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions and Other Inputs: The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-----------------------|---|
| Valuation Date | July 1, 2022 |
| Measurement Date | June 30, 2023 |
| Actuarial Cost Method | Entry Age Normal |
| Salary Increases | Graded by Service for Teachers and Administrators; 3.5% for all others. |
| Medical Trend Rate | Varies by year |
| Discount Rate | 3.65% (Bond Buyer General Obligation 20-Bond Municipal Index) |
| Inflation Rate | 2.50% |

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

Changes in the Total OPEB Liability:

| | Total OPEB Liability |
|---|----------------------|
| Balance at 6/30/22 | \$ 9,037,402 |
| Changes for the year: | |
| Service Cost | 242,875 |
| Interest | 325,729 |
| Effect of Economic/Demographic Gains/(Losses) | (4,810,031) |
| Changes in Assumptions | 134,114 |
| Benefit Payments | (159,196) |
| Net Changes | (4,266,509) |
| Balance at 6/30/23 | \$ 4,770,893 |

Changes of assumptions reflects a change in the discount rate from 3.54% to 3.65%. Demographic changes included a decrease in membership and decrease in those over 65 not covered by Medicare.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the District, 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 (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate:

| | 1% Decrease 2.65% | Current Discount Rate 3.65% | 1% Increase 4.65% |
|----------------------|-------------------------|-----------------------------------|-------------------------|
| Total OPEB Liability | \$ 5,479,604 | \$ 4,770,893 | \$ 4,186,442 |

REGIONAL SCHOOL DISTRICT NO. 14
Notes to the Financial Statements

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

| | 1% Decrease | Current Trend Rates | 1% Increase |
|----------------------|--------------|------------------------|--------------|
| Total OPEB Liability | \$ 3,999,985 | \$ 4,770,893 | \$ 5,763,638 |

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of \$111,600. As of June 30, 2023, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between expected and actual experience | \$ 1,573,035 | \$ (4,338,459) |
| Change in assumptions | 758,081 | (2,571,341) |
| | \$ 2,331,116 | \$ (6,909,800) |

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

| Year ended June 30: | |
|---------------------|----------------|
| 2024 | \$ (457,004) |
| 2025 | (457,004) |
| 2026 | (448,130) |
| 2027 | (427,421) |
| 2028 | (427,421) |
| Thereafter | (2,361,704) |
| | \$ (4,578,684) |

Connecticut Teachers' Retirement System - OPEB

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

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.

REGIONAL SCHOOL DISTRICT NO. 14
Notes to the Financial Statements

Any member that is not currently participating in Medicare Parts A & B is eligible to continue healthcare coverage with their former employer. A subsidy of up to \$220 per month for a retired member plus an additional \$220 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 \$440 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 \$440 per month towards coverage under a local school district plan. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut. 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.

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

School district employers are not required to make contributions to the Plan. The State of Connecticut's estimated allocated contribution to the Plan on behalf of the District was \$70,598.

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

Actuarial Assumptions - The total OPEB liability was determined by an actuarial valuation as of June 30, 2022 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

| | |
|-------------------------------------|---|
| Inflation | 2.50% |
| Real Wage Growth | 0.50% |
| Wage Inflation | 3.00% |
| Salary increases | 3.00-6.50%, including inflation |
| Long-term investment rate of return | 3.00%, net of OPEB plan investment expense, including inflation |
| <u>Municipal bond index rate:</u> | |
| Measurement Date | 3.54% |
| Prior Measurement Date | 2.16% |

The projected fiduciary net position is projected to be depleted in 2027.

Single equivalent interest rate

| | |
|------------------------|---|
| Measurement Date | 3.53%, net of OPEB plan investment expense, including price inflation |
| Prior Measurement Date | 2.17%, net of OPEB plan investment expense, Including price inflation |

REGIONAL SCHOOL DISTRICT NO. 14
Notes to the Financial Statements

Healthcare cost trend rates:

Medicare Known increases until calendar year 2024, then General trend decreasing to an ultimate rate of 4.5% by 2031.

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

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

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

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

| Asset Class | Target Allocation | Expected 10-Year Geometric Real Rate of Return | Standard Deviation |
|---|-------------------|--|--------------------|
| U.S. Treasuries (Cash Equivalents) | 100.0% | -0.98% | 1.12% |
| Price inflation | | 2.50% | |
| Expected rate of return (Rounded nearest 0.25%) | | 1.50% | |

Discount Rate - The discount rate used to measure the total OPEB liability was 3.53%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2022. In addition to the actuarial methods and assumptions of the June 30, 2022 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the plan's fiduciary net position was projected to be depleted in 2027 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

REGIONAL SCHOOL DISTRICT NO. 14

Notes to the Financial Statements

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

| | 1% Lower Trend Rates | Current Trend Rates | 1% Higher Trend Rates |
|-------------------------------------|-------------------------|------------------------|--------------------------|
| Initial Healthcare Cost Trend Rate | 4.125% | 5.125% | 6.125% |
| Ultimate Healthcare Cost Trend Rate | 3.50% | 4.50% | 5.50% |
| Total OPEB Liability | \$ 4,765,144 | \$ 5,544,379 | \$ 6,599,781 |

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

| | 1% Decrease (2.53%) | Current Discount Rate (3.53%) | 1% Increase (4.53%) |
|--------------------|------------------------|-------------------------------------|------------------------|
| Net OPEB liability | \$ 6,694,925 | \$ 5,544,379 | \$ 4,636,964 |

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2023 the District reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

| | |
|--|---------------------|
| District's proportionate share of the net OPEB liability | \$ - |
| State's proportionate share of the net OPEB liability associated with the District | <u>5,544,379</u> |
| Total | <u>\$ 5,544,379</u> |

The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. At June 30, 2023, the District had no proportionate share of the net OPEB liability.

For the year ended June 30, 2023, the District recognized OPEB expense and revenue of \$70,598 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the District recognized \$334,201 for OPEB expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

REGIONAL SCHOOL DISTRICT NO. 14
Notes to the Financial Statements

NOTE 10 – LITIGATION AND CONTINGENCIES

Litigation - The District is not a defendant in any lawsuits that, in the opinion of District Management, in consultation with the District Attorney, will have an adverse, material effect on the District's financial position.

Grants - The District participates in several Federal and State assisted grants programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The audits of certain of these programs for or including the year ended June 30, 2023, have not yet been conducted. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

NOTE 11 – RISK MANAGEMENT

The District is exposed to various risks of loss involving torts, theft of, damage to, and destruction of assets, errors and omissions, injuries of employees, and natural disasters. The District generally obtains commercial insurance for these risks. Coverage has not been significantly reduced and settled claims have not exceeded commercial coverage in any of the last three fiscal years.

NOTE 12 – UPCOMING PRONOUNCEMENTS

GASB Pronouncements Issued, But Not Yet Effective

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

GASB Statement No. 99 – *Omnibus 2022* - The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for the District's reporting period beginning July 1, 2022. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the District's reporting period beginning July 1, 2023.

GASB Statement No. 100 – *Accounting Changes and Error Corrections* - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for the District's reporting period beginning July 1, 2023.

GASB Statement No. 101 – *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for the District's reporting period beginning July 1, 2024.

**Required
Supplementary
Information**

REGIONAL SCHOOL DISTRICT NO. 14
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended June 30, 2023

| | Budgeted Amounts | | Actual | Variance |
|---|-------------------|-------------------|-------------------|------------------|
| | Original | Amended | Budgetary Basis | |
| REVENUES | | | | |
| Participating Towns | | | | |
| Town of Bethlehem | \$ 9,206,324 | \$ 9,206,324 | \$ 9,206,324 | \$ - |
| Town of Woodbury | 25,463,222 | 25,463,222 | 25,463,222 | - |
| State of Connecticut | | | | |
| Adult Education Grant | 6,517 | 6,517 | 5,946 | (571) |
| Agri-Science/Tech Grant | 1,632,800 | 1,632,800 | 1,638,431 | 5,631 |
| 21-22 Agri-Science/Tech Grant | 354,424 | 354,424 | - | (354,424) |
| Other | | | | |
| Tuition Income | 1,969,992 | 1,969,992 | 2,071,602 | 101,610 |
| Other Income | 2,000 | 2,000 | 18,155 | 16,155 |
| Investment Income | 5,000 | 5,000 | 15,849 | 10,849 |
| Encumbrance Credits | - | - | 64,455 | 64,455 |
| Total Revenues | <u>38,640,279</u> | <u>38,640,279</u> | <u>38,483,984</u> | <u>(156,295)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Salaries - Certified | 17,102,097 | 17,102,097 | 17,204,668 | (102,571) |
| Salaries - Classified | 4,599,630 | 4,599,630 | 4,751,061 | (151,431) |
| Employee Benefits | 6,120,400 | 6,120,400 | 5,820,859 | 299,541 |
| Purchased Services | 6,364,485 | 6,140,811 | 5,936,440 | 204,371 |
| Supplies and Materials | 1,088,675 | 1,270,108 | 1,230,540 | 39,568 |
| Liability and Property Insurance | 182,950 | 182,950 | 186,833 | (3,883) |
| Dues and Fees | 64,180 | 64,208 | 67,756 | (3,548) |
| Debt Service | 2,586,125 | 2,586,125 | 2,586,125 | - |
| Capital Outlay | 531,637 | 573,850 | 635,227 | (61,377) |
| Total Expenditures | <u>38,640,179</u> | <u>38,640,179</u> | <u>38,419,509</u> | <u>220,670</u> |
| Other Financing Uses | | | | |
| Transfers Out: | | | | |
| Reserve for Specific Capital Improvements | 100 | 100 | - | 100 |
| Food Service | - | - | 653 | (653) |
| Total Other Financing Uses | <u>100</u> | <u>100</u> | <u>653</u> | <u>(553)</u> |
| Total Expenditures and Other Financing Uses | <u>38,640,279</u> | <u>38,640,279</u> | <u>38,420,162</u> | <u>220,117</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing (Uses) - Budgetary Basis | <u>\$ -</u> | <u>\$ -</u> | <u>63,822</u> | <u>\$ 63,822</u> |
| Fund Balance, Beginning of Year | | | <u>76,596</u> | |
| Fund Balance, End of Year | | | <u>\$ 140,418</u> | |

See accountant's report.

REGIONAL SCHOOL DISTRICT NO. 14
Notes to Required Supplementary Information

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Budgetary Information and Accounting

The District adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements in accordance with provisions of Connecticut General Statutes and annually adopted budget policies.

- On or before the last Wednesday in January of each year all cost centers submit requests for appropriations to the Regional School Board Central Office administration so that the general fund budget may be prepared.
- Before March 31st, the proposed budget is presented to the finance committee for review. By the end of April, the proposed budget will be reviewed and adopted by the Regional Board of Education to be presented at the annual public budget meeting.
- Not less than two weeks before the annual meeting held pursuant to C.G.S. Section 10-47, the Board shall hold a public district meeting to present a proposed budget for the next fiscal year. Any person may recommend the inclusion or deletion of expenditures at such time. After the public hearing, the Board prepares an annual budget for the next fiscal year. At the annual meeting on the first Monday in May, the Board presents a budget which includes a statement of (1) estimated receipts and expenditures for the next fiscal year, (2) estimated receipts and expenditures for the current fiscal year, (3) estimated surplus or deficit in operating funds at the end of the current year, (4) bonded or other debt, (5) estimated per pupil expenditure for the current and for the next fiscal year, and (6) such other information as is necessary in the opinion of the Board. Persons present and eligible to vote under section 7-6 may accept or reject the proposed budget. The regional Board of Education may, in the call to the meeting, designate that the vote on the motion to adopt a budget shall be by paper ballots at the district meeting held on the budget or by a “yes” or “no” vote on the voting machines in each of the member towns on the day following the district meetings. After budget approval, the Board shall estimate the net expenditures to be paid by each member town.
- The budget is prepared on the modified accrual basis of accounting. 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 in the current year.
- The state legislature established the ability to transfer to a capital reserve fund up to 2% of the Districts approved appropriations. There were no transfers voted by The Board of Education for future capital or nonrecurring expenditures during the year ended June 30, 2023. This fund can be carried forward each year and is subject to the Board of Education approval for expenditures made from it.

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, along with encumbrances, and state grants that are net with expenditures for budgetary basis.

REGIONAL SCHOOL DISTRICT NO. 14
Notes to Required Supplementary Information

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, 2023:

| | <u>Total Revenues</u> | <u>Total Expenditures</u> | <u>Other Financing Sources (Uses)</u> |
|--|---------------------------|-------------------------------|---|
| Budgetary Basis | \$ 38,483,984 | \$ 38,419,509 | \$ (653) |
| "On-behalf" payments - State Teachers Retirement Fund | 5,062,022 | 5,062,022 | - |
| Excess Cost Grant | 357,204 | 357,204 | - |
| TEAM Grant | 1,448 | 1,448 | - |
| Reclassify Expenditures for GAAP | - | (42,235) | (42,235) |
| OPEB Activity | - | (67,298) | - |
| Accrued Retirement Adjustment | - | 62,927 | - |
| Adjustment for Encumbrances | (64,455) | 157,289 | - |
| GAAP Basis | <u>\$ 43,840,203</u> | <u>\$ 43,950,866</u> | <u>\$ (42,888)</u> |

REGIONAL SCHOOL DISTRICT NO. 14
Employee Retirement System, Non-Certified Employee Plan
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total Pension Liability | | | | | | | | | | |
| Service Cost | \$ 280,798 | \$ 243,505 | \$ 222,922 | \$ 213,838 | \$ 214,921 | \$ 217,067 | \$ 208,741 | \$ 235,893 | \$ 223,630 | \$ 216,068 |
| Interest | 482,900 | 427,673 | 453,407 | 438,260 | 411,151 | 406,261 | 375,388 | 363,266 | 340,255 | 313,875 |
| Differences Between Expected and Actual Experience | (30,086) | (8,063) | (438,170) | (203,801) | 93,311 | (241,887) | 13,928 | (90,824) | 27,648 | - |
| Changes of Assumptions | - | 405,779 | (87,707) | 130,945 | 1,728 | 61,883 | 56,455 | - | - | - |
| Benefit Payments, Including Refunds of Member Contributions | (329,707) | (305,172) | (324,910) | (432,013) | (263,167) | (257,135) | (234,551) | (397,294) | (192,023) | (170,419) |
| Net Change in Total Pension Liability | <u>403,905</u> | <u>763,722</u> | <u>(174,458)</u> | <u>147,229</u> | <u>457,944</u> | <u>186,189</u> | <u>419,961</u> | <u>111,041</u> | <u>399,510</u> | <u>359,524</u> |
| Total Pension Liability - Beginning | <u>6,779,838</u> | <u>6,016,116</u> | <u>6,190,574</u> | <u>6,043,345</u> | <u>5,585,401</u> | <u>5,399,212</u> | <u>4,979,251</u> | <u>4,868,210</u> | <u>4,468,700</u> | <u>4,109,176</u> |
| Total Pension Liability - Ending (a) | <u>\$ 7,183,743</u> | <u>\$ 6,779,838</u> | <u>\$ 6,016,116</u> | <u>\$ 6,190,574</u> | <u>\$ 6,043,345</u> | <u>\$ 5,585,401</u> | <u>\$ 5,399,212</u> | <u>\$ 4,979,251</u> | <u>\$ 4,868,210</u> | <u>\$ 4,468,700</u> |
| Plan Fiduciary Net Position | | | | | | | | | | |
| Contributions - Employer | \$ 350,000 | \$ 360,000 | \$ 350,000 | \$ 350,000 | \$ 350,000 | \$ 315,000 | \$ 570,000 | \$ 342,600 | \$ 311,452 | \$ - |
| Net Investment Income | 725,269 | (797,778) | 1,431,093 | 361,078 | 334,042 | 454,736 | 466,694 | 68,222 | 150,722 | 479,234 |
| Benefit Payments, Including Refunds of Member Contributions | (329,707) | (305,172) | (324,910) | (432,013) | (263,167) | (257,135) | (234,551) | (397,294) | (192,023) | (170,419) |
| Administrative Expenses | (34,444) | (37,752) | (34,199) | (30,677) | (29,053) | (27,414) | (24,804) | (22,030) | (21,386) | (18,968) |
| Net Change in Pension Fiduciary Net Position | <u>711,118</u> | <u>(780,702)</u> | <u>1,421,984</u> | <u>248,388</u> | <u>391,822</u> | <u>485,187</u> | <u>777,339</u> | <u>(8,502)</u> | <u>248,765</u> | <u>289,847</u> |
| Plan Fiduciary Net Position - Beginning | <u>6,053,983</u> | <u>6,834,685</u> | <u>5,412,701</u> | <u>5,164,313</u> | <u>4,772,491</u> | <u>4,287,304</u> | <u>3,509,965</u> | <u>3,518,467</u> | <u>3,269,702</u> | <u>2,979,855</u> |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 6,765,101</u> | <u>\$ 6,053,983</u> | <u>\$ 6,834,685</u> | <u>\$ 5,412,701</u> | <u>\$ 5,164,313</u> | <u>\$ 4,772,491</u> | <u>\$ 4,287,304</u> | <u>\$ 3,509,965</u> | <u>\$ 3,518,467</u> | <u>\$ 3,269,702</u> |
| Net Pension Liability (Asset) - Ending: (a) - (b) | <u>\$ 418,642</u> | <u>\$ 725,855</u> | <u>\$ (818,569)</u> | <u>\$ 777,873</u> | <u>\$ 879,032</u> | <u>\$ 812,910</u> | <u>\$ 1,111,908</u> | <u>\$ 1,469,286</u> | <u>\$ 1,349,743</u> | <u>\$ 1,198,998</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 94.17% | 89.29% | 113.61% | 87.43% | 85.45% | 85.45% | 79.41% | 70.49% | 72.27% | 73.17% |
| Covered Payroll | \$ 2,661,445 | \$ 2,536,462 | \$ 2,616,044 | \$ 2,648,824 | \$ 2,627,003 | \$ 2,534,857 | \$ 2,662,340 | \$ 2,498,132 | \$ 2,504,616 | \$ 2,400,883 |
| Net Pension Liability (Asset) as a Percentage of Covered Payroll | 15.73% | 28.62% | -31.29% | 29.37% | 33.46% | 32.07% | 41.76% | 58.82% | 53.89% | 49.94% |

See accountant's report.

REGIONAL SCHOOL DISTRICT NO. 14
Employee Retirement System, Non-Certified Employee Plan
Schedule of Contributions
Last Ten Fiscal Years

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|-----------------|--------------------|-------------------|-------------------|--------------------|------------------|--------------------|--------------------|-------------------|-------------------|
| Actuarially Determined Employer Contribution (ADEC) | \$ 359,468 | \$ 306,533 | \$ 344,229 | \$ 347,949 | \$ 336,953 | \$ 369,039 | \$ 332,247 | \$ 315,120 | \$ 307,332 | \$ 311,452 |
| Contributions in Relation to the ADEC | <u>350,000</u> | <u>360,000</u> | <u>350,000</u> | <u>350,000</u> | <u>350,000</u> | <u>315,000</u> | <u>570,000</u> | <u>342,600</u> | <u>311,452</u> | - |
| Contribution Deficiency (Excess) | <u>\$ 9,468</u> | <u>\$ (53,467)</u> | <u>\$ (5,771)</u> | <u>\$ (2,051)</u> | <u>\$ (13,047)</u> | <u>\$ 54,039</u> | <u>\$(237,753)</u> | <u>\$ (27,480)</u> | <u>\$ (4,120)</u> | <u>\$ 311,452</u> |
| Covered Payroll | 2,459,003 | 2,536,155 | 2,562,965 | 2,541,851 | 2,452,692 | 2,534,857 | 2,662,340 | 2,498,132 | 2,504,616 | 2,400,883 |
| Contributions as a Percentage of Covered Payroll | 14.23% | 14.19% | 13.66% | 13.77% | 14.27% | 12.43% | 21.41% | 13.71% | 12.44% | 0.00% |

Notes to Schedule

Valuation Date: 7/1/2021

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

| | |
|---------------------------|---|
| Actuarial cost method | Projected Unit Credit |
| Asset valuation method | 5-year Smoothed Market |
| Inflation | 2.40% |
| Salary increases | 3.15% |
| Investment rate of return | 7.00% |
| Normal Retirement | Age 65 |
| Mortality | Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables for General Employees, projected to the valuation date with Scale MP-2021. (Prior: RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2020.) |

See accountant's report.

REGIONAL SCHOOL DISTRICT NO. 14
Employee Retirement System, Non-Certified Plan
Schedule of Investment Returns
Last Ten Fiscal Years

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------|---------|--------|-------|-------|--------|--------|-------|-------|--------|
| Annual Money-Weighted Rate of Return, Net of Investment Expense | 12.09% | -11.94% | 26.80% | 7.06% | 7.03% | 10.61% | 12.02% | 1.95% | 4.43% | 16.55% |

See accountant's report.

REGIONAL SCHOOL DISTRICT NO. 14
 State Teacher's Retirement System
 Proportionate Share of Net Pension Liability
 Last Nine Fiscal Years*

Schedule of Proportionate Share of Net Pension Liability

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| District's percentage of the net pension liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| District's proportionate share of the net pension liability | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State of Connecticut's proportionate share of the net pension liability associated with the District | <u>63,308,575</u> | <u>51,377,690</u> | <u>64,870,126</u> | <u>61,076,960</u> | <u>47,093,885</u> | <u>47,747,856</u> | <u>50,374,354</u> | <u>39,553,506</u> | <u>36,559,289</u> |
| Total | <u>\$ 63,308,575</u> | <u>\$ 51,377,690</u> | <u>\$ 64,870,126</u> | <u>\$ 61,076,960</u> | <u>\$ 47,093,885</u> | <u>\$ 47,747,856</u> | <u>\$ 50,374,354</u> | <u>\$ 39,553,506</u> | <u>\$ 36,559,289</u> |
| District's covered payroll | <u>\$ 16,396,186</u> | <u>\$ 15,596,615</u> | <u>\$ 15,023,443</u> | <u>\$ 14,705,200</u> | <u>\$ 14,915,106</u> | <u>\$ 14,682,350</u> | <u>\$ 14,318,692</u> | <u>\$ 13,899,431</u> | <u>\$ 13,613,280</u> |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll. | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Plan fiduciary net position as a percentage of the total pension liability | 54.06% | 60.77% | 49.24% | 52.00% | 57.69% | 55.93% | 52.26% | 59.50% | 61.51% |

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

Notes to Schedule

| | |
|-------------------------------|---|
| Actuarial cost method | Entry Age |
| Amortization method | Level percent of pay closed, grading to a level dollar amortization method for the June 30, 2024 valuation. |
| Remaining amortization period | 27.8 years |
| Asset valuation method | 4-year smoothed market |
| Inflation | 2.50% |
| Salary increases | 3.00% - 6.50% average, including inflation |
| Investment rate of return | 6.9% net of investment expense, including inflation |

See accountant's report.

REGIONAL SCHOOL DISTRICT NO. 14
 State Teacher's Retirement System
 Proportionate Share of Net OPEB Liability
 Last Six Fiscal Years*

Schedule of Proportionate Share of Net OPEB Liability

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| District's percentage of the net OPEB liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| District's proportionate share of the net OPEB liability | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State of Connecticut's proportionate share of the net OPEB liability associated with the District | <u>5,544,379</u> | <u>5,597,505</u> | <u>9,675,382</u> | <u>9,525,296</u> | <u>9,414,387</u> | <u>12,289,755</u> |
| Total | <u>\$ 5,544,379</u> | <u>\$ 5,597,505</u> | <u>\$ 9,675,382</u> | <u>\$ 9,525,296</u> | <u>\$ 9,414,387</u> | <u>\$ 12,289,755</u> |
| District's covered-employee payroll | <u>\$ 16,396,186</u> | <u>\$ 15,596,615</u> | <u>\$ 15,023,443</u> | <u>\$ 14,705,200</u> | <u>\$ 14,915,106</u> | <u>\$ 14,682,350</u> |
| District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll. | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 9.46% | 6.11% | 2.50% | 2.08% | 1.49% | 1.79% |

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

Notes to Schedule

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

See accountant's report.

REGIONAL SCHOOL DISTRICT NO. 14
 Other Post Employment Benefits (OPEB) Plan
 Schedule of Changes in Total OPEB Liability
 Last Six Fiscal Years*

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| Total OPEB Liability | | | | | | |
| Service Cost | \$ 242,875 | \$ 316,405 | \$ 414,677 | \$ 360,205 | \$ 320,914 | \$ 267,655 |
| Interest | 325,729 | 236,022 | 245,291 | 346,952 | 276,761 | 253,613 |
| Economic/Demographic Gains/(Losses) | (4,810,031) | - | 816,777 | - | 1,928,412 | - |
| Changes of Assumptions | 134,114 | (2,008,191) | (1,320,908) | 673,575 | 475,997 | (257,373) |
| Benefit Payments | <u>(159,196)</u> | <u>(233,531)</u> | <u>(226,007)</u> | <u>(270,828)</u> | <u>(288,576)</u> | <u>(212,020)</u> |
| Net Change in Total OPEB Liability | (4,266,509) | (1,689,295) | (70,170) | 1,109,904 | 2,713,508 | 51,875 |
| Total OPEB Liability - Beginning | <u>9,037,402</u> | <u>10,726,697</u> | <u>10,796,867</u> | <u>9,686,963</u> | <u>6,973,455</u> | <u>6,921,580</u> |
| Total OPEB Liability - Ending | <u>\$ 4,770,893</u> | <u>\$ 9,037,402</u> | <u>\$ 10,726,697</u> | <u>\$ 10,796,867</u> | <u>\$ 9,686,963</u> | <u>\$ 6,973,455</u> |

There are no assets that are being accumulated in a trust that meets the criteria in GASB 75 to pay benefits.

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

Notes to Schedule

| | |
|-----------------------------|--|
| Measurement Date | June 30, 2023 |
| Valuation Date | July 1, 2022 |
| Actuarial Cost Method | Entry Age Normal |
| Discount Rate | 3.65% (Prior 3.54%) |
| Inflation Rate | 2.50% |
| Salary Increases | Graded by Service |
| Healthcare Cost Trend Rates | 6.20% trending to 3.90% for years 2072 and after |

See accountant's report.

**Supplemental, Combining
and Individual Fund
Statements and Schedules**

REGIONAL SCHOOL DISTRICT NO. 14

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

| | SPECIAL REVENUE FUNDS | | | | | CAPITAL PROJECTS FUND | Total |
|--|-----------------------|-------------------|-------------------|------------------|-------------------------|-----------------------|-------------------|
| | Food Service | Special Accounts | E-Rate Program | Debt Service | Student Activities Fund | VoAg Equipment Fund | |
| Assets | | | | | | | |
| Cash and Cash Equivalents | \$ 94,837 | \$ 20,487 | \$ - | \$ 38,143 | \$ 349,787 | \$ - | \$ 503,254 |
| Receivables, Net | 180,017 | - | - | - | 317 | - | 180,334 |
| Inventory | 6,482 | - | - | - | - | - | 6,482 |
| Due from Other Funds | - | 91,109 | 167,457 | - | - | 42,235 | 300,801 |
| Total Assets | <u>\$ 281,336</u> | <u>\$ 111,596</u> | <u>\$ 167,457</u> | <u>\$ 38,143</u> | <u>\$ 350,104</u> | <u>\$ 42,235</u> | <u>\$ 990,871</u> |
| Liabilities and Fund Balances | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts Payable and Accrued Items | \$ 1,511 | \$ - | \$ 2,017 | \$ - | \$ 1,290 | \$ - | \$ 4,818 |
| Unearned Revenue | 30,791 | - | 165,440 | - | - | - | 196,231 |
| Due to Other Funds | 68,227 | - | - | - | - | - | 68,227 |
| Total Liabilities | <u>100,529</u> | <u>-</u> | <u>167,457</u> | <u>-</u> | <u>1,290</u> | <u>-</u> | <u>269,276</u> |
| Fund Balances: | | | | | | | |
| Restricted | - | - | - | - | 348,814 | - | 348,814 |
| Committed | 180,807 | 111,596 | - | 38,143 | - | 42,235 | 372,781 |
| Unassigned | - | - | - | - | - | - | - |
| Total Fund Balances | <u>180,807</u> | <u>111,596</u> | <u>-</u> | <u>38,143</u> | <u>348,814</u> | <u>42,235</u> | <u>721,595</u> |
| Total Liabilities and Fund Balances | <u>\$ 281,336</u> | <u>\$ 111,596</u> | <u>\$ 167,457</u> | <u>\$ 38,143</u> | <u>\$ 350,104</u> | <u>\$ 42,235</u> | <u>\$ 990,871</u> |

See accountant's report.

REGIONAL SCHOOL DISTRICT NO. 14
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

| | SPECIAL REVENUE FUNDS | | | | | CAPITAL PROJECTS FUND | Total |
|--|------------------------------|---------------------|-------------------|------------------|-------------------------------|--------------------------------------|-------------------|
| | Food Service | Special Accounts | E-Rate Program | Debt Service | Student Activities Fund | VoAg Equipment Fund | |
| Revenues | | | | | | | |
| Intergovernmental Revenues | \$ 912,593 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 912,593 |
| Charges for Services | 234,459 | - | - | - | 526,641 | - | 761,100 |
| Investment Income | 1,790 | 86 | - | - | - | - | 1,876 |
| Other Revenue | - | 12,158 | 38,905 | - | - | - | 51,063 |
| Total Revenues | <u>1,148,842</u> | <u>12,244</u> | <u>38,905</u> | <u>-</u> | <u>526,641</u> | <u>-</u> | <u>1,726,632</u> |
| Expenditures | | | | | | | |
| Current: | | | | | | | |
| Salaries - Classified | 350,667 | - | - | - | - | - | 350,667 |
| Employee Benefits | 143,529 | - | - | - | - | - | 143,529 |
| Purchased Services | 66,094 | - | 5,433 | - | - | - | 71,527 |
| Supplies and Materials | 58,286 | 25,292 | 33,472 | - | - | - | 117,050 |
| Dues and Fees | 14 | 26 | - | - | - | - | 40 |
| Cost of Food Purchased | 504,348 | - | - | - | - | - | 504,348 |
| Student Activities | - | - | - | - | 473,305 | - | 473,305 |
| Capital Outlay | <u>29,527</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>29,527</u> |
| Total Expenditures | <u>1,152,465</u> | <u>25,318</u> | <u>38,905</u> | <u>-</u> | <u>473,305</u> | <u>-</u> | <u>1,689,993</u> |
| Excess/(Deficiency) of Revenues Over Expenditures | (3,623) | (13,074) | - | - | 53,336 | - | 36,639 |
| Other Financing Sources/(Uses) | | | | | | | |
| Transfers In | 653 | - | - | - | - | 42,235 | 42,888 |
| Transfers Out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Other Financing Sources/(Uses) | <u>653</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>42,235</u> | <u>42,888</u> |
| Net Change in Fund Balances | (2,970) | (13,074) | - | - | 53,336 | 42,235 | 79,527 |
| Fund Balances at Beginning of Year | <u>183,777</u> | <u>124,670</u> | <u>-</u> | <u>38,143</u> | <u>295,478</u> | <u>-</u> | <u>642,068</u> |
| Fund Balances at End of Year | <u>\$ 180,807</u> | <u>\$ 111,596</u> | <u>\$ -</u> | <u>\$ 38,143</u> | <u>\$ 348,814</u> | <u>\$ 42,235</u> | <u>\$ 721,595</u> |

See accountant's report.

REGIONAL SCHOOL DISTRICT NO. 14
Detailed Statement of Scholarship Net Position
Private Purpose Trust Funds
June 30, 2023

| Name | Assets | | Liabilities | | Net Position |
|----------------------------|---------------------------------|------------------------|---------------------|---------------------|-----------------------------------|
| | Cash and Cash Equivalents | Accounts Receivable | Accounts Payable | Accounts Payable | Restricted for Scholarships |
| Nonexpendable Funds | | | | | |
| Blechner | \$ 54,502 | \$ - | \$ - | \$ - | \$ 54,502 |
| Sanford | 46,521 | - | - | - | 46,521 |
| Expendable Funds | | | | | |
| Albert | 2,967 | - | - | - | 2,967 |
| Bailey | 1,135 | - | - | - | 1,135 |
| Besanson | 6,402 | - | - | - | 6,402 |
| Blinstrubas | 1,168 | - | - | - | 1,168 |
| Bloss | 320,453 | - | - | - | 320,453 |
| Brown | 3,125 | - | - | - | 3,125 |
| Burger | 101 | - | - | - | 101 |
| Cummings | 20,004 | - | - | - | 20,004 |
| Gagne | 1,719 | - | - | - | 1,719 |
| Lovett | 5,769 | - | - | - | 5,769 |
| Meeker | 1,212 | - | - | - | 1,212 |
| Mirfield | 10,898 | - | - | - | 10,898 |
| Oxbury 4-H | 5,431 | - | - | - | 5,431 |
| Pierpoint | 3,400 | - | - | - | 3,400 |
| Pomperaug Grange | 1,375 | - | - | - | 1,375 |
| Ruggiero | 3,565 | - | - | - | 3,565 |
| Sprano | 1,668 | - | - | - | 1,668 |
| Tateo | 2,680 | - | - | - | 2,680 |
| Vaszauskas | 1,960 | - | - | - | 1,960 |
| Weltsek | 902 | - | - | - | 902 |
| Zane | 5,782 | - | - | - | 5,782 |
| | <u>\$ 502,739</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 502,739</u> |

See accountant's report.

REGIONAL SCHOOL DISTRICT NO. 14
Detailed Statement of Changes in Scholarship Net Position
Private Purpose Trust Funds
For the Year Ended June 30, 2023

| Name | Additions | | | Deductions | | Net Increase (Decrease) | Net Position June 30, 2022 | Net Position June 30, 2023 |
|----------------------------|------------------|-----------------|------------------|----------------------|-----------------|-------------------------|----------------------------|----------------------------|
| | Contributions | Interest | Total | Scholarship Payments | | | | |
| Nonexpendable Funds | | | | | | | | |
| Blechner | \$ - | \$ 849 | \$ 849 | \$ 500 | \$ 349 | \$ 54,153 | \$ 54,502 | |
| Sanford | - | 731 | 731 | - | 731 | 45,790 | 46,521 | |
| Expendable Funds | | | | | | | | |
| Albert | - | 47 | 47 | - | 47 | 2,920 | 2,967 | |
| Bailey | - | 18 | 18 | - | 18 | 1,117 | 1,135 | |
| Besanson | - | 101 | 101 | - | 101 | 6,301 | 6,402 | |
| Blinstrubas | - | 34 | 34 | 1,000 | (966) | 2,134 | 1,168 | |
| Bloss | 66,875 | 4,627 | 71,502 | 65,610 | 5,892 | 314,561 | 320,453 | |
| Brown | 4,100 | 25 | 4,125 | 1,000 | 3,125 | - | 3,125 | |
| Burger | - | 1 | 1 | - | 1 | 100 | 101 | |
| Cummings | - | 314 | 314 | - | 314 | 19,690 | 20,004 | |
| Gagne | - | 27 | 27 | - | 27 | 1,692 | 1,719 | |
| Lovett | - | 91 | 91 | - | 91 | 5,678 | 5,769 | |
| Meeker | - | 19 | 19 | - | 19 | 1,193 | 1,212 | |
| Mirfield | - | 171 | 171 | - | 171 | 10,727 | 10,898 | |
| Oxbury 4-H | - | 85 | 85 | - | 85 | 5,346 | 5,431 | |
| Pierpoint | - | 53 | 53 | - | 53 | 3,347 | 3,400 | |
| Pomperaug Grange | - | 22 | 22 | - | 22 | 1,353 | 1,375 | |
| Ruggiero | - | 56 | 56 | - | 56 | 3,509 | 3,565 | |
| Sprano | - | 26 | 26 | - | 26 | 1,642 | 1,668 | |
| Tateo | - | 49 | 49 | 500 | (451) | 3,131 | 2,680 | |
| Vaszauskas | - | 43 | 43 | 750 | (707) | 2,667 | 1,960 | |
| Weltsek | 1,135 | 17 | 1,152 | 500 | 652 | 250 | 902 | |
| Zane | - | 91 | 91 | - | 91 | 5,691 | 5,782 | |
| | <u>\$ 72,110</u> | <u>\$ 7,497</u> | <u>\$ 79,607</u> | <u>\$ 69,860</u> | <u>\$ 9,747</u> | <u>\$ 492,992</u> | <u>\$ 502,739</u> | |

See accountant's report.

REGIONAL SCHOOL DISTRICT NO. 14

Schedule of Debt Limitation

June 30, 2023

Total Tax Collections of Member Towns - Prior Year

| | |
|-------------------|----------------------|
| Town of Woodbury | \$ 32,611,699 |
| Town of Bethlehem | <u>10,478,264</u> |
| Base | <u>\$ 43,089,963</u> |

District

Debt Limitation:

Limit for School Building Purposes (4.5 times base) \$ 193,904,834

Indebtedness:

| | |
|---------------------------|-------------------|
| General Obligation Bonds | 40,285,000 |
| Equipment Financing Notes | <u>351,105</u> |
| Net Indebtedness | <u>40,636,105</u> |

Debt Limitation in Excess of Net Indebtedness \$ 153,268,729

See accountant's report.