

AMITY REGIONAL SCHOOL DISTRICT NO. 5

*Bethany Orange Woodbridge
25 Newton Road, Woodbridge, Connecticut 06525
(203) 397-4811*

*Dr. Jennifer P. Byars
Superintendent of Schools*

AMITY REGIONAL BOARD OF EDUCATION REGULAR MEETING AGENDA

*Monday, December 10, 2018, 6:30 pm,
25 Newton Road, Woodbridge, CT*

- 1. CALL TO ORDER**
- 2. PLEDGE OF ALLEGIANCE**
- 3. APPROVAL OF MINUTES**
 - a. Special Board of Education Meeting, September 26, 2018 (Enclosure) *Page 3*
 - b. Regular Board of Education Meeting, November 12, 2018 (Enclosure) *Page 5*
- 4. PUBLIC COMMENT**
- 5. STUDENT REPORT** – Olivia Gross and Ella Marin
- 6. CORRESPONDENCE**
- 7. SUPERINTENDENT’S REPORT**
 - a. Personnel Report (Enclosure) *Page 10*
 - b. Superintendent Report (Enclosure) *Page 11*
 - c. Update on Amity Transition Academy
 - d. Update and Action Plan Regarding School Climate from Amity Regional High School
- 8. NEW BUSINESS**
 - a. Discussion and Possible Action on Appointing an Alternate Attorney for the Board of Education According to Bylaw 9125
- 9. CHAIRMAN’S REPORT**
 - a. Committee Reports
 1. ACES
 2. Ad Hoc School Safety Ad Hoc Shared Services
 3. CABE
 4. Curriculum
 5. District Health and Safety
 6. District Technology
 7. Facilities
 - a. October 2018 Monthly Report (Enclosure) *Page 14*
 - b. November 2018 Monthly Report (Enclosure) *Page 15*
 8. Finance
 - a. Discussion and Possible Action on 2017-18 Financial Statements (Enclosure) *Page 16*
 - b. Discussion of Monthly Financial Statements (Enclosure) *Page 33*
 - c. Director of Finance and Administration Approved Transfers Under \$3,000 (Enclosure) *Page 141*
 - d. Discussion and Possible Action on Budget Transfers of \$3,000 or More (Enclosure) *Page 142*

- e. Other
 - 1. Superintendent’s 2019-2020 Budget Update (Enclosure) *Page 143*
 - 2. School Security Grant
- 9. Policy
 - a. First Read
 - 1. Policy 3160 (Existing) (Enclosure) *Page 146*
 - 2. Policy 3260 (Existing) (Enclosure) *Page 147*
 - 3. Policy 3280 (Existing) (Enclosure) *Page 148*
 - 4. Policy 3290 (New) (Enclosure) *Page 150*
 - 5. Policy 3292 (Existing) (Enclosure) *Page 151*
 - 6. Policy 3292.1 (Existing) (Enclosure) *Page 154*
 - 7. Policy 3312 (Existing) (Enclosure) *Page 156*
 - 8. Policy 3313 (Existing) (Enclosure) *Page 157*
 - 9. Policy 3320 (Existing) (Enclosure) *Page 158*
 - 10. Policy 3325.1 (Existing) (Enclosure) *Page 174*
 - b. Second Read
 - 1. Bylaw 9120 (Existing) (Enclosure) *Page 175*
 - 2. Policy 3000 (Existing) (Enclosure) *Page 176*
 - 3. Policy 3010 (Existing) (Enclosure) *Page 177*
 - 4. Policy 3110 (Existing) (Enclosure) *Page 178*
 - 5. Policy 3120 (Existing) (Enclosure) *Page 179*
 - 6. Policy 3240 (Existing) (Enclosure) *Page 180*
- 10. Personnel
 - Discussion of Paraeducator Contract (Executive Session)
 - Discussion of Nurse Contract (Executive Session)
 - Possible Action on Paraeducator Contract
 - Possible Action on Nurse Contract

10. ITEMS FOR THE NEXT AGENDA

11. ADJOURNMENT



Jennifer P. Byars
Superintendent of Schools

JPB/pjp

pc: Town Clerks: Bethany, Orange, Woodbridge

Working to "enable every Amity student to become a lifelong learner and a literate, caring, creative and effective world citizen." *District Mission Statement*

If you require accommodations to participate because of a disability,
please contact the office of the Superintendent of Schools in advance at 203-397-4811.



Amity Regional School District No. 5, Woodbridge, CT
Board of Education

Special Meeting September 26, 2018, 7:00 p.m.
25 Newton Road, Woodbridge, CT

MINUTES

Board Members Present: Christopher Browe, Patricia Cardozo, Sheila McCreven, Paula Cofrancesco, George Howard, Jennifer Turner, John Belfonti, Shannan Carlson, Diane Urbano, Amy Esposito, Robyn Berke, Steven DeMaio, Carla Eichler

Board Members Absent: None

Staff Present: James Connelly, Theresa Lumas, Ernie Goodwin, Anna Mahon, Neil Holt, Thayer Doyle, Monica Kreuzer, Richard Dellinger, Shaun DeRosa, Jim Saisa, Kathy Burke, Peter Downhour

Also Present: Members of the Public and News Media

1. **Call to Order:** Christopher Browe called the meeting to order at 7:10 p.m.
2. **Pledge of Allegiance:** recited by all present
3. **Appointment of a Superintendent of Schools for Amity Regional School District No. 5**

Motion by Patricia Cardozo, Second by Paula Cofrancesco and John Belfonti, to appoint Dr. Jennifer Pallon Byars as Superintendent of Schools for Amity Regional School District No. 5:

BE IT RESOLVED: that the Board of Education, in accordance with Connecticut General Statutes Section 10-157, hereby selects Dr. Jennifer Byars to serve as the Superintendent for Amity Regional School District No. 5 commencing on the start date of November 15, 2018.

BE IT FURTHER RESOLVED: that the Board Chair be authorized to execute the employment contract on behalf of the Board with respect to Dr. Jennifer Byars' employment as Superintendent of Schools.

BE IT FINALLY RESOLVED: that the Board of Education terminates the search process for Superintendent of Schools and dismisses the Superintendent Search Committee.

Votes if favor, 13 (unanimous)
MOTION PASSED

Board members offered observations on the positive nature of the search process and congratulations to Dr. Byars.



Amity Regional School District No. 5, Woodbridge, CT
Board of Education

4. Adjournment:

Motion by Patricia Cardozo, Second by Jennifer Turner, to adjourn meeting and invited those in attendance to a reception for the public to meet Dr. Byars in the Amity Regional High School cafeteria after the meeting

Votes in favor, 13 (unanimous)

MOTION PASSED

Meeting adjourned at 7:14 p.m.

Respectfully Submitted,

Sheila McCreven
Secretary

DRAFT

AMITY REGIONAL SCHOOL DISTRICT NO. 5 BOARD OF EDUCATION
NOVEMBER 12, 2018 REGULAR MEETING MINUTES

Amity Regional Board of Education Regular Meeting
Monday, November 12, 2018, 6:30 pm, 25 Newton Road, Woodbridge, CT

BOARD MEMBERS PRESENT

Chairperson Christopher Browe, John Belfonti, Robyn Berke, Patricia Cardozo, Shannan Carlson, Paula Cofrancesco, Steven DeMaio, Carla Eichler, Amy Esposito, George Howard, Sheila McCreven, Jennifer Turner, Diane Urbano

BOARD MEMBERS ABSENT

None

STAFF MEMBERS PRESENT

James Connelly, Theresa Lumas, Frank Barretta, Kathy Burke, Julie Chevan, Scott Cleary, Richard Dellinger, Shaun DeRosa, Peter Downhour, Ernest Goodwin, Kevin Keller, Monica Kreuzer, Jill LaPlante, Anna Mahon, Marie McPadden, Thomas Norton, Mary Raiola, Brian Serapiglia, Jason Tracy

1. Call to Order

Chairman Browe called the meeting to order at 6:30 p.m.

2. Pledge of Allegiance

Recited by those present

3. Approval of Minutes

a. Regular Board of Education Meeting, September 17, 2018

MOTION by Sheila McCreven, Second by Robyn Berke, to approve minutes as amended
VOTES IN FAVOR, 10 (Howard, Eichler, Urbano, Cofrancesco, Turner, Cardozo, Berke, Belfonti, DeMaio, McCreven)
ABSTAINED, 2 (Carlson, Esposito)
MOTION CARRIED

b. Regular Board of Education Meeting, October 15, 2018

MOTION by Sheila McCreven, Second by Carla Eichler, to approve minutes as amended
VOTES IN FAVOR, 9 (Howard, Eichler, Urbano, Cofrancesco, Turner, Cardozo, Carlson, DeMaio, McCreven)
ABSTAINED, 3 (Berke, Belfonti, Esposito)
MOTION CARRIED

AMITY REGIONAL SCHOOL DISTRICT NO. 5 BOARD OF EDUCATION
NOVEMBER 12, 2018 REGULAR MEETING MINUTES

c. Special Board of Education Meeting, October 30, 2018

MOTION by Sheila McCreven, Second by George Howard, to approve minutes as amended
VOTES IN FAVOR, 10 (Howard, Eichler, Urbano, Cofrancesco, Turner, Cardozo, Berke, Carlson, Belfonti, McCreven)
ABSTAINED, 2 (DeMaio, Esposito)
MOTION CARRIED

MOTION BY Pat Cardozo, Second by Jennifer Turner, to move Item #6 on the agenda, Recognition of CAPSS Awards, before Item #4 on the agenda, Public Comment
VOTES IN FAVOR, 10 (Howard, Eichler, Urbano, Cofrancesco, Turner, Cardozo, Berke, Carlson, Esposito, McCreven)
VOTES OPPOSED, 2 (Belfonti, DeMaio)
MOTION CARRIED

6. **Recognition of CAPSS Awards**

Dr. Dellinger, Kathy Burke, and Anna Mahon presented awards to 2018-2019 CAPSS award recipients

Chairperson Browe called a recess at 6:52 p.m.
Chairperson Browe reconvened the meeting at 6:54 p.m.

4. **Public Comment**

More than 40 adults and students from the Amity community shared their concerns about recent incidents at Amity Regional High School. This section of the meeting was more than an hour long and can be viewed at <https://video.amityregion5.org/show?video=fe8a8361a02f&apg=4d6095ca>

Chairperson Browe thanked the public for their comments and concerns.

Board member Sheila McCreven spoke and offered a suggestion in the form of a motion in response to the comments; however, as motions are not permitted under Public Comment, no action could be taken.

Board member Jennifer Turner offered a suggestion in response to the comments.

Chairperson Browe called a recess at 8:40 p.m.
Chairperson Browe reconvened the meeting at 8:55 p.m.

5. Student Report – Olivia Gross and Ella Marin

MOTION by Sheila McCreven, Second by Amy Esposito, to move Item #10a2 on the agenda, Chairman's Report, Committee Reports, Ad Hoc School Safety (Executive session anticipated), after Item #5 on the agenda, Student Report – Olivia Gross and Ella Marin

VOTES IN FAVOR, 11 (Howard, Eichler, Urbano, Cofrancesco, Turner, Cardozo, Carlson, Belfonti, Esposito, DeMaio, McCreven)

ABSTAINED, 1 (Berke)

MOTION CARRIED

10. Chairman's Report

a. Committee Reports

2. Ad Hoc School Safety

MOTION by Sheila McCreven, Second by Pat Cardozo, to enter Executive Session and invite James Connelly, Theresa Lumas, Anna Mahon, Jill LaPlante, Frank Barretta, Monica Kreuzer, Jason Tracy, Richard Dellinger, Kathy Burke, Ernest Goodwin, Shaun DeRosa, James Saisa, Patrick Rose (Architect, Rose Tiso & Co.)

Entered Executive Session at 9:06 p.m.

Exited Executive Session at 10:54 p.m.

7. Discussion and Possible Action on 2019-2020 Academic Calendar

MOTION by Paula Cofrancesco, Second by Shannan Carlson, to approve 2019-2020 Academic Calendar as revised November 12, 2018

VOTES IN FAVOR, 11 (Howard, Eichler, Urbano, Cofrancesco, Turner, Cardozo, Carlson, Belfonti, Esposito, DeMaio, McCreven)

OPPOSED, 1 (Berke)

MOTION CARRIED

8. Correspondence

Sheila McCreven presented an email communication dated November 12, 2018 from Leonard Bell.

9. Superintendent's Report

- a. Personnel Report
- b. Superintendent Report

1. Discussion and Endorsement of the Amity Youth Survey

MOTION by Pat Cardozo, Second by Diane Urbano, to endorse Amity Youth Survey
VOTES IN FAVOR, 11 (Howard, Eichler, Urbano, Cofrancesco, Turner, Cardozo, Carlson, Belfonti, Esposito, DeMaio, McCreven)
OPPOSED, 1 (Berke)
MOTION CARRIED

MOTION by Sheila McCreven, Second by John Belfonti, to move Item #10a9 on the agenda, Finance, after Item #9b1 on the agenda, Superintendent Report, Discussion and Endorsement of the Amity Youth Survey, and postpone the remainder of the agenda to the next Board of Education Regular Meeting
VOTES IN FAVOR, 12 (unanimous)
MOTION CARRIED

10. Chairman's Report

a. Committee Reports

9. Finance

- a. Discussion and Possible Action on Agreement and Authorized Signers for Child Nutrition

MOTION by Pat Cardozo, Second by Steven DeMaio, to authorize the incoming Superintendent of Schools, Dr. Jennifer Byars; Director of Finance and Administration, Theresa Lumas; and Board of Education Secretary, Sheila McCreven, to sign the updated permanent single agreement (ED-099) to continue participation in the Child Nutrition Programs.
VOTES IN FAVOR, 12 (unanimous)
MOTION CARRIED

- b. Discussion of Monthly Financial Statements
- c. Director of Finance and Administration Approved Transfers under \$3,000

AMITY REGIONAL SCHOOL DISTRICT NO. 5 BOARD OF EDUCATION
NOVEMBER 12, 2018 REGULAR MEETING MINUTES

- d. Discussion and Possible Action on Budget Transfers of \$3,000 or More

MOTION by Pat Cardozo, Second by Paula Cofrancesco, to approve the following budget transfer to cover the installation of the new domestic hot water line:

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT NAME</u>	<u>FROM</u>	<u>TO</u>
05-14-2600-5715	Improvements to Bldgs/Contingency	\$23,300	
03-14-2600-5420	Repairs, Maintenance		\$23,300

VOTES IN FAVOR, 12 (unanimous)
MOTION CARRIED

- e. Other

1. Update on Financial Audit

Chairperson Browe thanked James Connelly for his time as Interim Superintendent of Schools.

11. Adjournment

MOTION by Amy Esposito, Second by Shannan Carlson, to adjourn the meeting
VOTES IN FAVOR, 12 (unanimous)
MOTION CARRIED

Meeting Adjourned at 11:15 p.m.

Respectfully submitted,

Pamela Pero
Recording Secretary

AMITY REGIONAL SCHOOL DISTRICT NO. 5
Bethany Orange Woodbridge
25 Newton Road, Woodbridge, Connecticut 06525



Dr. Jennifer P. Byars
Superintendent of Schools

jennifer.byars@amityregion5.org
203.392.2106

December 10, 2018

To: Members of the Board of Education
From: Jennifer P. Byars, Ed.D., Superintendent of Schools
Re: Personnel Report

+ NEW HIRES-CERTIFIED:

- **Amity Regional High School:**
Elizabeth Heiss – Testing Center Interventionist (non-union position) - Amity Regional High School
- **Amity Regional Middle School – Bethany:** NONE
- **Amity Regional Middle School – Orange:** NONE

+ NEW HIRES-SUBSTITUTES:

Kathleen Nelson – Long Term Substitute Reading Teacher - Amity Regional High School

+ NEW HIRES-NON-CERTIFIED: NONE

+ NEW HIRES-COACHES: NONE

+ TRANSFERS: NONE

+ RESIGNATION(S):

April Reynolds – Administrative Assistant Cat. II – Amity Middle School-Bethany, eff. 01/25/2019

+ RETIREMENT(S):

Kathleen Seymour – Special Education Teacher – Amity Regional High School, eff. 06/30/2019

Leonard Marazzi – Physical Education Teacher – Amity Regional High School, eff. 06/30/2019

AMITY REGIONAL SCHOOL DISTRICT NO. 5
Bethany Orange Woodbridge
25 Newton Road, Woodbridge, Connecticut 06525



Dr. Jennifer P. Byars
Superintendent of Schools

jennifer.byars@amityregion5.org
203.392.2106

Superintendent's Report – December 2018

Continuously improve instruction, cultivate creativity, and enhance student engagement and performance.

Enhance the efficient and effective use of resources.

Foster a supportive climate for students and adults.

Instruction

Pre-ACT Lesson with 10th Grade Students: On Wednesday, November 21st, the school counselors each met with their 10th grade students to provide a lesson around the Pre-ACT and distribute student scores from the school-wide test given in October. By offering the Pre-ACT to 10th grade students and PSAT to 11th grade students, we are able to help orient our students to both commonly-accepted college entrance exams.

Amity Creative Theater Fall Play for School and Community: The ACT fall play, *The Curious Incident of the Dog in the Nighttime*, debuted during the school day on December 6th for 2 performances—a morning session for 9th and 12th grade students and an afternoon showing for 10th and 11th grade students. On Friday, December 7th, the 8th grade students visited to see the play along with student guests from Cheshire High School.

High School Musical Jr.: The AMSB Spartan Players performed three outstanding productions of *High School Musical Jr.*, on November 9th - 11th. Special thanks to the staff: Patrick Laffin, Keith Smolinski, Rob Fragione, Marissa Nall, and Jeremy Iverson and his high school students for videotaping it.

Amity Welcomes Chinese Delegation: Twenty–five distinguished Chinese educators, mostly principals, visited both Amity Middle Schools. The educators were from Guangdong Province, one of China's most progressive provinces. The purpose of the visit was to explore how schools in the United States: provide innovative school types and approaches to address student populations; develop school leadership and management strategies to ensure teacher quality and student learning; employ innovative curriculum and teaching methods to improve learning for all students; and promote curriculum innovation and school leadership for teaching and learning by engaging in dialogue with American educators.

Career Day at AMSB: AMSB conducted their annual outstanding Career Day program on Friday, November 16th, in spite of a two hour delayed opening!

Internet Safety Assemblies: Scott Driscoll, of Internet Safety Concepts, conducted two separate 60-minute assemblies for all seventh and eighth graders on November 27th at AMSB. This was generously supported by Woodbridge Youth Services.

Fabulous Friendsgiving Dinner: AMSO Fabulous Friends welcomed over 15 students from the high school and ACES to celebrate Friendsgiving. Students enjoyed participating in activities and sharing a wonderful meal together.

November 6th Professional Learning Day: The focus was the high school continued with various NEASC meeting groups to progress towards completion for the spring in preparation for a visit in fall 2019. The focus for both middle schools included workshops on the 1:1 initiative and planning for Advisory Groups.

Math and ELA Academic Action Plans: Teachers in grades 7 & 8 have started implementing Math and ELA academic action plans in preparation for the Smarter Balanced Assessments (SBA) that will be administered in May 2019. The Action Plans were developed based on previous data and growth measures and include using the released SBA Interim Assessment Blocks instructionally across major content areas. Science teachers will also be reviewing the released interim assessments for grades 8 & 11.

Amity Teacher Education and Mentoring Program (TEAM): Facilitators presented Module 5 to teachers currently in TEAM. Module 5 focuses on professional and ethical behavior as a teacher.

Performance-Based Assessment: Fifteen teacher participants from Amity are continuing their year-long training for Performance-Based Assessment Designed projects. The group met for a full-day of training at the end of October along with teachers from Stratford and Milford who are participating in this initiative.

Resources

BOWA Principals Meeting: A luncheon was held during November for the BOWA elementary, middle school, and high school principals to meet and discuss various topics. Dr. McPadden facilitated the meeting.

Lions Club Donation: Bethany Lions President, Susan Hurlburt, presented AMSB with a check for \$1200 as a scholarship fund for Nature's Classroom. This contribution will enable several students to attend the invaluable five-day program.

Climate

2018 Homecoming Dance: This year's homecoming dance, which is always an integral part of the student government "spirit week," was the most successful dance in school history. Over 700 students (almost 50% of the student population) attended and enjoyed dancing and food from Chipotle, Subway, Dominoes and other local merchants. This student-led climate activity has become one of the highlights of the fall for ARHS.

SCSU Social Justice Conference: On the afternoon of Tuesday, November 27th, 26 Amity Regional High School Students attended the first-ever Social Justice Conference at Southern CT State University. This conference featured break-out workshops for students to discuss issues of social justice, including micro-aggressions, as well as a keynote address from student activist David Hogg.

Presentations to AMSO Students: The Milford Rape Crisis Center conducted small group presentations for both the 7th and 8th grade. The 7th grade program focused on sexual harassment and knowing the different forms of sexual harassment. The focus of the 8th grade program was to help students develop a basic understanding of sexually based offenses and what consent is. Both programs meet the Statewide Sexual Abuse and Assault Awareness Program that school districts are required to provide.

Anti-Defamation League Additional Training for AMSO Students: Building on the whole school presentation done last month, the Anti-Defamation League returned to AMSO to conduct workshops on bystander training and becoming an ally with over forty 7th grade students.

Therapy Dog Visits AMSO: Graham, a trained therapy dog came in to work with AMSO students in Mrs. Edward's class. Through interactions with the dog, students learn empathy and work on social skills while enjoying a visit with a furry friend.

Advisory Program Staff Training at AMSB: Dr. Frank, a former principal of Amity Regional High School, presented to the AMSB a session on forming an Advisory Program. Dr. Frank shared a wealth of experience with all staff members.

1st Annual Be AMITY! 5k and Fun Run: Marissa Nall and Elisa Laudati organized the 1st Annual Be AMITY! 5k and Fun Run on Saturday, November 17 which raised more than \$2,500 for local families with special financial needs. Thanks to our special donors: Laticrete International, Country Companions Veterinary Services, LLC, Daly Insurance, and Murphy, Laudati, Kiel and Rattigan, LLC.



Jennifer P. Byars, Ed.D.

This report is a synopsis of many of the undertakings, efforts, and achievements toward our District Goals and Objectives. It does not represent a complete and comprehensive account of all that has happened in the past month. I would encourage you to contact me directly if you have questions about items that you read or that you anticipated reading. I would be glad to discuss them.

CLEAN

SAFE

HEALTHY

SCHOOLS

Amity Regional School District No. 5

25 Newton Road

Woodbridge, CT 06525

Phone: 203-397-4817

Fax: 203-397-4864



Amity Regional School District No. 5

Facilities Department Monthly Report

Completed Projects:

- The acid neutralization tank in the auto shop at Amity Regional High School backed up. Debris was found in the outlet into the stone media. The clog was cleared and a cleanout was added to make clearing future problems much easier.
- The blower motor for the air handling unit that serves the gym at Amity Middle School, Orange Campus, failed. A new motor was purchased and installed by in-house personnel.
- New signs that were purchased by the Athletics Department were hung on the side of the field house at Amity Regional High School.
- The ice machine stopped working in the field house at Amity Regional High School. The problem was diagnosed and repairs were facilitated by in-house personnel.
- All pieces of snow removal equipment at all three schools were serviced and prepared for winter use by in-house personnel.
- Several roof leaks were identified and repaired under warranty by our roofing contractor at Amity Regional High School and both middle schools. Annual roof preventive maintenance and inspections were also performed at all three schools.
- The boilers at all three schools received their annual preventive maintenance service, cleaning, and burner tuning in preparation for the upcoming heating season.
- The cooling equipment at all three schools was shut down and winterized by in-house personnel.

Projects in process:

- The electrical/arc flash studies (recently approved by the BOE) by vanZelm Engineering at both middle schools are underway. Bethany has been completed and Orange is still in progress. SNEET will be here early November to adjust the breaker settings.
- The lightning strike in July damaged the controllers for the sewage ejection pumps at Amity Middle School, Orange Campus. As a result, the pit flooded damaging the electrical and control components. Temporary modifications have been made to operate the system and parts and contracted repairs are ordered to bring the system back to normal operation. The bills and estimates have been submitted to the insurance company for consideration.

Outstanding issues to be addressed:

- None at this time.

CLEAN
SAFE
HEALTHY
SCHOOLS

Amity Regional School
District No. 5
25 Newton Road
Woodbridge, CT 06525
Phone: 203-397-4817
Fax: 203-397-4864



Amity Regional School District No. 5

Facilities Department Monthly Report

Completed Projects:

- The evaporator coil on the walk-in freezer at Amity Regional High School failed. We were quoted over \$4,000 for our vendor to complete the repair. Our in-house staff obtained the proper coil and facilitated the repair for under \$1,000.
- Two food warmers on the serving line in the cafeteria at Amity Regional High School were not holding temperature. In-house personnel found corroded connectors and repaired the problem.
- Several heating valves were found to be sticking at the middle schools in the classroom units. In-house personnel detected the problems and replaced the valves.
- There was a pressure relief valve that was weeping in the boiler room at Amity Regional High School. The replacement valve was ordered and replaced by in-house personnel.
- The electrical/arc flash studies (recently approved by the BOE) by vanZelm Engineering at both middle schools have been completed. We have received the full reports and SNEET has been here to make the appropriate breaker setting adjustments.
- Several new signs that were ordered by the Athletics Department were hung on the exterior walls of the field house at Amity Regional High School.

Projects in process:

- The lightning strike in July damaged the controllers for the sewage ejection pumps at Amity Middle School, Orange Campus. As a result, the pit flooded damaging the electrical and control components. Temporary modifications have been made to operate the system and parts and contracted repairs are ordered to bring the system back to normal operation. The bills and estimates have been submitted to the insurance company for consideration.
- The modifications to the home-side baseball dugout at Amity Regional High School is underway. Students from the Construction class have been working with our contractor to complete the project.
- Winterization of the athletic field irrigation system is underway at Amity Regional High School. This involves bringing in a large compressor to blow out the lines so no water remains over the winter.

Outstanding issues to be addressed:

- None at this time.

AMITY REGIONAL SCHOOL DISTRICT NO. 5

FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018**

AMITY REGIONAL SCHOOL DISTRICT NO. 5
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INDEPENDENT AUDITOR'S REPORT

Uncoated



PMS 288 UP
RGB: 0/71/172
CMYK: 100/65/11/17



Pantone Green UP
RGB: 0/171/120
CMYK: 84/0/57/0



PMS 368 UP
RGB: 113/206/45
CMYK: 52/0/86/0

INDEPENDENT AUDITOR'S REPORT

To the Board of Education

Amity Regional School District No. 5
Woodbridge, Connecticut



Coated



PMS 288 CP
RGB: 0/71/172
CMYK: 100/65/11/17



Pantone Green CP
RGB: 0/171/120
CMYK: 84/0/57/0



PMS 368 CP
RGB: 113/206/45
CMYK: 52/0/86/0

on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Amity Regional School District No. 5 (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Amity Regional School District No. 5, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12, and the information on pages 64 through 78 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

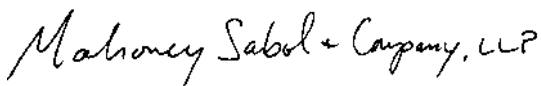
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules on pages 79 through 82 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Certified Public Accountants
Glastonbury, Connecticut
December 7, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

AMITY REGIONAL SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

As management of Amity Regional School District No. 5 (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$67,359,266 (net position). Included in this amount is a deficit in unrestricted net position of \$4,807,448. This deficit is caused by long-term liabilities for pension and other post-employment benefits, which are being funded on an annual basis by the District based on actuarially determined contributions.
- The District's total net position for the year ended June 30, 2018 increased by \$1,870,399.
- The beginning net position of the District was decreased by \$730,862 as a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. This decrease represented the difference between the net other post-employment benefits obligation previously recognized in accordance with GASB Statement No. 45 and the net other post-employment liability recognized in accordance with GASB Statement No. 75.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,224,934, a decrease of \$1,324,650 in comparison with the prior year.
- The principal balance outstanding on the District's long-term bonded debt decreased by \$4,620,000 or 14.3% from \$32,245,000 as of June 30, 2017 to \$27,625,000 as of June 30, 2018. During fiscal year 2018, the District issued \$10,300,000 in general obligation refunding bonds with interest rates ranging from 3.00% and 5.00% to refund \$11,335,000 in general obligation bonds outstanding with interest rates ranging from 2.00% and 4.00%. The District refunded the bonds to reduce its total debt service payments over the next 17 years by \$622,938.
- As of June 30, 2018, the District has recorded a liability to return the current year budgetary General Fund surplus of \$3,213,732 to its member towns.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Government-wide Financial Statements *(Continued)*

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

The government-wide financial statements are intended to distinguish functions of the District that are principally supported by District and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include instruction and support services. The District does not have any business-type activities.

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

Fund Financial Statements

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

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

The District maintains a number of individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and the Reserve Fund for Capital and Nonrecurring, both of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for these nonmajor governmental funds is provided in the form of a combining statement elsewhere in this report.

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Fund Financial Statements *(Continued)*

Proprietary Funds

The District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses an internal service fund to account for its risk management activities. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 19 through 21 of this report.

Fiduciary Funds

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

The basic fiduciary fund financial statements can be found on pages 22 and 23 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 63 of this report.

Required Supplementary Information

The General Fund budgetary schedules and the schedules on the District's pension and OPEB plans can be found on pages 64 through 78 of this report.

Other Information

Combining and individual fund statements and schedules can be found on pages 79 through 82 of this report.

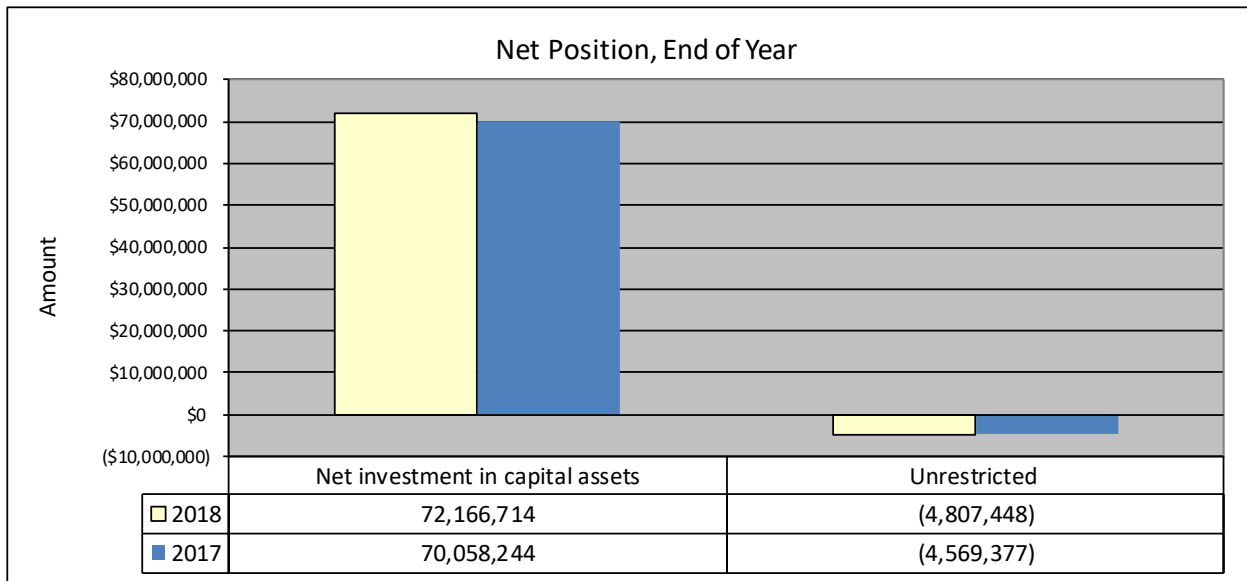
AMITY REGIONAL SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Over time, net position may serve as one measure of a government's financial position. Net position of the District totaled \$67,359,266 as of June 30, 2018 and \$65,488,867 as of June 30, 2017, as adjusted for the implementation of GASB Statement No. 75, and is summarized as follows.

	2018	2017 <i>(As Adjusted)</i>	\$ Variance	% Variance
Current and other assets	\$ 7,019,961	\$ 7,173,180	\$ (153,219)	-2%
Capital assets, net	100,781,966	100,962,731	(180,765)	0%
Total assets	<u>107,801,927</u>	<u>108,135,911</u>	<u>(333,984)</u>	0%
Deferred outflows of resources	<u>1,146,825</u>	<u>1,642,127</u>	<u>(495,302)</u>	-30%
Long-term liabilities	36,187,062	40,286,246	(4,099,184)	-10%
Other liabilities	4,844,735	3,778,507	1,066,228	28%
Total liabilities	<u>41,031,797</u>	<u>44,064,753</u>	<u>(3,032,956)</u>	-7%
Deferred inflows of resources	<u>557,689</u>	<u>224,418</u>	<u>333,271</u>	149%
Net position:				
Net investment in capital assets	72,166,714	70,058,244	2,108,470	3%
Unrestricted	<u>(4,807,448)</u>	<u>(4,569,377)</u>	<u>(238,071)</u>	5%
Total net position	<u>\$ 67,359,266</u>	<u>\$ 65,488,867</u>	<u>\$ 1,870,399</u>	3%



AMITY REGIONAL SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)

The District's net position primarily reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Change in Net Position

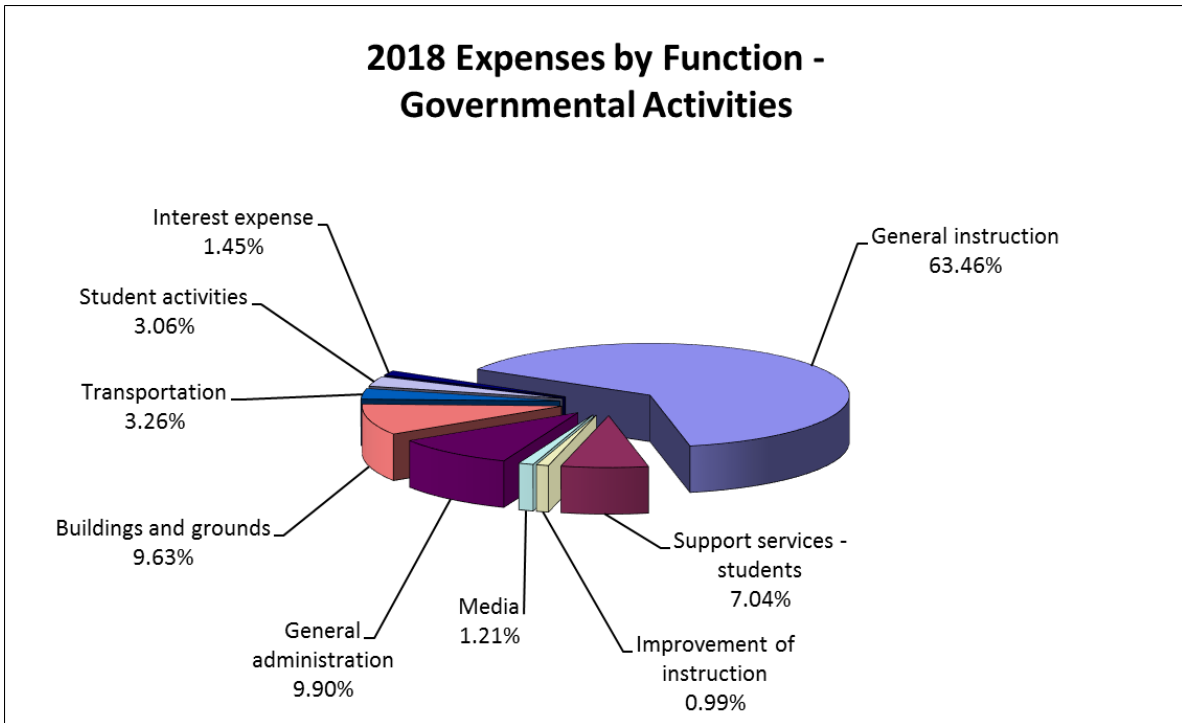
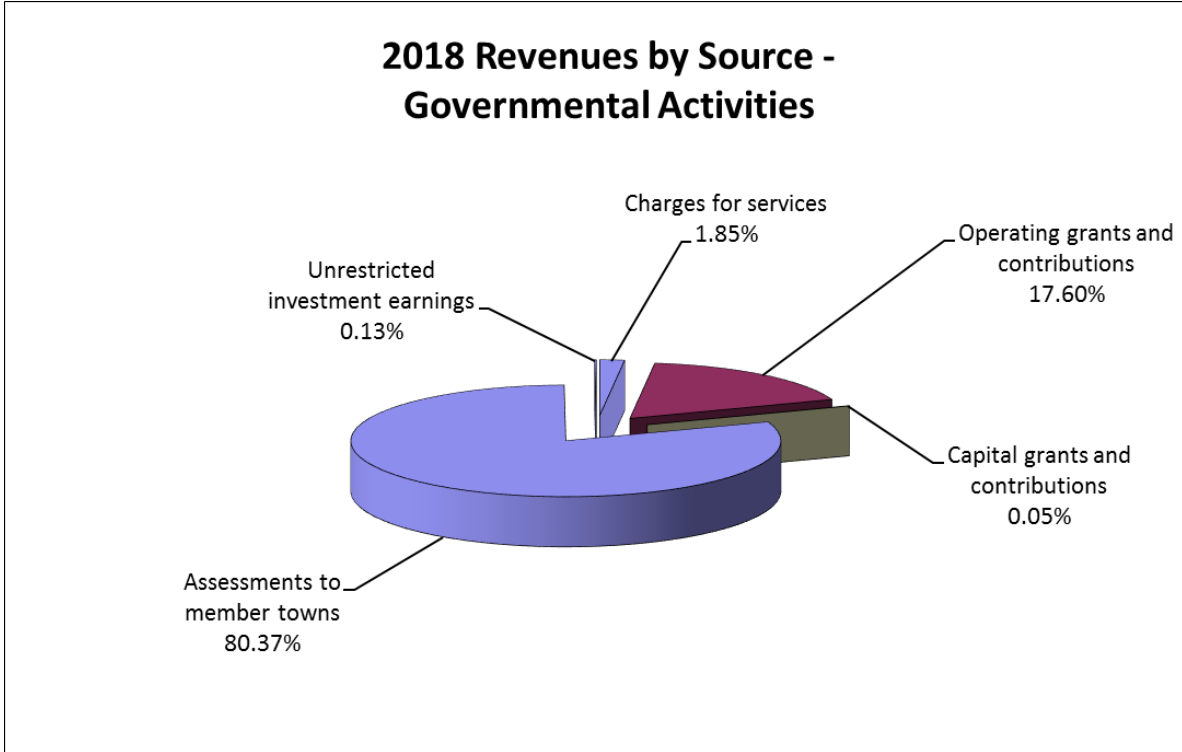
Changes in net position for the years ended June 30, 2018 and 2017 are as follows. Reclassifications have been made to the amounts reported for the year ended June 30, 2017 to conform with the current year presentation. The amounts reported for the year ended June 30, 2017 have not been adjusted for the implementation of GASB Statement No. 75, since the effects of the adjustments on the statements of changes in net position are not readily determinable.

	<u>2018</u>	<u>2017</u>	<u>\$ Variance</u>	<u>% Variance</u>
Revenues				
Program revenues:				
Charges for services	\$ 1,021,347	\$ 1,009,767	\$ 11,580	1.1%
Operating grants and contributions	9,691,746	9,181,741	510,005	5.6%
Capital grants and contributions	26,456	285,699	(259,243)	-90.7%
General revenues:				
Assessments to member towns	44,251,623	44,470,942	(219,319)	-0.5%
Unrestricted investment earnings	70,343	16,565	53,778	324.6%
Total revenues	<u>55,061,515</u>	<u>54,964,714</u>	<u>96,801</u>	<u>0.2%</u>
Program expenses:				
General instruction	33,756,293	32,939,780	816,513	2.5%
Support services - students	3,746,597	3,756,610	(10,013)	-0.3%
Improvement of instruction	527,674	585,796	(58,122)	-9.9%
Media	641,689	563,882	77,807	13.8%
General administration	5,264,609	5,110,091	154,518	3.0%
Buildings and grounds	5,123,157	5,570,093	(446,936)	-8.0%
Transportation	1,732,723	1,703,592	29,131	1.7%
Student activities	1,629,353	1,634,589	(5,236)	-0.3%
Interest expense	769,021	987,688	(218,667)	-22.1%
Total expenses	<u>53,191,116</u>	<u>52,852,121</u>	<u>338,995</u>	<u>0.6%</u>
Change in net position	<u>\$ 1,870,399</u>	<u>\$ 2,112,593</u>	<u>\$ (242,194)</u>	<u>-11.5%</u>

AMITY REGIONAL SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Change in Net Position (Continued)



AMITY REGIONAL SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Change in Net Position *(Continued)*

The change in net position for fiscal year 2018 was an increase of \$1,870,399 over the prior year change in net position. Revenues increased by \$96,801 or 0.2% primarily due to increases in both charges for services revenues and operating grants. Expenses increased by \$338,995 or 0.6% due to an increase in on-behalf contributions made by the State of Connecticut into the State Teachers' Retirement System.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,224,934, a decrease in fund balance of \$1,324,650 over the prior year. This decrease was driven by expenditures incurred for various capital projects.

General Fund

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, fund balance of the General Fund totaled \$397,626 and has been encumbered for specific purposes.

The overall fund balance of the General Fund decreased by \$121,117 during the current year.

Reserve Fund for Capital and Nonrecurring

The Reserve Fund for Capital and Nonrecurring has a fund balance of \$602,488 as of June 30, 2018. This represents a decrease in fund balance of \$1,459,571 compared to the prior year. This decrease was driven by expenditures incurred for various capital projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's original budget did not contemplate the use of fund balance and there were no additional appropriations authorized during the fiscal year. Transfers between budget line items occurred throughout the year with the Board of Education's approval. Overall, there was no change in budgetary fund balance as any budgetary surplus is returned to the District's member towns. Nonmember revenues were \$922,334 higher than anticipated primarily due to the receipt of an unbudgeted \$784,807 special education grant from the State of Connecticut that was originally expected to be received directly by the District's member towns. Expenditures were \$2,989,978 lower than anticipated due to increased budgetary monitoring and overall cost savings.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

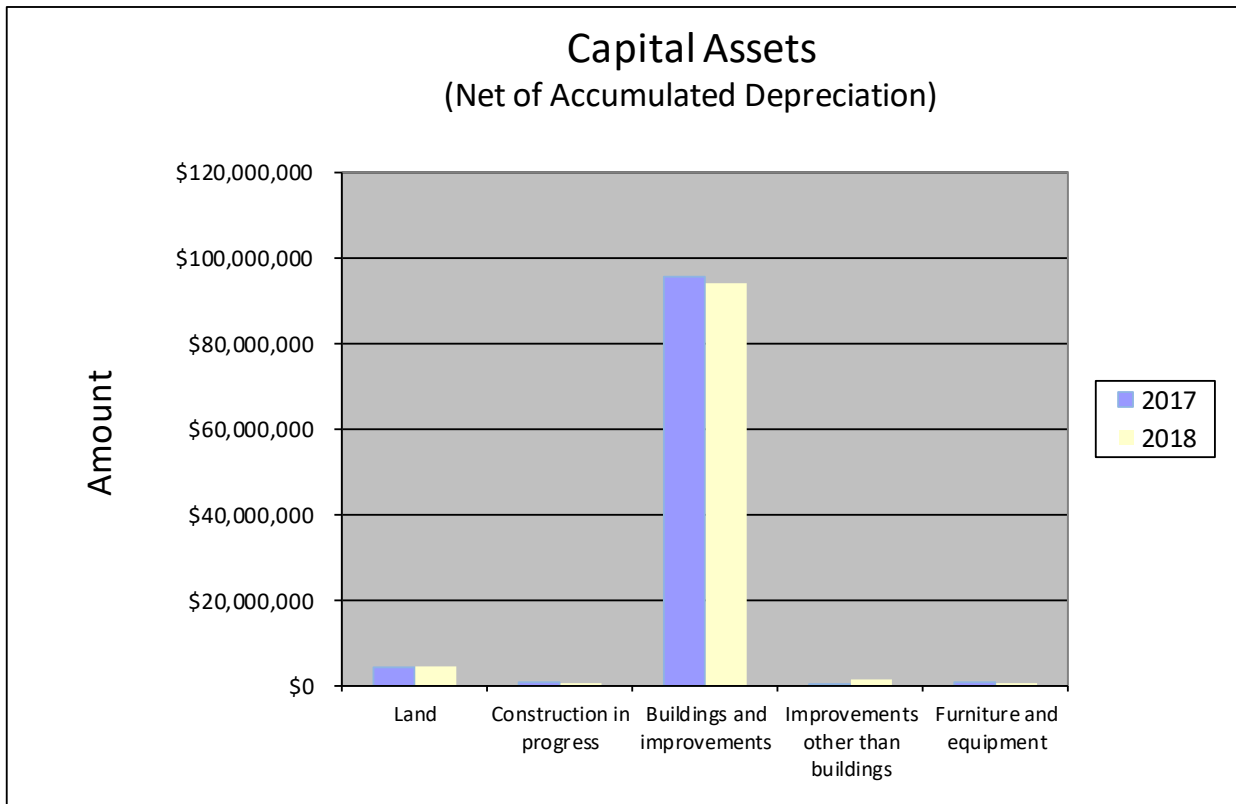
CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2018 totaled \$100,781,966 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, improvements other than buildings, and furniture and equipment. The net decrease in the District's investment in capital assets for the current fiscal year was \$180,765 or 0.2%. This was primarily due to depreciation expense of \$1,586,462 offset by capital acquisitions of \$1,416,906.

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

	2018	2017
Land	\$ 4,186,566	\$ 4,186,566
Construction in progress	506,132	469,714
Buildings and improvements	94,034,809	95,474,760
Improvements other than buildings	1,514,884	227,366
Furniture and equipment	539,575	604,325
Totals	\$ 100,781,966	\$ 100,962,731



AMITY REGIONAL SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

Additional information on the District's capital assets can be found in Note 4 of this report.

Long-term Debt

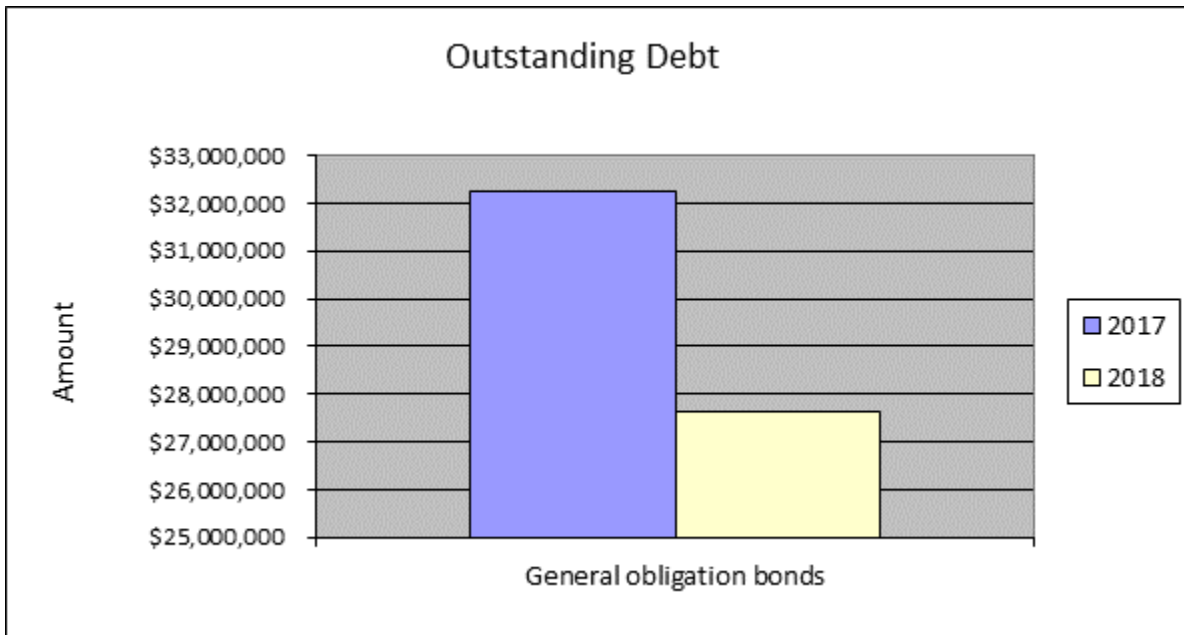
At the end of the current fiscal year, the District had total bonded debt outstanding of \$27,625,000, all of which is backed by the full faith and credit of the District and its member towns of Bethany, Orange and Woodbridge. Total long-term debt decreased by \$4,620,000 or 14.3%. The change in long-term debt included the issuance of \$10,300,000 in general obligation refunding bonds to advance refund \$11,335,000 in general obligation bonds previously outstanding, offset by current year scheduled debt service repayments of \$3,585,000.

The District maintains an "AA+" and an "Aa1" rating from Fitch Ratings and Moody's Investor Service, respectively, for general obligation debt.

State statutes limit the amount of general obligation debt the District may issue to four and a half times its annual receipts from member towns, as defined by the statutes. The current debt limitation for the District is \$199,132,304, which is significantly in excess of the District's outstanding general obligation debt.

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

	2018	2017
General obligation bonds	\$ 27,625,000	\$ 32,245,000



Additional information on the District's long-term debt can be found in Note 7 of this report.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

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

- The District receives a significant amount of revenue from federal and state grants. Any loss or significant reduction in these grants could have an impact on the District's budget and program services.
- The District's healthcare plan is self-insured. Budgeted contributions from the General Fund into the Internal Service Fund are based on historical claims experience, but actual contributions may fluctuate significantly based on actual claims incurred. The District experienced a favorable claims year during fiscal year 2018.

All of these factors were considered in preparing the District's budget for fiscal year 2019. The District's fiscal year 2019 General Fund budget was approved on March 12, 2018. The fiscal year 2019 budget contemplated expenditures of \$49,026,535, an increase of \$587,372, or 1.21%, over the original fiscal year 2018 budgeted expenditures.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Superintendent, 25 Newtown Road, Woodbridge, CT 06525.

BASIC FINANCIAL STATEMENTS

AMITY REGIONAL SCHOOL DISTRICT NO. 5
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 6,808,049
Receivables:	
Grants and contracts	23,322
Other	4,959
Inventories	22,314
Net sick and severance asset	161,317
Capital assets:	
Non-depreciable	4,692,698
Depreciable, net	96,089,268
Total assets	107,801,927
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refundings	398,610
Deferred charges on pension expense	748,215
	1,146,825
LIABILITIES	
Accounts payable	744,836
Accrued liabilities	422,518
Unearned revenue	100,632
Claims payable	363,017
Due to member towns	3,213,732
Noncurrent liabilities:	
Due within one year	3,917,489
Due in more than one year	32,269,573
Total liabilities	41,031,797
DEFERRED INFLOWS OF RESOURCES	
Deferred charges on pension expense	301,221
Deferred charges on OPEB expense	256,468
	557,689
NET POSITION	
Net investment in capital assets	72,166,714
Unrestricted deficit	(4,807,448)
Total net position+B13	\$ 67,359,266

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position- Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Instruction:					
General instruction	\$ 33,756,293	\$ 197,131	\$ 9,427,115	\$ -	\$ (24,132,047)
Support services:					
Support services - students	3,746,597	665,290	155,682	-	(2,925,625)
Improvement of instruction	527,674	-	51,560	-	(476,114)
Media	641,689	-	-	-	(641,689)
General administration	5,264,609	72,974	26,226	-	(5,165,409)
Buildings and grounds	5,123,157	56,622	-	26,456	(5,040,079)
Transportation	1,732,723	-	25,995	-	(1,706,728)
Student activities	1,629,353	29,330	5,168	-	(1,594,855)
Total support services	<u>18,665,802</u>	<u>824,216</u>	<u>264,631</u>	<u>26,456</u>	<u>(17,550,499)</u>
Interest expense	769,021	-	-	-	(769,021)
	<u>\$ 53,191,116</u>	<u>\$ 1,021,347</u>	<u>\$ 9,691,746</u>	<u>\$ 26,456</u>	<u>(42,451,567)</u>
General revenues:					
					44,251,623
					70,343
					<u>44,321,966</u>
					Change in net position 1,870,399
					Net position - beginning, as originally reported 66,219,729
					Cumulative effect of implementing new accounting standard (See Note 1) (730,862)
					<u>Net position - beginning, as adjusted 65,488,867</u>
					<u>Net position - ending \$ 67,359,266</u>

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>General Fund</u>	<u>Reserve Fund for Capital and Nonrecurring</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 4,310,863	\$ 647,524	\$ 355,847	\$ 5,314,234
Receivables:				
Grants and contracts	6,375	-	16,947	23,322
Other	3,854	-	-	3,854
Due from other funds	639	-	1,060	1,699
Inventories	-	-	22,314	22,314
Total assets	<u>\$ 4,321,731</u>	<u>\$ 647,524</u>	<u>\$ 396,168</u>	<u>\$ 5,365,423</u>
LIABILITIES				
Accounts payable	\$ 615,804	\$ 45,036	\$ 83,996	\$ 744,836
Accrued liabilities	93,509	-	-	93,509
Due to member towns	3,213,732	-	-	3,213,732
Due to other funds	1,060	-	639	1,699
Unearned revenue	-	-	86,713	86,713
Total liabilities	<u>3,924,105</u>	<u>45,036</u>	<u>171,348</u>	<u>4,140,489</u>
FUND BALANCES				
Nonspendable	-	-	22,314	22,314
Restricted	-	191,553	-	191,553
Committed	-	410,935	203,923	614,858
Assigned	397,626	-	-	397,626
Unassigned	-	-	(1,417)	(1,417)
Total fund balances	<u>397,626</u>	<u>602,488</u>	<u>224,820</u>	<u>1,224,934</u>
Total liabilities and fund balances	<u>\$ 4,321,731</u>	<u>\$ 647,524</u>	<u>\$ 396,168</u>	<u>\$ 5,365,423</u>

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balances for governmental funds \$ 1,224,934

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

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

Land	\$ 4,186,566	
Construction in progress	506,132	
Buildings and improvements	114,585,235	
Improvements other than buildings	1,678,969	
Furniture and equipment	1,105,945	
Less: accumulated depreciation and amortization	<u>(21,280,881)</u>	
Total capital assets, net		100,781,966

The net sick and severance asset is not recognized in the governmental funds. The net sick and severance asset results from the difference between the plan's fiduciary net position and the portion of the present value of projected benefit payments to be provided through the sick and severance plan. 161,317

Deferred inflows and outflows of resources resulting from changes in the components of the net pension liability are reported in the statement of net position. 190,525

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

Accrued interest payable	(329,009)	
Long-term debt:		
Bonds payable	(27,625,000)	
Unamortized bond premiums	(1,523,926)	
Deferred charges on refundings	398,611	
Other long-term liabilities:		
Net OPEB liability	(2,281,657)	
Net pension liability	(4,677,038)	
Capital lease obligations	(56,489)	
Vacation accrual payable	<u>(22,952)</u>	
Total long-term liabilities		(36,117,460)

An internal service fund is used to charge the cost of risk management activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 1,117,984

Net position of governmental activities \$ 67,359,266

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Reserve Fund for Capital and Nonrecurring</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Assessments to member towns	\$ 44,251,623	\$ -	\$ -	\$ 44,251,623
Intergovernmental	5,717,865	-	732,434	6,450,299
Charges for services	176,979	-	806,367	983,346
Interest income	70,343	-	-	70,343
Other	38,001	-	-	38,001
Total revenues	<u>50,254,811</u>	<u>-</u>	<u>1,538,801</u>	<u>51,793,612</u>
EXPENDITURES				
Current:				
General instruction	26,022,534	-	449,189	26,471,723
Support services:				
Support services - student	2,386,844	-	835,266	3,222,110
Improvement of instruction	405,795	-	58,552	464,347
Media	511,562	-	26,226	537,788
General administration	4,494,461	-	40,562	4,535,023
Transportation	1,731,428	-	1,295	1,732,723
Employee benefits	5,098,462	-	60,567	5,159,029
Student activities	1,446,343	-	5,168	1,451,511
Buildings and grounds	3,265,150	-	26,455	3,291,605
Capital outlays	298,615	1,383,527	21,717	1,703,859
Debt service:				
Principal payments	3,646,429	-	-	3,646,429
Interest and fiscal charges	862,450	76,044	-	938,494
Total expenditures	<u>50,170,073</u>	<u>1,459,571</u>	<u>1,524,997</u>	<u>53,154,641</u>
Excess (deficiency) of revenues over expenditures	84,738	(1,459,571)	13,804	(1,361,029)
OTHER FINANCING SOURCES (USES)				
Proceeds from refunding bonds	10,300,000	-	-	10,300,000
Premium on bonds	1,247,292	-	-	1,247,292
Payment to refunded bonds escrow agent	(11,510,913)	-	-	(11,510,913)
Total other financing sources (uses)	<u>36,379</u>	<u>-</u>	<u>-</u>	<u>36,379</u>
Net changes in fund balances	121,117	(1,459,571)	13,804	(1,324,650)
Fund balances - beginning	<u>276,509</u>	<u>2,062,059</u>	<u>211,016</u>	<u>2,549,584</u>
Fund balances - ending	<u>\$ 397,626</u>	<u>\$ 602,488</u>	<u>\$ 224,820</u>	<u>\$ 1,224,934</u>

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
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, 2018

Net change in fund balances for governmental funds \$ (1,324,650)

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

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

Expenditures for capital assets	\$ 1,416,906	
Depreciation and amortization expense	<u>(1,586,462)</u>	
Net adjustment		(169,556)

The statement of activities reports losses arising from the disposal of existing capital assets. Conversely, governmental funds do not report any gain or loss on disposal of capital assets. This amount represents the loss on disposal of capital assets. (11,209)

Intergovernmental revenue on school construction grants is not susceptible to accrual and therefore is only reported as revenue in the governmental funds when the cash is received. In the government-wide financial statements, the cash received reduces the grant receivable recognized in the government-wide statement of net position. (6,362)

Deferred outflows and inflows of resources resulting from changes in the components of the net pension liability are amortized as a component of expense in the statement of activities. (665,776)

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

Debt issued or incurred:		
Premium on bonds	(1,247,292)	
Refunding bonds	(10,300,000)	
Deferred charge on refunding	303,877	
Principal repayments:		
Bonds	3,585,000	
Payment to refunded bonds escrow agent	11,510,913	
Capital lease financing	<u>61,429</u>	
Net adjustment		3,913,927

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

Accrued interest	110,368	
Amortization of deferred charges on refundings	(137,981)	
Amortization of bond premiums	(106,791)	
Net OPEB liability	95,083	
Net pension liability	176,039	
Net sick and severance asset	105,216	
Vacation accrual payable	<u>(3,890)</u>	
Net adjustment		238,044

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of a certain internal service fund is reported with governmental activities. (104,019)

Change in net position of governmental activities \$ 1,870,399

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2018

	<u>Governmental Activities Internal Service Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,493,815
Receivables	<u>1,105</u>
Total assets	<u>1,494,920</u>
LIABILITIES	
Current liabilities:	
Claims payable	363,017
Unearned revenue	<u>13,919</u>
Total liabilities	<u>376,936</u>
NET POSITION	
Unrestricted	<u>1,117,984</u>
Total net position	<u><u>\$ 1,117,984</u></u>

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Charges for services	\$ 3,912,975
Total operating revenues	3,912,975
OPERATING EXPENSES	
Claims incurred	3,295,479
Administrative and other	721,515
Total operating expenses	4,016,994
Change in net position	(104,019)
Net position - beginning	1,222,003
Net position - ending	\$ 1,117,984

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from employer and plan participants	\$ 3,948,690
Cash payments for claims incurred	(3,273,605)
Cash payments to contractors for administration	(721,515)
Net cash provided used in operating activities	(46,430)
Net decrease in cash and cash equivalents	(46,430)
Cash and cash equivalents, beginning of year	1,540,245
Cash and cash equivalents, end of year	\$ 1,493,815
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (104,019)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Decrease in accounts receivable	42,322
Increase in accounts payable	21,874
Decrease in unearned revenue	(6,607)
Net cash used in operating activities	\$ (46,430)

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Pension, Other Post-Employment Benefit and Sick & Serverance Trust Funds	Private- Purpose Trust Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 115,086	\$ 198,546	\$ 360,423
Investments - mutual funds	14,714,753	-	-
Total assets	14,829,839	198,546	\$ 360,423
LIABILITIES			
Accounts payable	-	-	\$ 7,440
Due to others	-	-	352,983
Total liabilities	-	-	\$ 360,423
NET POSITION			
Held in trust for pension benefits, other post-employment benefits and other purposes	\$ 14,829,839	\$ 198,546	

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Pension, Other Post-Employment Benefit and Sick & Severance Trust Funds	Private- Purpose Trust Fund
ADDITIONS		
Contributions:		
Employer	\$ 932,786	\$ -
Employee	77,655	-
Other	60,160	68,206
Total contributions	<u>1,070,601</u>	<u>68,206</u>
Investment earnings:		
Interest and dividends	337,874	2,047
Net change in the fair value of investments	770,416	-
Total investment earnings	<u>1,108,290</u>	<u>2,047</u>
Total additions	<u>2,178,891</u>	<u>70,253</u>
DEDUCTIONS		
Benefit payments	734,617	-
Administrative expenses	13,994	-
Scholarships	-	55,945
Total deductions	<u>748,611</u>	<u>55,945</u>
Change in net position	1,430,280	14,308
Net position - beginning	<u>13,399,559</u>	<u>184,238</u>
Net position - ending	<u>\$ 14,829,839</u>	<u>\$ 198,546</u>

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Amity Regional School District No. 5 (the "District") conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

Financial Reporting Entity

History and Organization

The District was formed in 1953 for the purpose of providing secondary school education to the residents of the towns of Orange, Woodbridge and Bethany, Connecticut. It consists of one senior high school and two middle schools.

The District is governed by a Regional Board of Education consisting of thirteen members selected by the three towns it serves. The members of the Board serve for four-year terms. In addition, the District has a Superintendent of Schools and a Director of Finance and Administration, hired by the Board of Education, who manage the day-to-day affairs of the District.

The District's operating and debt service expenses are paid by the member towns in proportion to the number of attending pupils. The approximate current year (2017/2018) assessment percentages are: Bethany 19.7%, Orange 49.8% and Woodbridge 30.5%.

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

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the District and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through payments from the member towns, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The District has no business-type activities.

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

Fund Financial Statements

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

Fund Financial Statements *(Continued)*

The District reports the following major governmental funds:

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

Reserve Fund for Capital and Nonrecurring - This fund accounts for financial resources used for the financing of the planning, construction, reconstruction or acquisition of any specific capital improvement or the acquisition of specific equipment.

In addition, the District reports the following fund types:

Internal Service Fund *(proprietary)* - This fund accounts for self-insurance activities that provide goods or services to other funds or departments of the District on a cost-reimbursement basis. The District utilizes this fund to account for risk management activities relating to health insurance.

Pension Trust Fund - This fund is used to account for the activities of the Amity Regional School District No. 5 Pension Plan, which accumulates resources for pension benefit payments to qualified employees.

Other Post-Employment Benefits Trust Fund - This fund is used to account for the accumulation of resources to pay retiree medical benefits.

Sick and Severance Trust Fund - This fund is used to account for the accumulation of resources to pay sick and severance benefits to eligible employees.

Private-Purpose Trust Fund - This fund is used to account for resources legally held in trust for scholarships. All resources of the fund, including any earnings on invested resources, may be used for student scholarships. There is no requirement that any portion be preserved as capital.

Agency Funds - These funds are used to account for resources held by the District in a purely custodial capacity. The District utilizes these funds to account for monies held on-behalf of students.

Measurement Focus and Basis of Accounting

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

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

Measurement Focus and Basis of Accounting *(Continued)*

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

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

Proprietary, pension and other post-employment benefit trusts, and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service fund consist of charges for insurance premiums. Operating expenses of the District's internal service fund consist of claims incurred and administrative expenses. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Implementation of Accounting Standards

Effective July 1, 2017, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 81, *Irrevocable Split-Interest Agreements*, GASB Statement No. 85, *Omnibus 2017*, and GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The adoption of these statements did not have a material effect on the District's financial statements.

Effective July 1, 2017, the District adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 established standards for recognizing and measuring liabilities, deferred outflows and inflows of resources, and expenses/expenditures for post-employment benefits other than pension. This standard identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, this statement provides for certain required supplementary information and note disclosures about post-employment benefits other than pensions.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

Implementation of Accounting Standards *(Continued)*

The District has reported the following cumulative effect of applying GASB Statement No. 75 as an adjustment of beginning net position as of July 1, 2017.

	Governmental Activities
Net position - beginning, as originally reported	\$ 66,219,729
Adjustment to remove net other post-employment benefit obligation recognized under GASB Statement No. 45	1,645,878
Adjustment to record net other post-employment liability recognized under GASB Statement No. 75	(2,376,740)
	(730,862)
Net position - beginning, as adjusted	\$ 65,488,867

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

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

Investments in external investment pools consist of money market mutual funds and the Short-Term Investment Fund (STIF), which is managed by the State of Connecticut Treasurer's Office. Investments in these types of funds, which are permitted to measure their investment holdings at amortized costs, are measured by the District at the net asset value per share as determined by the pool.

Inventories

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

Capital Assets

Capital assets, which include land, buildings and improvements, improvements other than buildings and furniture and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

Capital Assets *(Continued)*

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

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

Assets	Years
Buildings and improvements	20 - 75
Improvements other than building	10 - 20
Furniture and equipment	5 - 40

Unearned Revenue

Unearned revenue represents resources that have been received but not yet earned.

Deferred Outflows/Inflows of Resources

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

Deferred outflows of resources include deferred charges on refundings, which are amortized to interest expense using the effective-interest method over the life of the related bonds. Deferred outflows and inflows of resources also include deferred charges on the District's pension and OPEB expenses, which are amortized as a component of pension or OPEB expense on a systematic and rational basis.

Long-term Obligations

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

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

Compensated Absences

Certain employees are granted vacation and sick leave based upon length of employment. A maximum of five days vacation may be carried over only with the approval of the Superintendent. Sick days can also be accumulated up to certain limits and are payable upon death, retirement or termination using a prescribed formula.

All compensated absences are recorded when incurred in the government-wide financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or the vested amount is expected to be paid with available resources.

Net Position/Fund Balance

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

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

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

Unrestricted net position - This component of net position is the net amount of the assets, liabilities, and deferred outflows and inflows of resources which do not meet the definition of the two preceding categories.

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

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

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

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

Assigned - Amounts are constrained by the District's intent to be used for specific purposes, but are not restricted or committed. Amounts may be constrained to be used for a specific purpose by a governing board or body or official that has been delegated authority to assign amounts by Connecticut General Statutes and include the Superintendent and Director of Finance and Administration.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

Net Position/Fund Balance (Continued)

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

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

In accordance with the District's policy, the District considers restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

In accordance with the District's policy, the District uses restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned.

Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables

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

Interfund Services Provided and Used

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

Interfund Transfers

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

Interfund Reimbursements

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

Use of Estimates

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

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

Cash Deposits – Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District will not be able to recover its cash deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District limits its exposure to custodial credit risk through a formal written policy that requires, among other things, that the District monitor the financial condition of its financial institutions on a quarterly basis.

As of June 30, 2018, \$4,526,893 of the District's bank balance of \$4,776,894 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 4,074,204
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the District's name	452,689
	<u>\$ 4,526,893</u>

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)

Cash Deposits – Custodial Credit Risk (Continued)

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

A reconciliation of the District’s cash deposits as of June 30, 2018 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 6,808,049
Less: cash equivalents considered investments for disclosure purposes	<u>(2,762,064)</u>
	4,045,985
Statement of fiduciary net position:	
Cash and cash equivalents	674,055
Less: cash equivalents considered investments for disclosure purposes	<u>(264,670)</u>
	<u>409,385</u>
	<u>\$ 4,455,370</u>

Investments

A reconciliation of the District’s investments as of June 30, 2018 is as follows:

Government-wide statement of net position:	
Investments	\$ -
Add: cash equivalents considered investments for disclosure purposes	<u>2,762,064</u>
	2,762,064
Statement of fiduciary net position:	
Investments	14,714,753
Add: cash equivalents considered investments for disclosure purposes	<u>264,670</u>
	<u>14,979,423</u>
	<u>\$ 17,741,487</u>

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

Investments (Continued)

As of June 30, 2018, the District's investments consisted of the following:

<u>Investment type</u>	<u>Valuation Basis</u>	<u>Credit Rating</u>	<u>Value</u>	<u>Investment Maturities (In Years) Less Than 1</u>
Debt Securities:				
Government-wide statement of net position:				
Short-term Investment Fund (STIF)	Net asset value	AAA	\$ 2,762,064	\$ 2,762,064
Statement of fiduciary net position:				
Short-term Investment Fund (STIF)	Net asset value	AAA	149,584	149,584
Money market mutual funds	Net asset value	Unrated	115,086	115,086
			<u>3,026,734</u>	<u>\$ 3,026,734</u>
Other investments:				
Statement of fiduciary net position:				
Mutual funds	Fair Value		14,714,753	
Total			<u>\$ 17,741,487</u>	

Because investments in the Short-term Investment Fund and the money market mutual funds have weighted average maturities of less than 90 days, they have been presented as investments with maturities of less than one year.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

Investments *(Continued)*

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments are not exposed to custodial credit risk because they are either not evidenced by securities that exist in physical or book entry form or they are held by a reputable custodian in the name of the District.

Concentrations of Credit Risk

The District places no limit on the amount of investment in any one issuer. As of June 30, 2018, 100% of the District's governmental activities investments are invested in the Short-term Investment Fund. As of June 30, 2018, more than 10% of the District's fiduciary investments are invested in the following:

<u>Issuer</u>	<u>Investment</u>	<u>Value</u>	<u>% of Fiduciary Investments</u>
Wells Fargo	Blackrock Strat Inc OPP-K	\$ 2,485,898	17%
Wells Fargo	Vanguard Total Bond Market Index Fund Admiral Shares	2,445,072	16%
Wells Fargo	Vanguard DVLDP Markets Index Fund Admiral Shares	2,205,006	15%
Wells Fargo	Vanguard Growth Index Fund Admiral Shares	1,805,847	12%
Wells Fargo	Vanguard Value Index Fund Admiral Shares	1,721,630	11%
Wells Fargo	Vanguard 500 Index Fund Admiral Shares	1,851,711	12%

Pension trust fund investments may be invested in fixed income, equities and cash. The target asset allocation is 35% fixed income and 65% equities. There are also minimum and maximum target levels defined. Investment managers are employed to manage the assets allocated to them. The Board of Education, as trustee of the pension plan, is responsible for overall investment policy. Any change in investment manager or individual security purchase must have their approval.

The Other Post-Employment Benefits Trust Fund (OPEB) investments may be invested in fixed income, equities and cash. The target asset allocation is 40% fixed income and 60% equities. There are also minimum and maximum target levels defined. Professional money managers are employed to manage the assets allocated to them. The Board of Education, as trustee of the OPEB trust, is responsible for overall investment policy. Any change in investment manager or individual security purchase must have their approval.

The Sick and Severance Benefits Trust Fund may be invested in fixed income, equities and cash. The target asset allocation is 50% fixed income and 50% equities. There are also minimum and maximum target levels defined. Professional money managers are employed to manage the assets allocated to them. The Board of Education, as trustee of the sick and severance trust, is responsible for overall investment policy. Any change in investment manager or individual security purchase must have their approval.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 - FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs). The District classifies its assets and liabilities measured at fair value into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which market inputs are observable, either directly or indirectly, and Level 3 (securities valued based on unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The District's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2018, by level within the fair value hierarchy are presented in the table below.

<u>Financial Assets Measured at Fair Value</u>	<u>Prices in Active Market (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Total</u>
Mutual funds	\$ 14,714,753	\$ -	\$ -	\$ 14,714,753

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 4,186,566	\$ -	\$ -	\$ 4,186,566
Construction in progress	469,714	36,418	-	506,132
Total capital assets, not being depreciated	<u>4,656,280</u>	<u>36,418</u>	<u>-</u>	<u>4,692,698</u>
Capital assets, being depreciated:				
Buildings and improvements	114,585,235	-	-	114,585,235
Improvements other than buildings	334,196	1,344,773	-	1,678,969
Furniture and equipment	1,087,760	35,715	17,530	1,105,945
Total capital assets, being depreciated	<u>116,007,191</u>	<u>1,380,488</u>	<u>17,530</u>	<u>117,370,149</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	19,110,475	1,439,951	-	20,550,426
Improvements other than buildings	106,830	57,255	-	164,085
Furniture and equipment	483,435	89,256	6,321	566,370
Total accumulated depreciation and amortization	<u>19,700,740</u>	<u>1,586,462</u>	<u>6,321</u>	<u>21,280,881</u>
Total capital assets, being depreciated, net	<u>96,306,451</u>	<u>(205,974)</u>	<u>11,209</u>	<u>96,089,268</u>
Governmental activities capital assets, net	<u>\$ 100,962,731</u>	<u>\$ (169,556)</u>	<u>\$ 11,209</u>	<u>\$ 100,781,966</u>

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS (Continued)

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

Governmental Activities:			
General instruction	\$	32,505	
Support services:			
Support services - students		39,114	
General administration		1,039	
Buildings and grounds		1,513,804	
Total depreciation and amortization expense	\$	<u>1,586,462</u>	

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2018 are as follows:

Receivable Fund	Payable Fund	Amount
Governmental Funds		
General Fund	Nonmajor Governmental Funds	\$ 639
Nonmajor Governmental Funds	General Fund	1,060
		<u>\$ 1,699</u>

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 6 - FUND BALANCE

The various components of fund balance as of June 30, 2018 are as follows:

	<u>General Fund</u>	<u>Reserve Fund for Capital and Nonrecurring</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:				
Inventories	\$ -	\$ -	\$ 22,314	\$ 22,314
Restricted for:				
Capital purposes	-	191,553	-	191,553
Committed to:				
Capital purposes	-	410,935	-	410,935
Cafeteria operations	-	-	46,735	46,735
Educational purposes	-	-	157,188	157,188
Assigned to:				
General instruction	31,203	-	-	31,203
Support services - student	4,053	-	-	4,053
Improvement of instruction	220	-	-	220
General administration	51,036	-	-	51,036
Transportation	2,158	-	-	2,158
Employee benefits	10,626	-	-	10,626
Student activities	41,097	-	-	41,097
Buildings and grounds	247,854	-	-	247,854
Capital outlays	9,379	-	-	9,379
Unassigned	-	-	(1,417)	(1,417)
	<u>\$ 397,626</u>	<u>\$ 602,488</u>	<u>\$ 224,820</u>	<u>\$ 1,224,934</u>

Deficit Fund Equity

The Education Grants fund, which is a nonmajor governmental fund, has a deficit fund balance as of June 30, 2018 of \$1,417. This deficit does not constitute a violation of statutory provisions. The District plans to fund the deficit through future revenues or appropriations from the General Fund.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 7 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2018:

	Beginning Balance <i>(As Adjusted)</i>	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 32,245,000	\$ 10,300,000	\$ 14,920,000	\$ 27,625,000	\$ 3,850,000
Unamortized amounts:					
Premiums	674,449	1,247,292	397,815	1,523,926	-
Total bonds payable	32,919,449	11,547,292	15,317,815	29,148,926	3,850,000
Other liabilities:					
Capital leases	117,918	-	61,429	56,489	56,489
Vacation accrual payable	19,062	13,287	9,397	22,952	11,000
Net pension liability	4,853,077	-	176,039	4,677,038	-
Net OPEB liability	2,376,740	-	95,083	2,281,657	-
	<u>\$ 40,286,246</u>	<u>\$ 11,560,579</u>	<u>\$ 15,659,763</u>	<u>\$ 36,187,062</u>	<u>\$ 3,917,489</u>

Bonds payable and other liabilities have typically been liquidated in the General Fund.

General Obligation Bonds

A summary of general obligation bonds outstanding at June 30, 2018 is as follows:

Purpose of Bonds	Final Maturity Dates	Interest Rates	Amount Outstanding
Governmental Activities			
Bonds Payable			
General obligation bonds issued 7/26/12, original amount of \$4,010,000	2023	2.00% - 4.00%	\$ 3,235,000
General obligation bonds issued 1/5/17, original amount of \$1,960,000	2027	4.00%	1,960,000
General obligation refunding bonds issued 1/5/17, original amount of \$12,130,000	2025	1.37% - 2.95%	12,130,000
General obligation refunding bonds issued 4/26/18, original amount of \$10,300,000	2026	3.00% - 5.00%	10,300,000
			<u>\$ 27,625,000</u>

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

General Obligation Bonds *(Continued)*

Annual debt service requirements to maturity at June 30, 2018 are as follows:

Year ending June 30:	General Obligation Bonds		
	Principal	Interest	Total
2019	\$ 3,850,000	\$ 717,838	\$ 4,567,838
2020	3,750,000	809,209	4,559,209
2021	3,665,000	705,834	4,370,834
2022	3,645,000	578,667	4,223,667
2023	3,640,000	449,399	4,089,399
2024-2027	9,075,000	617,465	9,692,465
	<u>\$ 27,625,000</u>	<u>\$ 3,878,412</u>	<u>\$ 31,503,412</u>

Legal Debt Limit

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the District shall not exceed four and a half times base receipts, as defined in the Statute, or \$199,132,304 as of June 30, 2018. The District did not exceed the statutory debt limitation as of June 30, 2018.

General Obligation Bond Refunding

During April 2018, the District issued \$10,300,000 in general obligation refunding bonds with interest rates ranging from 3.0% and 5.0%. The District issued the bonds to refund \$11,335,000 in general obligation bonds outstanding with interest rates ranging from 2.0% and 4.0%. The District refunded the bonds to reduce its total debt service payments over the next 17 years by \$622,938 and to obtain an economic gain (difference between the present values of the debt service payments of the old and new bonds) of \$560,249.

The District has also advanced refunded general obligation bonds in prior years. The difference between the reacquisition prices (the amounts placed in escrow) and the net carrying amounts of the refunded bonds have resulted in deferred charges on refundings in the amount of \$2,654,438, including a deferred charge on refunding recognized in the current year of \$303,877. These amounts, net of accumulated amortization of \$2,255,827, have been presented as deferred outflows of resources in the government-wide financial statements and are being amortized to interest expense using the effective-interest method over the life of the new bonds. Amortization of deferred charges on refundings totaled \$137,981 for the year ended June 30, 2018.

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

Capital Leases

A summary of assets acquired through capital leases in as follows as of June 30, 2018:

	Governmental Activities
Equipment	\$ 302,152
Less: accumulated amortization	181,930
	\$ 120,222

Amortization expense relative to leased property under capital leases totaled \$43,786 for the year ended June 30, 2018 and is included in depreciation and amortization expense disclosed in Note 5.

Future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2018 are as follows:

	Governmental Activities
Year Ending June 30:	
2019	\$ 58,202
Total minimum lease payments	58,202
Less: amount representing interest	1,713
Present value of minimum lease payments	\$ 56,489

Sick and Severance Benefits

The District provides sick and severance payments to teachers and department coordinators upon retirement, death or severe illness and to administrators upon retirement or the elimination of a position. To qualify for benefits, the employee must achieve normal retirement with 15 consecutive years of service. Benefits are also provided to those who qualify for early retirement: age 55 with 20 years of service for early retirement, 25 years of service, or age 60 with 10 years of service. The District funds the severance cost for the 72 eligible participants. All benefit amounts were frozen as of June 30, 1994.

In connection with the sick and severance benefits payable, the District has created a trust fund to accumulate resources for future projected payments. Current year sick and severance payments made to retirees totaled \$61,000 for the year ended June 30, 2018 and were paid from the General Fund budget. The components of the District's net sick and severance liability as of June 30, 2018, were as follows:

Total sick and severance liability	\$ 632,738
Assets held in Trust	794,055
District's net sick and severance asset	\$ (161,317)
 Plan fiduciary net position as a percentage of the total sick and severance liability	125.50%

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 7 - LONG-TERM OBLIGATIONS (Continued)

Sick and Severance Benefits (Continued)

The total sick and severance benefits liability for the District was determined by an actuarial valuation as of July 1, 2018. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Projections of benefits include the types of benefits in force at the valuation date. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Valuation date	July 1, 2018
Actuarial cost method	Entry Age Normal Actuarial Cost Method
Amortization method	Level Dollar
Remaining amortization period	
Teachers and Administrators	5 years, closed
Other participants	10 years, closed
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.50%
Mortality	RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2017
Sick Time Accrual	Maximum number of sick days per year
Salary increases	Varies from 2.6% to 7.6%
Retirement age	Ranges from 55 to 70

Sick and Severance Financial Statements

The following presents the statement of fiduciary net position and the statement of changes in fiduciary net position for the District's sick and severance plan as of and for the year ended June 30, 2018.

	Sick & Severance
	Trust Fund
	<hr/>
ASSETS	
Cash and cash equivalents	\$ 4,019
Investments - mutual funds	790,036
Total assets	<hr/> 794,055 <hr/>
 NET POSITION	
Held in trust for sick and severance benefits	 \$ 794,055 <hr/> <hr/>

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

Sick and Severance Financial Statements *(Continued)*

	Sick & Severance Trust Fund
ADDITIONS	
Contributions:	
Employer contributions	\$ 578
Total contributions	578
Investment earnings:	
Interest and dividends	16,317
Net changes in the fair value of investments	41,217
Total investment earnings	57,534
Total additions	58,112
 DEDUCTIONS	
Benefit payments	61,000
Administrative expenses	2,253
Total deductions	63,253
Change in net position	(5,141)
Net position - beginning	799,196
Net position - ending	\$ 794,055

NOTE 8 - PENSION PLANS

Defined Benefit Plan

Plan Description

Plan administration - The District maintains a single-employer, defined benefit pension plan: the Amity Regional School District No. 5 Pension Plan (the "Retirement Plan"). The Retirement Plan covers substantially all District employees other than teachers. The Retirement Plan is administered by the Board of Education.

Plan membership - Membership of the Retirement Plan consisted of the following at July 1, 2017, the date of the most recent actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefits	46
Inactive plan members entitled to but not yet receiving benefits	4
Active employees	60
	110

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8 - PENSION PLANS *(Continued)*

Defined Benefit Plan *(Continued)*

Plan Description *(Continued)*

Benefits provided - The Retirement Plan provides for retirement, death and disability benefits for all eligible employees. The Retirement Plan covers substantially all noncertified District employees. The monthly retirement benefit is calculated at 2.5% of the average of the annual salaries during the highest five consecutive calendar years of employment multiplied by years of service. Plan members are eligible to retire at age 65 with 10 years of service or are eligible for early retirement at age 55 with 10 years of service. Participants are 100% vested after 10 years of continuous service if their contributions remain in the fund. Death benefits include the accrued benefit earned for participants who were eligible for normal retirement on or prior to the date of death, or participant contributions multiplied by the actuarial conversion factor for those participants who were not eligible for normal retirement benefits on or prior to the date of death. Disability retirement benefits, which include the accrued benefit as of the date of disability, are available for participants who are 40 years in age and have completed 5 years of service.

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

For the year ended June 30, 2018, employer contributions to the Retirement Plan were \$886,831 and represented approximately 25.90% of covered payroll. District employees are required to contribute 2.25% of their earnings to the Retirement Plan.

Summary of Significant Accounting Policies

Investments - Investments are measured by the District at fair value (generally based on quoted market prices), except for investments in certain external investments pools, which are measured at net asset value.

Fair value of other securities is determined by the most recent bid and asked prices as obtained from dealers that make markets in such securities. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the District, with the assistance of a valuation service. Securities traded on national exchanges are valued at the last reported sales price. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date. Administrative costs are funded through investment earnings of the Retirement Plan.

Investment policy - The Retirement Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Education. The Retirement Plan's trust fund investments may be invested in fixed income, equities and cash. The target asset allocation is 35% fixed income and 65% equities. There are also minimum and maximum target levels defined.

Concentrations - The Retirement Plan's investments consist solely of investment in various mutual funds and are therefore not exposed to concentrations of credit risk, as these investments are considered to be diversified by nature.

Rate of return - For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.16%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8 - PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

Net Pension Liability

The components of the net pension liability of the District's Plan at June 30, 2018, were as follows:

Total pension liability	\$	16,442,035
Plan fiduciary net position		11,764,997
District's net pension liability	\$	4,677,038

Plan fiduciary net position as a percentage of the total pension liability	71.55%
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The components of the change in the net pension liability of the District's Plan for the year ended June 30, 2018, were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance as of June 30, 2017	\$ 15,440,443	\$ 10,587,366	\$ 4,853,077
Changes for the year:			
Service cost	539,815	-	539,815
Interest	1,095,440	-	1,095,440
Difference between expected and actual experience	138,984	-	138,984
Change of assumptions	(99,030)	-	(99,030)
Contributions - employer	-	886,831	(886,831)
Contributions - member	-	77,655	(77,655)
Net investment income	-	886,762	(886,762)
Benefit payments, including refunds	(673,617)	(673,617)	-
Net changes	1,001,592	1,177,631	(176,039)
Balance as of June 30, 2018	\$ 16,442,035	\$ 11,764,997	\$ 4,677,038

Actuarial assumptions - The total pension liability for the District was determined by an actuarial valuation as of July 1, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases	2.60% - 7.60%
Investment rate of return	7.00%
Discount rate	7.00%

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8 - PENSION PLANS *(Continued)*

Defined Benefit Plan *(Continued)*

Net Pension Liability *(Continued)*

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Weighting</u>
US Large Cap	37.50%	4.65%	1.74%
US Mid/Small Cap	12.50%	5.50%	0.69%
Developed International Equities	15.00%	5.50%	0.83%
Intermediate Corporate Bonds	17.50%	2.25%	0.39%
Intermediate Government Bonds	17.50%	1.65%	0.29%

Discount rate - The discount rate used to measure the total District pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the District contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the District's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Net pension liability as of June 30, 2018	\$ 6,421,539	\$ 4,677,038	\$ 3,182,141

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8 - PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

Pension Plan Financial Statements

The following presents the statement of fiduciary net position and the statement of changes in fiduciary net position for the District's defined benefit plan as of and for the year ended June 30, 2018.

	Pension Trust Fund
ASSETS	
Cash and cash equivalents	\$ 95,694
Investments - mutual funds	11,669,303
Total assets	11,764,997
 NET POSITION	
Held in trust for pension benefits	\$ 11,764,997
	Pension Trust Fund
ADDITIONS	
Contributions:	
Employer contributions	\$ 886,831
Employee contributions	77,655
Total contributions	964,486
Investment earnings:	
Interest and dividends	270,715
Net changes in the fair value of investments	625,041
Total investment earnings	895,756
Total additions	1,860,242
 DEDUCTIONS	
Benefit payments	673,617
Administrative expenses	8,994
Total deductions	682,611
Change in net position	1,177,631
Net position - beginning	10,587,366
Net position - ending	\$ 11,764,997

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8 - PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2018, the District recognized pension expense of \$1,120,100. At June 30, 2018, the District reported deferred outflows and inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 118,402	\$ (149,249)
Changes of assumptions	629,813	(77,502)
Net difference between projected and actual earnings on pension plan investments	-	(74,470)
Total	\$ 748,215	\$ (301,221)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Year ended June 30,		
2019	\$ 346,130	\$ (32,508)
2020	239,234	(75,674)
2021	144,723	(152,995)
2022	18,128	(40,044)
	\$ 748,215	\$ (301,221)

Connecticut State Teachers' Retirement System

Plan Description

The faculty and professional personnel of the District's Board of Education participates in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost sharing multiple-employer defined benefit pension plan that provides retirement, disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") Title 10, Chapter 167a and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The TRS is included as a fiduciary pension trust fund in the State of Connecticut's Comprehensive Annual Financial Report and the Board issues publicly available financial reports.

Benefit Provisions

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

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8 - PENSION PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Benefit Provisions *(Continued)*

Early Retirement: Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6.0% per year for the first 5 years preceding normal retirement age and 4.0% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3.0% per year by which retirement precedes normal retirement date.

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

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. Disability benefits are calculated as 2% 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%, nor more than 50%. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of average annual salary. A plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

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

Contributions

Per CGS 10-183z, contribution requirements of active employees and the State are amended and certified by the Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amounts to finance any unfunded accrued liability.

In accordance with CGS Section 10-183z, the District does not and is not legally responsible to contribute to the plan as a special funding situation exists that requires the State to contribute 100% of an employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Effective January, 1, 2018, active employees are required to contribute 7.0%, previously 6.0%, of their annual earnings to the plan.

Administrative Expenses

Administrative costs of the plan are funded by the State.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8 - PENSION PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Basis of Presentation

The collective net pension liability, deferred outflows and inflows of resources, and pension expense for the TRS has been measured as of June 30, 2017 based on an actuarial valuation performed as of June 30, 2016. Since the District does not contribute directly to the TRS, the District does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2017 measurement date for the TRS has been utilized by the District for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2018 and for reporting the proportionate share of the collective net pension liability that is attributed to the District as of June 30, 2018.

Allocation Methodology

The schedule of employer allocations for the TRS was calculated based upon the fiscal year 2017 expected contribution effort for each participating employer. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. For fiscal year 2017, the District's expected contribution effort for allocation purposes totaled \$4,797,427 or 0.47% of the total expected contribution effort. The District has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures of the General Fund for the year ended June 30, 2018.

The components associated with the collective pension expense and deferred inflows and outflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2017. The portion of the collective pension expense allocated to the District totaled \$7,402,705. The District has recognized this amount as an operating contribution and related education expense of the governmental activities for the year ended June 30, 2018.

The total collective net pension liability of participating employers for the TRS was approximately \$13.502 billion as of the June 30, 2017 measurement date. The portion attributed to the District totaled \$63,998,051 or approximately 0.47% of the total collective net pension liability.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8 - PENSION PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Actuarial Assumptions *(Continued)*

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% 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%.

Long-Term Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Large Cap U.S. Equities	21.0%	5.8%
Developed Non-U.S. Equities	18.0%	6.6%
Emerging Markets (Non-U.S.)	9.0%	8.3%
Real Estate	7.0%	5.1%
Private Equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Fixed Income (Core)	7.0%	1.3%
High Yield Bonds	5.0%	3.9%
Emerging Market Bonds	5.0%	3.7%
Inflation Linked Bonds	3.0%	1.0%
Cash	6.0%	0.4%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. 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 the State contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8 - PENSION PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Proportionate Share of the Collective Net Pension Liability

The following presents the proportionate share of the net pension liability attributed to the District as of the June 30, 2017 measurement date, calculated using a discount rate of 8.00%, as well as what the proportionate share of the net pension liability attributed to the District would be if it were calculated using a discount rate that is 1-percentage point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Rate (8.00%)	1% Increase (9.00%)
District proportionate share of the net pension liability	\$80.1 million	\$64.0 million	\$50.4 million

Other Retirement Plans

The District has established a money-purchase retirement plan in accordance with Section 401(a) of the Internal Revenue Code (the "401(a) Plan") to provide retirement benefits for non-union employees and custodians, administrative assistants and para-educators hired after July 1, 2016. Under the provisions of the Plan, all eligible employees (except those covered under a comparable employer plan) may participate. Contribution requirements of the District are established and may be amended by the Board of Education. Participants may contribute between 2.0% and 6.0% of their base compensation. The District is currently required to contribute an amount equal to 5.0% of the employee's base compensation and provides for a 1.0% matching contribution. Participants become vested in employer contributions upon completion of five years of service. Amounts contributed by the District into this plan totaled \$59,878 for the year ended June 30, 2018.

The District offers certain eligible employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. Amounts contributed by the District into this plan totaled \$3,500 for the year ended June 30, 2018.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

Plan administration - The District administers a single-employer post-retirement healthcare plan, the Amity Regional School District No. 5 Other Post-Employment Benefits (OPEB) Plan (the "Plan"), to provide health benefits for eligible retirees and their spouses. The Plan is considered to be part of the District's financial reporting entity and is included in the District's financial reports as an Other Post-Employment Benefits Trust Fund. The Plan does not issue stand-alone financial reports.

Plan membership - As of July 1, 2017, the date of the most recent actuarial valuation, membership data was as follows:

Active plan members	329
Retirees and beneficiaries receiving benefits	24
	353

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Plan Description *(Continued)*

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

Contributions - Contribution requirements of the District are established in the Plan document and may be amended by the District. State law requires that the premium charged to retirees may not be greater than that charged for the same form of coverage for active teachers. In addition, State law requires that the TRS provide a subsidy to the District to offset the cost to retirees. In 2000, the subsidy amount was statutorily frozen at \$110 per person per month.

For the year ended June 30, 2018, the District contributed \$45,377 to the OPEB Trust.

Summary of Significant Accounting Policies

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

Investments - Investments are recorded at fair value. Short-term investments are reported at cost, which approximates fair value. Fair value of other securities is determined by the most recent bid and asked prices as obtained from dealers that make markets in such securities. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the District, with the assistance of a valuation service. Securities traded on national exchanges are valued at the last reported sales price. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date.

Investment policy - The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Education. The Plan's trust fund investments may be invested in fixed income, equities and cash. The target asset allocation is 40% fixed income and 60% equities. There are also minimum and maximum target levels defined.

Concentrations - The Plan's investments consist solely of investment in various mutual funds and are therefore not exposed to concentrations of credit risk, as these investments are considered to be diversified by nature.

Rate of return - For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.56%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2017.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Net OPEB Liability (Continued)

The components of the net OPEB liability of the District's Plan at June 30, 2018, were as follows:

Total OPEB liability	\$ 4,552,444
Plan fiduciary net position	<u>2,270,787</u>
District's net OPEB liability	<u><u>\$ 2,281,657</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	49.88%

The components of the change in the net OPEB liability of the District's Plan for the year ended June 30, 2018, were as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance as of June 30, 2017	<u>\$ 4,389,738</u>	<u>\$ 2,012,998</u>	<u>\$ 2,376,740</u>
Changes for the year:			
Service cost	108,167	-	108,167
Interest	315,156	-	315,156
Differences between expected and actual experience	(266,055)	-	(266,055)
Changes of assumptions	(3,351)	-	(3,351)
Contributions - employer	-	45,377	(45,377)
Contribution - TRB subsidy	-	51,371	(51,371)
Net investment income	-	152,252	(152,252)
Benefit payments, including refunds of member contributions	8,789	8,789	-
Net changes	<u>162,706</u>	<u>257,789</u>	<u>(95,083)</u>
Balances as of June 30, 2018	<u><u>\$ 4,552,444</u></u>	<u><u>\$ 2,270,787</u></u>	<u><u>\$ 2,281,657</u></u>

Benefit payments are reported net of retiree cost shares.

Actuarial Assumptions – The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Investment rate of return	7.00%
Discount rate	7.00%
Salary increases	2.60% - 7.60%
Inflation rate	2.60%
Healthcare cost trend rate:	
Initial	7.10%
Ultimate	4.60%

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Net OPEB Liability *(Continued)*

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2017.

The long-term expected rate of returns on OPEB Plan investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>	<u>Weighting</u>
Core Fixed Income	40.00%	1.75%	0.70%
U.S. Large Cap Equities	30.00%	5.60%	1.68%
U.S. Small Cap Equities	10.00%	5.90%	0.59%
Developed Foreign Equities	20.00%	5.80%	1.16%

Discount rate - The discount rate used to measure the total OPEB liability was 7.0%. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rates and that the District's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the OPEB 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 rates of return on the OPEB Plan's investments were applied to all periods of projected benefit payments to determine the OPEB Plan's total OPEB liability.

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

	<u>Discount Rates</u>		
	<u>1% Decrease (6.00%)</u>	<u>Current (7.00%)</u>	<u>1% Increase (8.00%)</u>
Net OPEB liability as of June 30, 2018	\$ 2,740,122	\$ 2,281,657	\$ 1,882,877

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

	<u>Healthcare Cost Trend Rates</u>		
	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Net OPEB liability as of June 30, 2018	\$ 1,804,429	\$ 2,281,657	\$ 2,840,994

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

OPEB Plan Financial Statements

The following presents the statements of fiduciary net position and the statement of changes in fiduciary net position for the District's OPEB plan as of and for the year ended June 30, 2018.

	Other Post-Employment Benefits Trust Fund
ASSETS	
Cash and cash equivalents	\$ 15,373
Investments - mutual funds	2,255,414
Total assets	2,270,787
 NET POSITION	
Held in trust for other post-employment benefits	\$ 2,270,787
	Other Post-Employment Benefits Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 45,377
Other	60,160
Total contributions	105,537
Investment earnings:	
Interest and dividends	50,842
Net changes in the fair value of investments	104,158
Total investment earnings	155,000
Total additions	260,537
 DEDUCTIONS	
Administrative expenses	2,747
Total deductions	2,747
Change in net position	257,790
Net position - beginning	2,012,997
Net position - ending	\$ 2,270,787

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) *(Continued)*

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of \$206,762. As of June 30, 2018, the District reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 247,186
Changes of assumptions	3,113
Net difference between projected and actual earnings on OPEB plan investments	6,169
Total	\$ 256,468

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

Year Ended June 30:	
2019	\$ 20,649
2020	20,649
2021	20,649
2022	20,650
2023	19,107
Thereafter	154,764
	\$ 256,468

Connecticut State Teachers' Retirement System

Plan Description

The faculty and professional personnel of the District's Board of Education participates in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost sharing multiple-employer defined benefit pension plan that provides retirement, disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") *Title 10, Chapter 167a* and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The OPEB trust fund is included in the TRS, and the TRS is included in the State of Connecticut audit as a pension trust fund.

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.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Benefit Provisions *(Continued)*

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

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

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

Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Contributions

Per CGS 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 annual appropriation in the General Fund. School district employers are not required to make contributions to the Plan.

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.

Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Administrative Expenses

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Basis of Presentation

The collective net OPEB liability, deferred outflows and inflows of resources, and OPEB expense for the TRS has been measured as of June 30, 2017 based on an actuarial valuation performed as of June 30, 2016. Since the District does not contribute directly to the TRS, the District does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2017 measurement date for the TRS has been utilized by the District for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2018 and for reporting the proportionate share of the collective net OPEB liability that is attributed to the District as of June 30, 2018.

The components associated with the OPEB expense and deferred inflows and outflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes for the year ended June 30, 2017.

Allocation Methodology

The schedule of allocations have been prepared to provide the total amount of employer contributions from the State and the proportionate share percentages that have been determined based on these contributions. Based on these percentages the proportionate share amounts of the net OPEB liability associated with each participating employer and the employer OPEB expense and revenue for State support for each participating employer for the year ending June 30, 2017.

For fiscal year 2017, the District's expected contribution effort for allocation purposes totaled \$94,426 or 0.47% of the total expected contribution effort. The District has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures of the General Fund for the year ended June 30, 2018.

The components associated with the collective OPEB expense and deferred inflows and outflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2017. The portion of the collective OPEB expense allocated to the District totaled \$763,413. The District has recognized this amount as an operating contribution and related education expense of the governmental activities for the year ended June 30, 2018.

The total collective net OPEB liability of participating employers for the TRS was approximately \$3.475 billion as of the June 30, 2017 measurement date. The portion attributed to the District totaled \$16,472,366 or approximately 0.47% of the total collective net OPEB liability.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	2.75%, net of investment related expense
Healthcare cost trend rates:	
Pre- Medicare	7.25% for 2017 decreasing to an ultimate rate of 5.00% by 2022
Medicare	7.25% for 2017 decreasing to an ultimate rate of 5.00% by 2022

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

Long-Term Rate of Return

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. Treasuries (Cash Equivalents)	100.0%	0.04%

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Discount Rate

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate was performed in accordance with the applicable standards. The projection's basis was an actuarial valuation performed as of June 30, 2016. In addition to the actuarial methods and assumptions of the June 30, 2016 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annual at a rate of 3.25%.
- Employee contributions were assumed to be made at the current member contribution rate.
- Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- No future employer contributions were assumed to be made.
- For future plan members, contribution inflows were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

Proportionate Share of the Collective Net OPEB Liability

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the proportionate share of the collective net OPEB liability attributed to the District as of the June 30, 2017 measurement date, calculated using a discount rate of 3.56%, as well as what the proportionate share of the net OPEB liability attributed to the District would be if it were calculated using a discount rate that is 1-percentage point lower (2.56%) or 1-percentage-point higher (4.56%) than the current rate:

	1.00% Decrease (2.56%)	Current Rate (3.56%)	1.00% Increase (4.56%)
Proportionate share of the net OPEB liability attributed to the District	\$ 19,851,839	\$ 16,472,366	\$ 13,815,127

Sensitivity of the Net OPEB liability to Changes in the Healthcare Cost Trend Rates - The following presents the proportionate share of the collective net OPEB liability attributed to the District as of the June 30, 2017 measurement date, 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 in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Proportionate share of the net OPEB liability attributed to the District	\$ 13,562,700	\$ 16,472,366	\$ 20,389,875

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The District purchases commercial insurance for all risks of loss except workers' compensation and liability-automobile-property insurance for which it participates in risk sharing pools, and medical benefits for which the District is self-insured. During the year ended June 30, 2018, deductibles paid by the District were insignificant. Neither the District nor its insurers have settled any claims which exceeded the District's insurance coverage during the past three years. In addition, there have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

The District is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies that was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program.

Workers' Compensation Pool

The District is a member of CIRMA's Workers' Compensation Pool, a risk-sharing pool. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an incurred loss retrospective rating plan, and losses incurred in the coverage period will be evaluated at 18, 30 and 42 months after the effective date of coverage. The premium is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence.

Liability-Automobile-Property Pool

The District is a member of CIRMA's Liability-Automobile-Property Pool, a risk-sharing pool. The Liability-Automobile-Property Pool provides general liability, automobile liability, employee benefit liability, law enforcement liability, public officials and property coverage. The premium is subject to these coverages, and claims and expense payments falling within the deductible amounts are the responsibility of the District. CIRMA's Liability-Automobile-Property Pool retains \$1,000,000 per occurrence for each line of liability coverage.

Self-Insured Medical Benefits

The District established an internal service fund to account for and finance the risk of loss for the District's employee medical benefits claims. The internal service fund provides coverage for all eligible full-time employees. The District retains the risk of loss under the plan. A third party processes the claims filed under the self-insured health plan, for which the District is charged an administrative fee. The District has purchased a stop-loss policy for total claims in any one year exceeding an aggregate of 120% of expected claims and for individual claims exceeding \$150,000 for combined hospital and major medical.

The District establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2018. Claims liabilities are recorded if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of possible loss can be reasonably estimated. The amount of the claims accrual is based on the ultimate costs of settling the claims, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claims accrual does not include other allocated or unallocated claims adjustment expenses.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - RISK MANAGEMENT (Continued)

A summary of claims activity for the years ended June 30, 2018 and 2017 are as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2017	\$ 402,146	\$ 3,746,518	\$ 3,807,521	\$ 341,143
2018	341,143	3,295,479	3,273,605	363,017

NOTE 11 - COMMITMENTS AND CONTINGENCIES

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

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

As of June 30, 2018, the District has recorded \$397,626 in encumbrances. Such encumbrances represent legal commitments for the purchase of goods or services and have been included in assigned fund balance within the balance sheet of the General Fund.

NOTE 12 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations. (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement which (1) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (2) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, and (3) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this statement are effective for the District's reporting period beginning July 1, 2019. The District is currently evaluating the potential impact of adopting this Statement on its financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the District's reporting period beginning July 1, 2019. The District is currently evaluating the potential impact of adopting this Statement on its financial statements.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 12 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE *(Continued)*

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the District's reporting period beginning July 1, 2020. The District is currently evaluating the potential impact of adopting this Statement on its financial statements.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for the District's reporting period beginning July 1, 2018. The District is currently evaluating the potential impact of adopting this Statement on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement should be applied prospectively and are effective for the District's reporting period beginning July 1, 2020. The District is currently evaluating the potential impact of adopting this Statement on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

AMITY REGIONAL SCHOOL DISTRICT NO. 5
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL -BUDGETARY BASIS - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Assessments to member towns	\$ 48,250,162	\$ 48,250,162	\$ 44,251,623	\$ (3,998,539)
Intergovernmental	31,633	31,633	826,012	794,379
Charges for services	101,368	101,368	176,979	75,611
Interest income	10,000	10,000	70,343	60,343
Other	46,000	46,000	38,001	(7,999)
Total revenues	<u>48,439,163</u>	<u>48,439,163</u>	<u>45,362,958</u>	<u>(3,076,205)</u>
EXPENDITURES				
Current:				
Salaries	25,474,101	25,474,001	25,131,110	(342,891)
Employee benefits	6,418,372	6,285,330	4,985,420	(1,299,910)
Instruction	533,610	556,295	523,471	(32,824)
Pupil transport	3,045,414	3,007,208	2,675,031	(332,177)
Tuition	3,486,509	3,458,197	2,843,896	(614,301)
Purchased services	1,631,904	1,844,567	1,631,580	(212,987)
Rental and other services	646,774	654,755	604,056	(50,699)
Buildings and grounds	940,020	1,005,606	993,199	(12,407)
Utilities	773,665	789,778	788,504	(1,274)
Property and liability insurance	234,767	234,767	233,069	(1,698)
Travel and memberships	157,985	155,747	128,869	(26,878)
Contingency	150,000	19,590	-	(19,590)
Capital outlays	539,392	546,672	504,331	(42,341)
Debt service:				
Principal	3,585,000	3,585,000	3,585,000	-
Interest	821,650	821,650	821,649	(1)
Total expenditures	<u>48,439,163</u>	<u>48,439,163</u>	<u>45,449,185</u>	<u>(2,989,978)</u>
Excess (deficiency) of revenues over expenditures	-	-	(86,227)	(86,227)
OTHER FINANCING SOURCES				
Cancellation of prior year encumbrances	-	-	86,227	86,227
Total other financing sources	<u>-</u>	<u>-</u>	<u>86,227</u>	<u>86,227</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance - beginning			<u>-</u>	
Fund balance - ending			<u>\$ -</u>	

See accompanying notes to required supplementary information.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
ASSESSMENTS TO MEMBER TOWNS				
Bethany	\$ 9,495,632	\$ 9,495,632	\$ 8,708,108	\$ (787,524)
Orange	24,017,483	24,017,483	22,028,024	(1,989,459)
Woodbridge	14,737,047	14,737,047	13,515,491	(1,221,556)
Total assessment to member towns	<u>48,250,162</u>	<u>48,250,162</u>	<u>44,251,623</u>	<u>(3,998,539)</u>
INTERGOVERNMENTAL				
Adult education	3,042	3,042	3,494	452
Transportation income	22,100	22,100	24,700	2,600
Special education	-	-	784,807	784,807
Building renovation	6,491	6,491	6,363	(128)
Health services	-	-	273	273
Other	-	-	6,375	6,375
Total intergovernmental	<u>31,633</u>	<u>31,633</u>	<u>826,012</u>	<u>794,379</u>
CHARGES FOR SERVICES				
Parking income	29,000	29,000	33,092	4,092
Athletics	23,000	23,000	29,330	6,330
Tuition revenue	49,368	49,368	106,135	56,767
Shared services	-	-	8,422	8,422
Total charges for services	<u>101,368</u>	<u>101,368</u>	<u>176,979</u>	<u>75,611</u>
INTEREST INCOME				
	<u>10,000</u>	<u>10,000</u>	<u>70,343</u>	<u>60,343</u>
OTHER REVENUES				
Rental income	21,000	21,000	23,530	2,530
Miscellaneous	25,000	25,000	14,471	(10,529)
Total other revenues	<u>46,000</u>	<u>46,000</u>	<u>38,001</u>	<u>(7,999)</u>
Total revenues	48,439,163	48,439,163	45,362,958	(3,076,205)
OTHER FINANCING SOURCES				
Cancellation of prior year encumbrances	-	-	86,227	86,227
Total other financing sources	<u>-</u>	<u>-</u>	<u>86,227</u>	<u>86,227</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES				
	<u>\$ 48,439,163</u>	<u>\$ 48,439,163</u>	<u>\$ 45,449,185</u>	<u>\$ (2,989,978)</u>

See accompanying notes to required supplementary information.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
SALARIES				
Certified	\$ 20,975,448	\$ 20,993,830	\$ 20,730,655	\$ (263,175)
Classified	4,498,653	4,480,171	4,400,455	(79,716)
Total salaries	<u>25,474,101</u>	<u>25,474,001</u>	<u>25,131,110</u>	<u>(342,891)</u>
EMPLOYEE BENEFITS				
Medicare	353,376	353,376	341,418	(11,958)
FICA	277,127	277,127	273,821	(3,306)
Workers' compensation	251,584	251,584	227,763	(23,821)
Medical and dental insurance	4,369,049	4,230,031	2,973,210	(1,256,821)
Life insurance	44,211	44,211	42,431	(1,780)
Disability insurance	9,373	9,635	9,634	(1)
Pension plan - classified	941,215	946,709	946,709	-
Retirement sick leave - certified	19,936	19,936	19,936	-
Retirement sick leave - classified	1,587	1,587	-	(1,587)
Severance pay - certified	25,477	25,477	25,477	-
Unemployment compensation	17,900	18,120	18,120	-
OPEB trust	105,537	105,537	105,537	-
Clothing allowance	2,000	2,000	1,364	(636)
Total employee benefits	<u>6,418,372</u>	<u>6,285,330</u>	<u>4,985,420</u>	<u>(1,299,910)</u>
INSTRUCTION				
Instructional program improvement	15,500	31,210	29,165	(2,045)
Instructional supplies	404,064	411,827	384,224	(27,603)
Text and digital resources	92,431	92,632	90,305	(2,327)
Library books & periodicals	21,615	20,626	19,777	(849)
Total instruction	<u>533,610</u>	<u>556,295</u>	<u>523,471</u>	<u>(32,824)</u>
PUPIL TRANSPORT				
Pupil transportation	2,928,073	2,889,867	2,568,313	(321,554)
Transportation supplies	117,341	117,341	106,718	(10,623)
Total pupil transport	<u>3,045,414</u>	<u>3,007,208</u>	<u>2,675,031</u>	<u>(332,177)</u>
TUITION				
	<u>3,486,509</u>	<u>3,458,197</u>	<u>2,843,896</u>	<u>(614,301)</u>
PURCHASED SERVICES				
Data processing	94,178	94,178	88,181	(5,997)
Other professional & technical services	1,271,266	1,398,662	1,236,961	(161,701)
Communications	172,374	172,324	133,300	(39,024)
Other purchased services	94,086	179,403	173,138	(6,265)
Total purchased services	<u>1,631,904</u>	<u>1,844,567</u>	<u>1,631,580</u>	<u>(212,987)</u>
RENTAL AND OTHER SERVICES				
Rentals - land, building, equipment	97,947	101,096	87,412	(13,684)
Other supplies	548,827	553,659	516,644	(37,015)
Total rental and other services	<u>646,774</u>	<u>654,755</u>	<u>604,056</u>	<u>(50,699)</u>

(Continued)

See accompanying notes to required supplementary information.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Continued)
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
BUILDINGS AND GROUNDS				
Repairs, maintenance and cleaning	\$ 720,055	\$ 799,662	\$ 791,403	\$ (8,259)
Maintenance and custodial supplies	219,965	205,944	201,796	(4,148)
Total buildings and grounds	<u>940,020</u>	<u>1,005,606</u>	<u>993,199</u>	<u>(12,407)</u>
UTILITIES				
Utilities, excluding heat	681,950	682,030	681,767	(263)
Oil and natural gas used for heating	91,715	107,748	106,737	(1,011)
Total utilities	<u>773,665</u>	<u>789,778</u>	<u>788,504</u>	<u>(1,274)</u>
PROPERTY AND LIABILITY INSURANCE	<u>234,767</u>	<u>234,767</u>	<u>233,069</u>	<u>(1,698)</u>
TRAVEL AND MEMBERSHIPS				
Staff travel	22,432	24,807	21,347	(3,460)
Travel - conferences	36,520	33,603	21,105	(12,498)
Dues and fees	99,033	97,337	86,417	(10,920)
Total travel and memberships	<u>157,985</u>	<u>155,747</u>	<u>128,869</u>	<u>(26,878)</u>
CONTINGENCY	<u>150,000</u>	<u>19,590</u>	<u>-</u>	<u>(19,590)</u>
CAPITAL OUTLAYS				
Equipment - new	72,200	98,995	96,125	(2,870)
Equipment - replacement	250,192	255,153	252,463	(2,690)
Improvements to sites	46,000	50,446	49,500	(946)
Improvements to buildings	171,000	142,078	106,243	(35,835)
Total capital outlays	<u>539,392</u>	<u>546,672</u>	<u>504,331</u>	<u>(42,341)</u>
DEBT SERVICE				
Principal	3,585,000	3,585,000	3,585,000	-
Interest	821,650	821,650	821,649	(1)
Total debt service	<u>4,406,650</u>	<u>4,406,650</u>	<u>4,406,649</u>	<u>(1)</u>
TOTAL EXPENDITURES	<u>\$ 48,439,163</u>	<u>\$ 48,439,163</u>	<u>\$ 45,449,185</u>	<u>\$ (2,989,978)</u> <i>(Concluded)</i>

See accompanying notes to required supplementary information.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AMITY REGIONAL SCHOOL DISTRICT NO. 5 PENSION PLAN (UNAUDITED)
LAST FIVE FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability					
Service cost	\$ 539,815	\$ 542,547	\$ 493,768	\$ 479,386	\$ 408,199
Interest	1,095,440	1,096,406	988,845	930,362	882,103
Differences between expected and actual experience	138,984	(143,763)	19,949	(247,484)	-
Changes of assumptions	(99,030)	210,599	529,757	962,070	-
Benefit payments, including refunds	(673,617)	(670,971)	(623,779)	(677,103)	(703,532)
Net change in total pension liability	1,001,592	1,034,818	1,408,540	1,447,231	586,770
Total pension liability - beginning	15,440,443	14,405,625	12,997,085	11,549,854	10,963,084
Total pension liability - ending	<u>16,442,035</u>	<u>15,440,443</u>	<u>14,405,625</u>	<u>12,997,085</u>	<u>11,549,854</u>
Plan fiduciary net position					
Contributions - employer	886,831	862,404	772,191	738,934	707,554
Contributions - members	77,655	81,533	80,951	77,564	75,449
Net investment income	886,762	1,099,641	176,783	281,561	1,271,801
Benefit payments, including refunds	(673,617)	(670,971)	(623,779)	(677,103)	(703,532)
Administrative expense	-	(8,216)	-	-	(6,644)
Other	-	-	196	129	94
Net change in plan fiduciary net position	1,177,631	1,364,391	406,342	421,085	1,344,722
Plan fiduciary net position - beginning	10,587,366	9,222,975	8,816,633	8,395,548	7,050,826
Plan fiduciary net position - ending	<u>11,764,997</u>	<u>10,587,366</u>	<u>9,222,975</u>	<u>8,816,633</u>	<u>8,395,548</u>
District's net pension liability	<u>\$4,677,038</u>	<u>\$4,853,077</u>	<u>\$5,182,650</u>	<u>\$4,180,452</u>	<u>\$3,154,306</u>
Plan fiduciary net position as a percentage of total pension liability	71.55%	68.57%	64.02%	67.84%	72.69%
Covered employee payroll	\$3,423,413	\$3,368,174	\$3,473,851	\$3,264,904	\$3,183,014
District's net pension liability as a percentage of covered employee payroll	136.62%	144.09%	149.19%	128.04%	99.10%

See accompanying notes to required supplementary information.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS
AMITY REGIONAL SCHOOL DISTRICT NO. 5 PENSION PLAN (UNAUDITED)
LAST FIVE FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 886,831	\$ 862,402	\$ 772,191	\$ 738,934	\$ 707,554
Contributions in relation to the actuarially determined contribution	<u>886,831</u>	<u>862,404</u>	<u>772,191</u>	<u>738,934</u>	<u>707,554</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (2)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 3,423,413	\$ 3,368,174	\$ 3,473,851	\$ 3,264,904	\$ 3,183,014
Contributions as a percentage of covered employee payroll	25.90%	25.60%	22.23%	22.63%	22.23%
Annual money-weighted rate of return, net of investment expense	8.16%	11.46%	1.96%	3.27%	17.61%

See accompanying notes to required supplementary information.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST FOUR FISCAL YEARS
(Rounded to nearest thousand)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability attributed to the District	0.474%	0.474%	0.471%	0.471%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability attributed to the District	<u>63,998,000</u>	<u>67,518,000</u>	<u>51,711,000</u>	<u>47,796,000</u>
Total	<u>\$ 63,998,000</u>	<u>\$ 67,518,000</u>	<u>\$ 51,711,000</u>	<u>\$ 47,796,000</u>
District's covered payroll	\$ 18,503,787	\$ 18,928,000	\$ 17,014,000	\$ 18,490,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	55.93%	52.26%	59.50%	61.51%

See accompanying notes to required supplementary information.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
OTHER POST-EMPLOYMENT BENEFITS PLAN (UNAUDITED)
LAST TWO FISCAL YEAR

	<u>2018</u>	<u>2017</u>
Total OPEB liability		
Service cost	\$ 108,167	\$ 105,426
Interest	315,156	293,998
Differences between expected and actual experience	(266,055)	(1,788)
Changes of assumptions	(3,351)	-
Benefit payments, including refunds	8,789	(203,200)
Net change in total OPEB liability	<u>162,706</u>	<u>194,436</u>
Total OPEB liability - beginning	<u>4,389,738</u>	<u>4,195,302</u>
Total OPEB liability - ending	<u>4,552,444</u>	<u>4,389,738</u>
Plan fiduciary net position		
Contributions - employer	45,377	282,793
Contributions - retirees' subsidies	51,371	77,679
Net investment income	152,252	169,538
Benefit payments, including refunds	8,789	(203,200)
Administrative expense	-	-
Net change in plan fiduciary net position	<u>257,789</u>	<u>326,810</u>
Plan fiduciary net position - beginning	<u>2,012,998</u>	<u>1,686,188</u>
Plan fiduciary net position - ending	<u>2,270,787</u>	<u>2,012,998</u>
District's net OPEB liability	<u>\$ 2,281,657</u>	<u>\$ 2,376,740</u>
Plan fiduciary net position as a percentage of total OPEB liability	49.88%	45.86%
Covered employee payroll	\$ 24,341,335	\$ 24,809,512
District's net OPEB liability as a percentage of covered employee payroll	9.37%	9.58%

See accompanying notes to required supplementary information.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS
OTHER POST-EMPLOYMENT BENEFITS PLAN (UNAUDITED)
LAST TWO FISCAL YEAR

	2018	2017
Actuarially determined contribution	\$ 323,526	\$ 442,313
Contributions in relation to the actuarially determined contribution	45,377	282,793
Contribution deficiency (excess)	\$ 278,149	\$ 159,520
Covered employee payroll	\$ 24,341,335	\$ 24,809,512
Contributions as a percentage of covered employee payroll	0.19%	1.14%
Annual money-weighted rate of return, net of investment expense	7.56%	10.05%

See accompanying notes to required supplementary information.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY -
 CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
 LAST FISCAL YEARS
 (Rounded to nearest thousand)

	2018
Proportion of the net OPEB liability attributed to the District	0.474%
District's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability attributed to the District	<u>16,472,366</u>
Total	<u><u>\$ 16,472,366</u></u>
District's covered payroll	\$ 18,503,787
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.0%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%

See accompanying notes to required supplementary information.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND**

Budgetary Information

The District adheres to the following procedures in establishing the budgetary data reported in the financial statements:

- The District legally adopts an annual budget for the General Fund pursuant to Connecticut General Statutes Section 10-51. Formal budgetary integration is employed by the District as a management control device during the year for the General Fund.
- Prior to January, each department head or other agency as designated by the Superintendent submits budget requests accompanied by detailed estimates of expenditures to be made and, where appropriate, revenues to be collected during the ensuing fiscal year.
- Annually, prior to the annual meeting of the Board, a public budget meeting is held for the purpose of presenting and voting upon a regional school budget.
- After the budget is approved, the Board estimates the share of the net expenditures to be paid by each member town in accordance with Connecticut General Statutes Section 10-51, and notifies the respective member town's treasurer thereof.
- The level of control for a legally adopted budget (the level at which expenditures may not legally exceed appropriations without Board approval) is at the program level. Transfers from one budget line to another may be made by the Director of Finance and Administration with the approval of the Superintendent, Finance Committee and Board of Education.
- The Board does not have the authority to expend beyond the total budget appropriation without Board of Education and member town approval.
- 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. Generally, all unencumbered appropriations lapse at year end, except those for the Capital Project Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.
- No additional appropriations were authorized during the year ended June 30, 2018.

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.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

Budgetary Information (Continued)

A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2018:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Change in Fund Balance</u>
Budgetary basis	\$ 45,362,958	\$ 45,449,185	\$ 86,227	\$ -
"On-behalf" payments - State Teachers' Retirement Fund	4,891,853	4,891,853	-	-
Changes in encumbrances	-	(207,344)	(86,227)	121,117
Noncash financing sources not recognized for budgetary purposes relating to the current year bond refunding	-	36,379	36,379	-
GAAP basis	<u>\$ 50,254,811</u>	<u>\$ 50,170,073</u>	<u>\$ 36,379</u>	<u>\$ 121,117</u>

NOTE 2 - SCHEDULE OF THE CHANGES IN NET PENSION LIABILITY - AMITY REGIONAL SCHOOL DISTRICT NO. 5 PENSION PLAN

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

Actuarial valuations are prepared every year with the most recent available actuarial valuation performed as of July 1, 2017. The July 1, 2017 was utilized to calculate the total pension liability as of July 1, 2017, which was rolled forward to the most recent measurement date of June 30, 2018.

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

Assumption Changes - There have been no assumption changes that have had a significant effect on the measurement of the total pension liability as of June 30, 2018. The District previously lowered the discount rate utilized to measure its total pension liability from 8.0% as of the June 30, 2015 measurement date, to 7.5% as of the June 30, 2016 measurement, to 7.0% as of the June 30, 2017 measurement date.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - AMITY REGIONAL SCHOOL DISTRICT NO. 5 PENSION PLAN

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

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

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2018.

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20 years
Asset valuation method	5 year smoothed market
Inflation	2.60%
Salary increases	Varies from 2.60% to 7.60%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Retirement age	Ranges from 55 to 70
Mortality	RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2016.

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

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

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2016. The June 30, 2016 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2017. This information is utilized by the District for reporting as of June 30, 2018.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total pension liability.

Assumption Changes - The following assumption changes had a significant effect on the measurement of the total pension liability measured as of June 30, 2016 and reported as of June 30, 2017.

- the inflation assumption was reduced from 3.00% to 2.75%,
- the real rate of return assumption was reduced from 5.50% to 5.25%, which when combined with the inflation assumption change, resulted in a decrease in the investment rate of return assumption from 8.50% to 8.00%,
- the payroll growth assumption was reduced from 3.75% to 3.25%, and
- various demographic assumption changes including the utilization of the RPH-2014 mortality tables.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

The District began to report this schedule when it implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, in fiscal year 2017. GASB Statement No. 74 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every year with the most recent available actuarial valuation performed as of July 1, 2017. The July 1, 2017 was utilized to calculate the total OPEB liability as of July 1, 2017, which was rolled forward to the most recent measurement date of June 30, 2018.

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

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

NOTE 6 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - OTHER POST-EMPLOYMENT BENEFITS PLAN

The District began to report this schedule when it implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, in fiscal year 2017. GASB Statement No. 74 requires the information within this schedule to be presented for the ten most recent fiscal years.

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

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2018.

Actuarial cost method:	Projected Unit Credit
Amortization method:	Level Percentage of Payroll
Remaining amortization period	30 years, closed (19 years remaining as of July 1, 2016)
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.00%
Discount rate	7.00%
Inflation rate	2.60%
Healthcare cost trend rate:	
Initial	8.10%
Ultimate	4.60%

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 7 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OTHER POST-EMPLOYMENT
BENEFITS LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM**

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

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2016. The June 30, 2016 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2017. This information is utilized by the District for reporting as of June 30, 2018.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total OPEB liability.

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

AMITY REGIONAL SCHOOL DISTRICT NO. 5
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2018

	Orange	Woodbridge	Bethany	Total
Total cash collections for the year ended June 30, 2018:	\$ 22,028,024	\$ 13,515,491	\$ 8,708,108	\$ 44,251,623
				District
Debt limitation: 4-1/2 times base				\$ 199,132,304
Indebtedness:				
Bonds payable				27,625,000
Net indebtedness				27,625,000
Debt limitation in excess of outstanding and authorized debt				\$ 171,507,304
Total capacity of borrowing (4-1/2 times base)				\$ 199,132,304
Total present indebtedness				27,625,000
Margin for additional borrowing				\$ 171,507,304

See accompanying Independent Auditor's Report.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Education Grants Fund	Continuing Education Fund	School Operating Fund	Cafeteria Fund	
ASSETS					
Cash and cash equivalents	\$ 68,235	\$ 80,064	\$ 114,264	\$ 93,284	\$ 355,847
Grants and contracts receivables	-	-	-	16,947	16,947
Due from other funds	1,060	-	-	-	1,060
Inventories	-	-	-	22,314	22,314
Total assets	<u>\$ 69,295</u>	<u>\$ 80,064</u>	<u>\$ 114,264</u>	<u>\$ 132,545</u>	<u>\$ 396,168</u>
LIABILITIES					
Accounts payable	\$ 55,362	\$ -	\$ 783	\$ 27,851	\$ 83,996
Due to other funds	639	-	-	-	639
Unearned revenue	14,711	36,357	-	35,645	86,713
Total liabilities	<u>70,712</u>	<u>36,357</u>	<u>783</u>	<u>63,496</u>	<u>171,348</u>
FUND BALANCES					
Nonspendable	-	-	-	22,314	22,314
Committed	-	43,707	113,481	46,735	203,923
Unassigned	(1,417)	-	-	-	(1,417)
Total fund balances	<u>(1,417)</u>	<u>43,707</u>	<u>113,481</u>	<u>69,049</u>	<u>224,820</u>
Total liabilities and fund balances	<u>\$ 69,295</u>	<u>\$ 80,064</u>	<u>\$ 114,264</u>	<u>\$ 132,545</u>	<u>\$ 396,168</u>

See accompanying Independent Auditor's Report.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Special Revenue Funds</u>				Total Nonmajor Governmental Funds
	Education Grants Fund	Continuing Education Fund	School Operating Fund	Cafeteria Fund	
REVENUES					
Intergovernmental	\$ 589,806	\$ -	\$ -	\$ 142,628	\$ 732,434
Charges for services	-	68,103	72,974	665,290	806,367
Total revenues	<u>589,806</u>	<u>68,103</u>	<u>72,974</u>	<u>807,918</u>	<u>1,538,801</u>
EXPENDITURES					
Current:					
General instruction	383,769	65,420	-	-	449,189
Support services:					
Support services - student	13,054	-	2,416	819,796	835,266
Improvement of instruction	51,560	-	6,992	-	58,552
Media	26,226	-	-	-	26,226
General administration	-	-	40,562	-	40,562
Transportation	1,295	-	-	-	1,295
Employee benefits	60,567	-	-	-	60,567
Student activities	5,168	-	-	-	5,168
Buildings and grounds	26,455	-	-	-	26,455
Capital outlays	21,717	-	-	-	21,717
Total expenditures	<u>589,811</u>	<u>65,420</u>	<u>49,970</u>	<u>819,796</u>	<u>1,524,997</u>
Net change in fund balance	(5)	2,683	23,004	(11,878)	13,804
Fund balances - beginning	(1,412)	41,024	90,477	80,927	211,016
Fund balances - ending	<u>\$ (1,417)</u>	<u>\$ 43,707</u>	<u>\$ 113,481</u>	<u>\$ 69,049</u>	<u>\$ 224,820</u>

See accompanying Independent Auditor's Report.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Balance, July 1, 2017	Additions	Deductions	Balance, June 30, 2018
ASSETS				
Cash and cash equivalents	\$ 346,730	\$ 770,641	\$ 756,948	\$ 360,423
Total assets	\$ 346,730	\$ 770,641	\$ 756,948	\$ 360,423
LIABILITIES				
Payables	\$ 5,335	\$ 2,105	\$ -	\$ 7,440
Due to others	341,395	768,536	756,948	352,983
Total liabilities	\$ 346,730	\$ 770,641	\$ 756,948	\$ 360,423

See accompanying Independent Auditor's Report.

AMITY REGIONAL SCHOOL DISTRICT NO. 5

STATE SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2018

AMITY REGIONAL SCHOOL DISTRICT NO. 5
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

**AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
 PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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 CMYK: 77/0/100/0

Board of Education
 Regional School District No. 5
 Woodbridge, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Amity Regional School District No. 5 (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 7, 2018.

Internal Control Over Financial Reporting

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

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

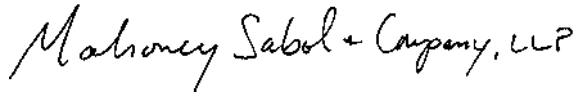
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

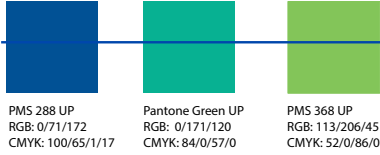
Purpose of this Report

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



Certified Public Accountants
Glastonbury, Connecticut
December 7, 2018

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Pantone Green UP
RGB: 0/171/120
CMYK: 84/0/57/0

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CMYK: 52/0/86/0

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE AND ON THE SCHEDULE OF EXPENDITURES
DE STATE FINANCIAL ASSISTANCE REQUIRED BY THE CONNECTICUT STATE SINGLE AUDIT ACT**

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CMYK: 100/80/6/32

Pantone Green CP
RGB: 0/152/107
CMYK: 93/0/63/0

PMS 368 CP
RGB: 0/174/0
CMYK: 72/0/100/0

Report on Compliance for Each Major Program

We have audited Amity Regional School District No. 5's (the "District") compliance with the types of compliance requirements described in the State of Connecticut Office of Policy and Management's *Compliance Supplement to the State Single Audit Act* that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2018. The District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of state findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, Amity Regional School District No. 5 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 7, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



Certified Public Accountants
Glastonbury, Connecticut
December 7, 2018

AMITY REGIONAL SCHOOL DISTRICT NO. 5
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2018

State Grantor; Pass-Through Grantor; Program Title	State Grant Program Core-CT Number	Expenditures
NONEXEMPT PROGRAMS:		
DEPARTMENT OF EDUCATION		
Direct Programs:		
Open Choice	11000-SDE64370-17053	\$ 52,681
Magnet Schools	11000-SDE64370-17057	24,700
Healthy Foods Initiative	11000-SDE64370-16212	10,845
Child Nutrition State Matching Grant	11000-SDE64370-16211	5,702
Adult Education	11000-SDE64370-17030	3,494
Health Services	11000-SDE64370-17034	273
Total Department of Education		<u>97,695</u>
Total State Financial Assistance Before Exempt Programs		<u>97,695</u>
EXEMPT PROGRAMS:		
DEPARTMENT OF EDUCATION		
Direct Programs:		
Excess Cost Student Based and Equity	11000-SDE64370-17047	<u>784,807</u>
DEPARTMENT OF ADMINISTRATIVE SERVICES		
Direct Programs:		
School Construction Grants	13010-DAS27636-40901	<u>6,363</u>
Total Exempt Programs		<u>791,170</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE		<u>\$ 888,865</u>

The accompanying note is an integral part of this schedule.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTE TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2018

The accompanying schedule of expenditures of state financial assistance includes state grant activity of Amity Regional School District No. 5 (the "District") under programs of the State of Connecticut for the year ended June 30, 2018. Various departments and agencies of the State of Connecticut have provided financial assistance to the District through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs of the District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations.

The information in the schedule of expenditures of state financial assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management. The following is a summary of the more significant policies relating to the aforementioned grant programs.

BASIS OF ACCOUNTING

The accompanying schedule of expenditures of state financial assistance has been prepared on the accrual basis consistent with the preparation of the basic financial statements.

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

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

Certain financial assistance is not dependent on expenditure activity or the achievement of performance goals and, accordingly, is considered expended in the fiscal year of receipt. In accordance with Section 4-236-22 of the regulations to the Connecticut State Single Audit Act, these financial assistance program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes ✓ No

Significant deficiency(ies) identified? _____ Yes ✓ Reported

Noncompliance material to financial statements noted? _____ Yes ✓ No

STATE FINANCIAL ASSISTANCE

Internal control over major programs:

Material weakness(es) identified? _____ Yes ✓ No

Significant deficiency(ies) identified? _____ Yes ✓ Reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? _____ Yes ✓ No

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

State Grantor/Program	State Grant Program Core – CT Number	Expenditures
Department of Education:		
Open Choice	11000-SDE64370-17053	\$ 52,681

Dollar threshold used to distinguish between Type A and Type B programs: \$100,000

AMITY REGIONAL SCHOOL DISTRICT NO. 5

Bethany Orange Woodbridge
25 Newton Road, Woodbridge Connecticut 06525



Theresa Lumas
Director of Finance and Administration
terry.lumas@reg5.k12.ct.us

Phone (203) 397-4813
Fax (203) 397-4864

To: Dr. Jennifer Byars, Superintendent of Schools
From: Theresa Lumas, Director of Finance and Administration
Re: Return Funds to Member Towns
Date: December 3, 2018

The Amity Finance Committee and Amity Board of Education will need to accept the Audited Financial Statements before funds can be returned to the member towns.

Amity Finance Committee:

Move to recommend the Amity Board of Education accept the Annual Financial Statements for the period ending June 30, 2018, and authorize the Superintendent of Schools to return to the Member Towns a balance of \$3,213,732, as follows:

<i>Town of Bethany</i>	<i>\$ 633,074</i>
<i>Town of Orange</i>	<i>\$1,598,805</i>
<i>Town of Woodbridge</i>	<i>\$ 981,853</i>
<i>Total</i>	<i>\$3,213,732</i>

Amity Board of Education:

Move to accept the Annual Financial Statements for the period ending June 30, 2018, and authorize the Superintendent of Schools to return to the Member Towns a balance of \$3,213,732, as follows:

<i>Town of Bethany</i>	<i>\$ 633,074</i>
<i>Town of Orange</i>	<i>\$1,598,805</i>
<i>Town of Woodbridge</i>	<i>\$ 981,853</i>
<i>Total</i>	<i>\$3,213,732</i>

**AMITY REGIONAL SCHOOL DISTRICT NO. 5
REVENUES AND EXPENDITURES
FOR FY 2018-2019**

		COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	COLUMN 5	COLUMN 6	COL 7
		2017-2018	2018-2019	OCT 18	CHANGE	NOV 18	VARIANCE	FAV
LINE	CATEGORY	ACTUAL	BUDGET	FORECAST	INCR./(DECR.)	FORECAST	OVER/(UNDER)	UNF
1	MEMBER TOWN ALLOCATIONS	47,465,355	48,190,256	48,190,256	0	48,190,256	0	FAV
2	OTHER REVENUE	267,094	186,902	250,194	0	250,194	63,292	FAV
3	OTHER STATE GRANTS	791,182	573,805	573,805	154,722	728,527	154,722	FAV
4	MISCELLANEOUS INCOME	46,692	75,572	103,912	0	103,912	28,340	FAV
5	BUILDING RENOVATION GRANTS	6,363	0	0	0	0	0	FAV
6	TOTAL REVENUES	48,576,686	49,026,535	49,118,167	154,722	49,272,889	246,354	FAV
7	SALARIES	25,131,107	25,985,048	25,805,895	(42,528)	25,763,367	(221,681)	FAV
8	BENEFITS	4,985,420	6,092,697	6,080,842	(226)	6,080,616	(12,081)	FAV
9	PURCHASED SERVICES	7,393,360	8,495,258	8,186,624	(62,868)	8,123,756	(371,502)	FAV
10	DEBT SERVICE	4,406,650	4,595,576	4,567,838	0	4,567,838	(27,738)	FAV
11	SUPPLIES (INCLUDING UTILITIES)	2,899,440	2,978,862	2,964,877	0	2,964,877	(13,985)	FAV
12	EQUIPMENT	348,591	380,655	380,655	0	380,655	0	FAV
13	IMPROVEMENTS / CONTINGENCY	155,745	331,000	307,700	0	307,700	(23,300)	FAV
14	DUES AND FEES	128,868	167,439	167,439	0	167,439	0	FAV
15	TRANSFER ACCOUNT	0	0	0	0	0	0	FAV
16	TOTAL EXPENDITURES	45,449,181	49,026,535	48,461,870	(105,622)	48,356,248	(670,287)	FAV
17	SUBTOTAL	3,127,505	0	656,297	260,344	916,641	916,641	FAV
18	PLUS: CANCELLATION OF PRIOR YEAR'S ENCUMBRANCES	86,227	0	0	0	0	0	FAV
19	DESIGNATED FOR SUBSEQUENT YEAR'S BUDGET:	0	0	0	0	0	0	FAV
20	NET BALANCE / (DEFICIT)	3,213,732	0	656,297	260,344	916,641	916,641	FAV

Column 7: FAV=Favorable Variance
Revenues: At or OVER budget
Expenditures: At or UNDER budget

**AMITY REGIONAL SCHOOL DISTRICT NO. 5
REVENUES AND EXPENDITURES
FOR FY 2018-2019**

		COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	COLUMN 5	COLUMN 6	COL 7
		2017-2018	2018-2019	OCT 18	CHANGE	NOV 18	VARIANCE	FAV
LINE	CATEGORY	ACTUAL	BUDGET	FORECAST	INCR./((DECR.)	FORECAST	OVER/(UNDER)	UNF
1	BETHANY ALLOCATION	9,341,182	9,295,901	9,295,901	0	9,295,901	0	FAV
2	ORANGE ALLOCATION	23,626,829	24,181,870	24,181,870	0	24,181,870	0	FAV
3	WOODBIDGE ALLOCATION	14,497,344	14,712,485	14,712,485	0	14,712,485	0	FAV
4	MEMBER TOWN ALLOCATIONS	47,465,355	48,190,256	48,190,256	0	48,190,256	0	FAV
5	ADULT EDUCATION	3,494	3,042	3,042	0	3,042	0	FAV
6	PARKING INCOME	33,092	29,000	29,000	0	29,000	0	FAV
7	INVESTMENT INCOME	70,343	20,000	60,000	0	60,000	40,000	FAV
8	ATHLETICS	29,330	23,000	23,000	0	23,000	0	FAV
9	TUITION REVENUE	106,135	88,460	108,642	0	108,642	20,182	FAV
10	TRANSPORTATION INCOME	24,700	23,400	26,510	0	26,510	3,110	FAV
11	TRANSPORTATION BOWA AGREEMENT	0	0	0	0	0	0	FAV
12	OTHER REVENUE	267,094	186,902	250,194	0	250,194	63,292	FAV
13	OTHER STATE GRANT	6,375	0	0	0	0	0	FAV
14	SPECIAL EDUCATION GRANTS	784,807	573,805	573,805	154,722	728,527	154,722	FAV
15	OTHER STATE GRANTS	791,182	573,805	573,805	154,722	728,527	154,722	FAV
16	RENTAL INCOME	23,530	21,000	21,000	0	21,000	0	FAV
17	INTERGOVERNMENTAL REVENUE	8,422	29,572	29,572	0	29,572	0	FAV
18	OTHER REVENUE	14,740	25,000	53,340	0	53,340	28,340	FAV
19	TRANSFER IN	0	0	0	0	0	0	FAV
20	MISCELLANEOUS INCOME	46,692	75,572	103,912	0	103,912	28,340	FAV
21	BUILDING RENOVATION GRANTS	6,363	0	0	0	0	0	FAV
22	TOTAL REVENUES	48,576,686	49,026,535	49,118,167	154,722	49,272,889	246,354	FAV

Column 7: FAV=Favorable Variance
Revenues: At or OVER budget
Expenditures: At or UNDER budget

AMITY REGIONAL SCHOOL DISTRICT NO. 5
REVENUES AND EXPENDITURES
FOR FY 2018-2019

		COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	COLUMN 5	COLUMN 6	COL 7
		2017-2018	2018-2019	OCT 18	CHANGE	NOV 18	VARIANCE	FAV
LINE	CATEGORY	ACTUAL	BUDGET	FORECAST	INCR./(DECR.)	FORECAST	OVER/(UNDER)	UNF
1	5111-CERTIFIED SALARIES	20,730,652	21,397,312	21,225,813	(42,528)	21,183,285	(214,027)	FAV
2	5112-CLASSIFIED SALARIES	4,400,455	4,587,736	4,580,082	0	4,580,082	(7,654)	FAV
3	SALARIES	25,131,107	25,985,048	25,805,895	(42,528)	25,763,367	(221,681)	FAV
4	5200-MEDICARE - ER	341,418	374,913	374,913	0	374,913	0	FAV
5	5210-FICA - ER	273,821	283,586	288,739	0	288,739	5,153	UNF
6	5220-WORKERS' COMPENSATION	227,763	246,900	226,826	0	226,826	(20,074)	FAV
7	5255-MEDICAL & DENTAL INSURANCE	2,973,210	4,083,941	4,083,941	0	4,083,941	0	FAV
8	5860-OPEB TRUST	105,537	62,910	62,910	0	62,910	0	FAV
9	5260-LIFE INSURANCE	42,431	45,537	45,537	0	45,537	0	FAV
10	5275-DISABILITY INSURANCE	9,634	9,924	10,248	0	10,248	324	UNF
11	5280-PENSION PLAN - CLASSIFIED	886,831	892,845	892,845	0	892,845	0	FAV
12	5281- DEFINED CONTRIBUTION RETIREMENT PLAN	59,878	64,867	67,609	(226)	67,383	2,516	UNF
12	5282-RETIREMENT SICK LEAVE - CERT	19,936	1,921	1,921	0	1,921	0	FAV
13	5283-RETIREMENT SICK LEAVE - CLASS	0	1,000	1,000	0	1,000	0	FAV
14	5284-SEVERANCE PAY - CERTIFIED	25,477	1,000	1,000	0	1,000	0	FAV
15	5290-UNEMPLOYMENT COMPENSATION	18,120	21,353	21,353	0	21,353	0	FAV
16	5291-CLOTHING ALLOWANCE	1,364	2,000	2,000	0	2,000	0	FAV
17	BENEFITS	4,985,420	6,092,697	6,080,842	(226)	6,080,616	(12,081)	FAV
18	5322-INSTRUCTIONAL PROG IMPROVEMENT	29,165	28,500	28,500	0	28,500	0	FAV
19	5327-DATA PROCESSING	88,180	93,590	93,590	0	93,590	0	FAV
20	5330-OTHER PROFESSIONAL & TECHNICAL SRVC	1,299,289	1,332,265	1,332,265	0	1,332,265	0	FAV
21	5440-RENTALS - LAND, BLDG, EQUIPMENT	87,412	119,185	119,185	0	119,185	0	FAV
22	5510-PUPIL TRANSPORTATION	2,570,618	2,995,119	2,913,448	(9,735)	2,903,713	(91,406)	FAV
23	5521-GENERAL LIABILITY INSURANCE	233,069	242,601	234,032	0	234,032	(8,569)	FAV
24	5550-COMMUNICATIONS: TEL, POST, ETC.	133,299	163,224	163,224	0	163,224	0	FAV
25	5560-TUITION EXPENSE	2,843,895	3,427,580	3,209,186	(53,133)	3,156,053	(271,527)	FAV
26	5590-OTHER PURCHASED SERVICES	108,433	93,194	93,194	0	93,194	0	FAV
27	PURCHASED SERVICES	7,393,360	8,495,258	8,186,624	(62,868)	8,123,756	(371,502)	FAV

Column 7: FAV=Favorable Variance
Revenues: At or OVER budget
Expenditures: At or UNDER budget

AMITY REGIONAL SCHOOL DISTRICT NO. 5
REVENUES AND EXPENDITURES
FOR FY 2018-2019

		COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	COLUMN 5	COLUMN 6	COL 7
		2017-2018	2018-2019	OCT 18	CHANGE	NOV 18	VARIANCE	FAV
LINE	CATEGORY	ACTUAL	BUDGET	FORECAST	INCR./(DECR.)	FORECAST	OVER/(UNDER)	UNF
28	5830-INTEREST	821,650	745,576	717,838	0	717,838	(27,738)	FAV
29	5910-REDEMPTION OF PRINCIPAL	3,585,000	3,850,000	3,850,000	0	3,850,000	0	FAV
30	DEBT SERVICE	4,406,650	4,595,576	4,567,838	0	4,567,838	(27,738)	FAV
31	5410-UTILITIES, EXCLUDING HEAT	681,767	703,234	684,323	0	684,323	(18,911)	FAV
32	5420-REPAIRS, MAINTENANCE & CLEANING	791,402	723,928	747,228	0	747,228	23,300	UNF
33	5611-INSTRUCTIONAL SUPPLIES	365,334	396,905	396,905	0	396,905	0	FAV
34	5613-MAINTENANCE/CUSTODIAL SUPPLIES	201,867	219,965	219,965	0	219,965	0	FAV
35	5620-OIL USED FOR HEATING	36,861	46,500	44,128	0	44,128	(2,372)	FAV
36	5621-NATURAL GAS	69,877	52,512	52,512	0	52,512	0	FAV
37	5627-TRANSPORTATION SUPPLIES	106,718	151,900	135,898	0	135,898	(16,002)	FAV
38	5641-TEXTS & DIGITAL RESOURCES	109,193	176,013	176,013	0	176,013	0	FAV
39	5642-LIBRARY BOOKS & PERIODICALS	19,777	21,615	21,615	0	21,615	0	FAV
40	5690-OTHER SUPPLIES	516,644	486,290	486,290	0	486,290	0	FAV
41	SUPPLIES (INCLUDING UTILITIES)	2,899,440	2,978,862	2,964,877	0	2,964,877	(13,985)	FAV
42	5730-EQUIPMENT - NEW	96,128	215,879	215,879	0	215,879	0	FAV
43	5731-EQUIPMENT - REPLACEMENT	252,463	164,776	164,776	0	164,776	0	FAV
44	EQUIPMENT	348,591	380,655	380,655	0	380,655	0	FAV
45	5715-IMPROVEMENTS TO BUILDING	102,494	50,000	50,000	0	50,000	0	FAV
45a	5715-FACILITIES CONTINGENCY	0	100,000	100,000	0	100,000	0	FAV
45b	TRSF. FROM FACILITIES CONTINGENCY	0	0	(23,300)	0	(23,300)	(23,300)	FAV
46	5720-IMPROVEMENTS TO SITES	53,251	31,000	31,000	0	31,000	0	FAV
47	5850-DISTRICT CONTINGENCY	130,410	150,000	150,000	0	150,000	0	FAV
47a	TRSF. FROM CONTINGENCY TO OTHER ACCTS.	(130,410)	0	0	0	0	0	FAV
48	IMPROVEMENTS / CONTINGENCY	155,745	331,000	307,700	0	307,700	(23,300)	FAV
49	5580-STAFF TRAVEL	21,347	22,432	22,432	0	22,432	0	FAV
50	5581-TRAVEL - CONFERENCES	21,105	35,975	35,975	0	35,975	0	FAV
51	5810-DUES & FEES	86,416	109,032	109,032	0	109,032	0	FAV
52	DUES AND FEES	128,868	167,439	167,439	0	167,439	0	FAV
53	5856-TRANSFER ACCOUNT	0	0	0	0	0	0	FAV
54	ESTIMATED UNSPENT BUDGETS		0	0	0	0	0	FAV
55	TOTAL EXPENDITURES	45,449,181	49,026,535	48,461,870	(105,622)	48,356,248	(670,287)	FAV

Column 7: FAV=Favorable Variance
Revenues: At or OVER budget
Expenditures: At or UNDER budget

**AMITY REGIONAL SCHOOL DISTRICT NO. 5
REVENUES & EXPENDITURES BY CATEGORY
FINANCIAL ANALYSIS
FOR THE FISCAL YEAR 2018-2019**



NOVEMBER 2018

2018-2019 FORECAST

OVERVIEW

The projected unspent fund balance for this fiscal year is **\$916,641 FAV previously \$656,297 FAV**, which appears on page 1, column 6, line 20.

REVENUES BY CATEGORY

The projected yearend balance of revenues is **\$246,354 FAV previously \$91,632 FAV**, which appears on page 2, column 6, line 22.

LINE 5 on Page 2: ADULT EDUCATION:

The forecast is based on projected State payments.

LINE 7 on Page 2: INVESTMENT INCOME:

The budget is based on the expectation interest rates will remain steady and revenue will exceed the budget, **\$60,000 FAV, previously \$60,000 FAV**.

<u>Month</u>	<u>Peoples United</u>	<u>State Treasurer's Investment Fund</u>
July 2018	0.395%	1.96%
August	0.396%	1.99%
September	0.397%	2.01%
October	0.397%	2.18%
November	0.397%	2.32%

LINE 8 on Page 2: ATHLETICS:

The forecast is based on historical data for revenue collected.

LINE 9 on Page 2: TUITION REVENUE:

The budget is based on five tuition students. The actual tuition charged is higher than budgeted since the rate is set after the budget referendum is past. One new tuition student enrolled in the District, however one tuition student moved into the District. The projected variance is \$20,182 FAV previously \$20,182 FAV with one new tuition student registered.

LINE 10 on Page 2: TRANSPORTATION INCOME:

The forecast is based on projected State payments for magnet school transportation only, currently \$3,110 FAV due to increased costs reported.

LINE 14 on Page 2: SPECIAL EDUCATION GRANTS:

The current projection based on budgeted costs for placements and transportation. This is based on a 75% reimbursement rate. The excess cost reimbursement rate for FY18 was at a 75.51%. *The projected revenue for excess costs is anticipated to be \$154,722 more than budgeted. The budget anticipated the costs of services for 17 students to reach the high cost threshold and be eligible for reimbursement. There are currently 21 students with services reaching the threshold on the December filing of SEDAC-G.*

LINE 16 on Page 2: RENTAL INCOME:

The forecast is based on a budget.

LINE 17 on Page 2: INTERGOVERNMENTAL INCOME:

The forecast is based on the budget for shared services agreement with the Town of Woodbridge and the Woodbridge Board of Education for technology services.

LINE 18 on Page 2: OTHER REVENUE:

The forecast reflects insurance payments received in 2018-2019 from CIRMA for the May 2018 storm damage. Expenses were charged to 2017-2018 fiscal year so the reimbursements are applied toward miscellaneous income, a *\$28,340 FAV previously \$28,340 FAV variance.*

EXPENDITURES BY CATEGORY

The projected yearend balance of expenditures is *\$670,287 FAV previously \$564,665 FAV* which appears on page 4, column 6, line 55.

LINE 1 on Page 3: 5111-CERTIFIED SALARIES:

There are a few positions that are currently filled with a substitute and a permanent replacement is either in transition or the District is still seeking a permanent replacement. Summer work is currently less than budgeted, \$11,973 FAV. Forecast estimates \$171,499 FAV, previously \$70,499 FAV savings in vacant positions and \$41,169 in additional turnover savings. *\$42,528 FAV in savings is estimated due to current unpaid leaves of absences.*

LINE 2 on Page 3: 5112-CLASSIFIED SALARIES:

Classified staff costs are expected to be \$7,654 under budget due to staff turnover.

LINES 3 & 4 on Page 3: 5200 & 5210-MEDICARE & FICA:

The forecast is based on the budget for current staff.

LINE 6: 5220 on Page 3-WORKERS' COMPENSATION:

The workers' compensation premium is as budgeted and the forecast assumes the payroll audit will be as budgeted. Member equity distribution was received for \$20,074 FAV.

LINES 7 on Page 3: 5255-MEDICAL AND DENTAL INSURANCE:

The forecast assumes actual claims of current employees and retirees will be the same as the budget. The projected monthly budget is based on an average of five years of claims. *Claims are running higher based on the 5-year average, \$207,867 UNF previously \$82,206 UNF; fees are currently \$103,898 FAV previously \$123,124 FAV compared to*

5-year average (important to note that Anthem has changed fee structure this year); Employer contributions to employee HSA accounts are \$3,583 FAV, retiree payments are \$48,382 FAV and employee contributions are \$28,033 UNF. The forecast is currently projecting the account will be neutral for the year. Pending December claim data, the January forecast will be updated to reflect claims will be overbudget.

CLAIMS OF CURRENT EMPLOYEES AND RETIREES

MONTH	2018-2019 ACTUAL	2018-2019 BUDGET	VARIANCE	2017-2018 ACTUAL	2016-2017 ACTUAL
JUL	\$ 292,718	\$ 298,006	\$ (5,288)	\$ 254,849	\$ 309,902
AUG	\$ 282,192	\$ 319,785	\$ (37,593)	\$ 374,433	\$ 466,996
SEP	\$ 376,576	\$ 235,833	\$ 140,743	\$ 219,176	\$ 250,040
OCT	\$ 245,938	\$ 261,594	\$ (15,656)	\$ 271,340	\$ 250,625
NOV	\$ 418,110	\$ 292,449	\$ 125,661	\$ 353,747	\$ 307,308
DEC	\$ 353,542	\$ 353,542	\$ -	\$ 318,839	\$ 482,363
JAN	\$ 247,879	\$ 247,879	\$ -	\$ 191,730	\$ 178,047
FEB	\$ 224,414	\$ 224,414	\$ -	\$ 172,313	\$ 308,703
MAR	\$ 270,133	\$ 270,133	\$ -	\$ 288,923	\$ 282,399
APR	\$ 273,673	\$ 273,673	\$ -	\$ 213,346	\$ 219,690
MAY	\$ 304,880	\$ 304,880	\$ -	\$ 343,550	\$ 449,993
JUN	\$ 258,261	\$ 258,261	\$ -	\$ 253,461	\$ 301,248
TOTALS	\$ 3,548,316	\$ 3,340,449	\$ 207,867	\$ 3,255,706	\$3,807,314

ACTUAL/FORECAST CLAIMS AS A PERCENTAGE OF EXPECTED CLAIMS

2014-2015 ACTUAL	2015-2016 ACTUAL	2016-2017 ACTUAL	2017-2018 ACTUAL	2018-2019 FORECAST
87.3%	99.9%	85.2%	72.1%	106.2%

Note: 2018-2019 FORECAST of projected claims for this fiscal year as a percentage of expected claims is based on actual year-to-date claims plus budgeted claims for the remainder of the year divided by expected (budgeted) claims.

**FEEES OF CURRENT EMPLOYEES AND RETIREES
(Stop-Loss Premiums, Network Access Fees, and Other Fees)**

MONTH	2018-2019 ACTUAL	2018-2019 BUDGET	VARIANCE	2017-2018 ACTUAL	2016- 2017 ACTUAL
<i>JUL</i>	\$ 63,793	\$ 97,295	\$ (33,502)	\$ 84,939	\$ 79,407
<i>AUG</i>	\$ 60,070	\$ 100,327	\$ (40,257)	\$ 96,820	\$ 101,465
<i>SEP</i>	\$ 63,599	\$ 89,693	\$ (26,094)	\$ 73,886	\$ 75,692
<i>OCT</i>	\$ 63,213	\$ 86,484	\$ (23,271)	\$ 85,237	\$ 80,902
<i>NOV</i>	\$ 71,815	\$ 52,589	\$ 19,226	\$ 58,958	\$ 46,802
DEC	\$ 46,867	\$ 46,867	\$ -	\$ 45,657	\$ 42,983
JAN	\$ 45,107	\$ 45,107	\$ -	\$ 45,850	\$ 41,762
FEB	\$ 46,952	\$ 46,952	\$ -	\$ 45,666	\$ 42,203
MAR	\$ 44,907	\$ 44,907	\$ -	\$ 45,850	\$ 42,080
APR	\$ 44,302	\$ 44,302	\$ -	\$ 46,217	\$ 42,032
MAY	\$ 44,446	\$ 44,446	\$ -	\$ 46,034	\$ 42,101
JUN	\$ 44,521	\$ 44,521	\$ -	\$ 46,401	\$ 41,807
TOTALS	\$ 639,593	\$ 743,492	\$ (103,898)	\$ 721,515	\$ 679,235

LINE 9 on Page 3: 5260-LIFE INSURANCE:

The forecast is based on the current staff.

LINE 10 on Page 3: 5275-DISABILITY INSURANCE:

The forecast is based on the current staff.

LINE 11 on Page 3: 5281-DEFINED CONTRIBUTION RETIREMENT PLAN:

The forecast projects the District's contribution will be over budget \$2,742 UNF.

LINE 19: on Page 3 5327-DATA PROCESSING:

LINE 22 on Page 3: 5510-PUPIL TRANSPORTATION:

Special Education Transportation is a projected variance of \$91,406 FAV previously \$81,671 FAV. The forecast is based on the current transportation needs of the students.

LINE 23 on Page 3: 5521-GENERAL LIABILITY INSURANCE:

The bid for student accident insurance came in \$10,544 FAV under budget. *Coverage was increased in two areas of the general liability policy based on recommendations with our insurance consultant resulting in an increased premium of \$1,975 UNF, net account variance is projected at \$8,569 FAV.*

LINE 25 on Page 3: 5560-TUITION EXPENSE:

Tuition has a projected variance of \$271,527 FAV, previously \$218,394 FAV. The forecast is based on current students and their placements and will change throughout the year.

Tuition for the vo-ag schools has a projected variance of **\$40,235 FAV previously \$40,235 FAV**. Vo-Ag Enrollment is down by one student and magnet/charter school enrollment is down by 2 students.

	FY14-15 ACTUAL	FY15-16 ACTUAL	FY16-17 ACTUAL	FY17-18 ACTUAL	FY18-19 BUDGET	FY18-19 FORECAST
Sound	5	4	3	4	6	6
Trumbull	2	3	3	6	7	4
Nonnewaug	1	3(5)^a	3	4	4	6
Common Ground Charter HS	1	1	1	0	0	0
ACES Wintergreen Magnet	0	0	0	0	0	0
King Robinson Magnet	0	1	1	0	0	0
Engineering Science Magnet	0	0	0	1	1	0
Highville Charter School	0	0	0	1	1	0
Totals	9	12(14)	15	16	19	16(16)

Note ^a: Two students left on April 15, 2016.

ECA has a projected variance of **\$17,960 UNF (one student withdrew), previously \$17,960 UNF** due to higher enrollment.

	FY14-15 ACTUAL	FY15-16 ACTUAL	FY16-17 ACTUAL	FY17-18 ACTUAL	FY18-19 BUDGET	FY18-19 FORECAST
ECA	26	22	15	19	20	24(24)

Public (ACES) and private out-of-district placements has a projected variance of **\$249,252 FAV, previously \$196,119 FAV**. **Two students were outplaced and one student returned to the District.**

	FY14-15 ACTUAL	FY15-16 ACTUAL	FY16-17 ACTUAL	FY17-18 ACTUAL	FY18-19 BUDGET	FY18-19 FORECAST
Public SPED	10	6	8	8	13	10
Private SPED	24	26	27	20	24	25(24)
Totals	34	32	35	28	37	35(34)

LINE 28 on Page 4: 5830-INTEREST:

The District refinanced existing debt in a bond sale on May 15, 2018. The projected savings were greater than budgeted by \$27,738 FAV.

LINE 31 on Page 4: 5410-UTILITIES, EXCLUDING HEAT:

The 2018-2019 budget for electricity assumes the use of 3,644,427 kilowatt hours at an average price of \$0.16925 per kilowatt hour, or a cost of \$616,819. *It is still early in the year with only 3 of the AHS bills received to date, and two are underestimated. Jim Saisa is projecting being on budget at this time. Our contracted supplier canceled our contract so we will be paying one cent more per KWH with the new supplier. We were billed one month of standard offer pricing with the utility company during the transition, which is at a much higher price. These events should cancel each other out and keep the account on budget.*

ELECTRICITY (KILOWATT HOURS)

MONTH	2018-2019 FORECAST	2018-2019 BUDGET	VARIANCE	2017-2018 ACTUAL	2016-2017 ACTUAL
<i>JUL</i>	<i>104,580</i>	319,464	<i>(214,884)</i>	<i>259,046</i>	308,892
<i>AUG</i>	<i>152,275</i>	345,640	<i>(193,365)</i>	<i>286,777</i>	363,040
<i>SEP</i>	<i>314,178</i>	343,905	<i>(29,727)</i>	<i>285,740</i>	336,638
OCT	294,613	294,613	-	<i>280,876</i>	280,809
NOV	283,083	283,083	-	<i>259,631</i>	283,913
DEC	283,808	283,808	-	<i>272,198</i>	271,495
JAN	287,666	287,666	-	<i>266,633</i>	271,495
FEB	299,349	299,349	-	<i>267,529</i>	281,139
MAR	293,600	293,600	-	<i>254,042</i>	274,324
APR	287,107	287,107	-	<i>268,701</i>	271,093
MAY	289,662	289,662	-	<i>226,981</i>	290,167
JUN	316,530	316,530	-	<i>226,863</i>	270,748
Totals	3,206,451	3,644,427	(437,976)	3,155,017	3,503,753

Note: 2017-2018 Actual Kilowatt Hours shown in bold italics.

The budget assumes there will not be a Load Shed credit.

The budget for propane is \$2,415. The forecast is these charges will be on budget.

The budget for water is \$44,000. The forecast is these charges will be on budget.

Sewer costs are budgeted at \$40,000. The forecast projects this usage will be under budget, **\$18,911 FAV**. Jim Saisa negotiated to have the meter on the fuel cell reduced since all the waste water does not inject into the sewer system, \$10,840 FAV and remaining is reduced water usage from previous year.

DEGREE DAYS

There are 689 degree days to date compared to 561 last year at this time.

LINE 35 on Page 4: 5620-OIL:

Budget for the year is \$46,500. This is for a total of 20,000 gallons of heating oil at \$2.25 per gallon. The bid price came in at \$2.1314 for a projection of **\$2,372 FAV**.

LINE 36 on Page 4: 5621-NATURAL GAS:

Budget for the year is \$52,512. The forecast is these charges will be on budget

LINE 37 on Page 4: 5627-TRANSPORTATION SUPPLIES:

Budget for the year is \$151,900. This is for a total of 62,000 gallons of diesel fuel at \$2.45 per gallon. The bid price came in at \$2.1919 for a projection of \$16,002 FAV.

LINE 45a on Page 4: 5850-FACILITIES CONTINGENCY:

The budget includes a \$100,000 contingency for unplanned, necessary facility expenditures. The forecast assumes these funds will be entirely used. A budget transfer was approved in November 2018 for \$23,300 to replace the domestic hot water line at the high school.

LINE 47 on Page 4: 5850-CONTINGENCY:

The budget includes a \$150,000 contingency for unplanned, necessary expenditures. The forecast assumes these funds will be entirely used.

APPENDIX A

COST SAVINGS AND EFFICIENCIES FOR FISCAL YEAR 2018-2019

TOTAL ANNUAL SAVINGS TO-DATE OF: \$31,586

\$13,946 Cable Advisory Grant: One of the high school teachers, Jeremy Iverson, applied for and received a grant from Cable Advisory Grant. The grant is to be used to purchase production equipment for the film courses and production room. This reduces the amounts that would be funded through the general fund.

\$10,840 Meter Rate: Jim Saisa negotiated with a lower rate for one of the sewer meters for the fuel cell. The fuel cell does not inject water into the sewer system and the meter charge was adjusted.

\$3,800 Science Textbooks: Enrollment in science course is higher than budgeted and more textbooks were needed. Mr. Amato, the Science Department Chairperson, negotiated with the textbook vendor for complimentary copies to supplement our order.

\$3,000 Freezer Coil – In-house personnel replaced a freezer coil at Amity High School at \$3,000 less than the quoted outside contractor price.

There is a detailed history of the District's efforts to save dollars and operate efficiently. This information is posted on the District's website:

- **Energy Savings Initiatives for the past decade**
<http://www.amityregion5.org/boe/sub-committees/finance-committe>
- **District recognized CQIA Innovation Prize for Fostering a District Culture of Maximizing Cost Savings and Efficiencies**
<http://www.amityregion5.org/boe/sub-committees/finance-committee2>
- **Fiscal Year 2017-2018 – \$746,688** <https://www.amityregion5.org/boe/sub-committees/finance-committee>
- **Fiscal Year 2016-2017 – \$595,302** <http://www.amityregion5.org/boe/sub-committees/finance-committee>
- **Fiscal Year 2015-2016 – \$125,911** <http://www.amityregion5.org/boe/sub-committees/finance-committee>
- **Fiscal Year 2014-2015 – \$139,721** <http://www.amityregion5.org/boe/sub-committees/finance-committee>

APPENDIX B

MONTHLY FORECASTS: PURPOSE, METHODOLOGY, HISTORICAL

PURPOSE & METHODOLOGY:

A forecast is a prediction or estimate of future events and trends. **It is only as good as the data available and the assumptions used.** We use current information and past history.

There are many factors, which can significantly impact expenditures, both positively and negatively (e.g., staff turnover, vacancies and leaves-of absence; medical and dental insurance claims when self-insured; special education expenditures; major facility repairs; snow removal).

To illustrate, a special education student could move into the District in mid-year and the cost impact could be over \$100,000 and/or we could have a 'bad claims year' and wipe out the Self Insurance Reserve Fund and need other funds to cover claims of current employees and retirees. If we do not have available funds to cover these and other potential shortfalls, the necessity to seek additional funding from the public would be our only option (as only the towns have a fund balance from prior years available to use in the case of an emergency).

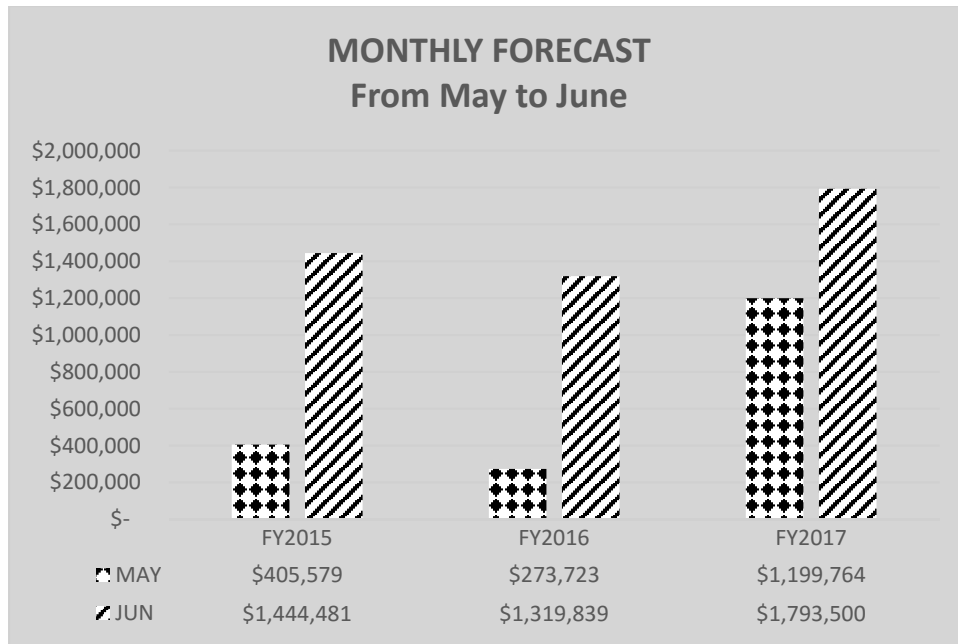
Revenues can be most impacted by decisions made at the State level for Special Education and Transportation grants. We have seen the reimbursement rate change in mid-year.

Prudent financial management is necessary. We need to be sure the total expenditures budget is never overspent (and may need to be underspent if revenues are below budget because total expenditures cannot exceed total revenues). It is imperative we 'hold back' on spending any of the Contingency Account until it is absolutely necessary or we are close to yearend. The Superintendent of Schools and Director of Finance and Administration review and approve or deny all purchase orders. We are careful to make sure funds are only spent when necessary and not just because 'it is in the budget'. We are constantly faced with the 'what-ifs' of over expenditures in certain accounts. We need to be sure there are sufficient funds available. As a result, the fund balance has been larger towards the end of the fiscal year.

Furthermore, the monthly forecasts are based on the information available. We have had large, unexpected or highly unpredictable events at the end of the fiscal year (mostly of a positive nature), which have significantly change the forecast from May to June.

HISTORICAL:

The chart below depicts the yearend balance projected in May and June of each of the past three fiscal years.



The major contributors of the significant change from the May to June forecasts are detailed below.

FY2015:

The projected fund balance was \$1,444,481. The monthly forecast for May 2015 projected a fund balance of \$405,579, or **\$1,038,902 higher than the prior month's forecast**. The major reasons for the significant increase in the yearend fund balance from one month to the next month were, as follows:

- **\$137,115:** Certified and classified salaries were lower than forecasted. It is not until the end of the fiscal year when we know the actual expenditures for coverages, substitutes, leaves of absences, overtime, and pay docks. We use conservative estimates in the forecasts based on past history.
- **\$153,315:** Special education transportation and tuition expenditures were lower than forecasted. The May forecast included the possible costs due to two families that were beginning to proceed to due process. No expenditures were incurred in this fiscal year.

- **\$503,754:** Medical & dental claims were lower than expected. Since we are self-insured, actual claims are not known until the end of the fiscal year. Based on actual claims, we returned most of these funds to the member towns.
- **\$136,270:** As part of the yearend processing, unspent encumbrances are eliminated.
- **\$41,162:** Final grant payments for Special Education and Transportation are not known until the end of the fiscal year.

FY2016:

The audited fund balance is \$1,319,839. The monthly forecast for May 2016 projected a fund balance of \$273,723 which included \$427,713 transferred into Capital Reserve and a debt of \$145,086 owed to the State. The change is **\$473,344 higher than the prior month's forecast**. The major reasons for the significant increase in the yearend fund balance from one month to the next month were, as follows:

- **\$237,904:** Certified and classified salaries were lower than forecasted. It is not until the end of the fiscal year when we know the actual expenditures for coverages, substitutes, leaves of absences, overtime, and pay docks. We use conservative estimates in the forecasts based on past history.
- **\$107,099:** Purchased services were lower than forecasted. Athletics held fewer home contests, did not have a need for assistant coaches in a few middle school sports and cheerleading did not field a squad. Intern were fewer than budgeted. Less than anticipated need for psychiatric consults and other consultants at PPTs.
- **\$85,857:** Final grant payments for Special Education and Transportation are not known until the end of the fiscal year. The reimbursement rate was 77.63% which is higher than the budgeted rate of 75%. The prior year adjustment was positive as were the changes in student placements.

FY2017:

The audited fund balance for 2016-2017 is \$1,793,498. The monthly forecast for May projected a fund balance of \$1,199,764, which included \$345,000 for Capital Reserve. The change is \$593,736 higher than the prior month's forecast.

- **\$231,098:** Certified and classified salaries were lower than forecasted. It is not until the end of the fiscal year when we know the actual expenditures for coverages, substitutes, leaves of absences, overtime, and pay docks. We use conservative estimates in the forecasts based on past history.
- **\$129,651:** Purchased services were lower than forecasted. Athletics held fewer home contests, did not have a need for assistant coaches in a few middle school

sports and cheerleading did not field a squad. Interns were fewer than budgeted. Less than anticipated need for psychiatric consults and other consultants at PPTs. Transportation for field trips, athletics contests, and special education were lowered than expected.

- **\$76,592:** Supply accounts were under budget. These accounts include general instructional supplies, texts, library materials, transportation and maintenance supplies, and repair and maintenance accounts. Staff monitor budgets closely during the year and spend very conservatively. The staff does not attempt to “zero out” accounts but purchase what is needed at the best possible price.
- **\$54,302:** Utilities expenses were lower than anticipated. Electricity usage was lower than forecasted. The final invoice comes in July and the cooler temperatures saved on air conditioning costs. Fuel for bus drivers was not fully expended. Bus drivers have until June 30th to take fuel and the towns bill in the next 4 -6 weeks. Not all the fuel was taken though the forecast assumed all fuel would be used.

APPENDIX C

RECAP OF 2015-2016

Return Unspent Fund Balance:

The cancellation of 2014-2015 encumbrances of \$1,035 will be returned to the Member Towns. We encumber funds for goods and services received by June 30th but not yet billed. In some cases, the estimated amount encumbered varies from the actual invoice (e.g., utility bill; water bill) and we do not need to spend the entire encumbrance. Once the audit is final for 2015-2016, the funds will be returned.

<i>Bethany</i>	<i>\$ 215</i>
<i>Orange</i>	<i>\$ 509</i>
<i>Woodbridge</i>	<i><u>\$ 310</u></i>
<i>Total</i>	<i><u>\$1,035</u></i>

The audited fund balance for 2015-2016 is \$1,319,839. The Amity Board of Education previously voted to designate \$427,713 for Capital Improvement Projects. There are two other funding requests for discussion at the August 8, 2016 meetings of the Amity Finance Committee and the Amity Board of Education meetings.

FINANCIAL MANAGEMENT:

\$ 318,642

Our efforts to foster a District culture of finding cost savings and efficiencies has been successful producing savings of \$136,911. Utilities for electricity, heating oil and natural gas were below budget due to many conservation efforts and price negotiations.

SPECIAL EDUCATION (NET)

\$ 350,967

These accounts are extremely difficult to forecast. As examples, special need students can be hospitalized; move into the district or leave the district at any time; withdraw from Amity and enroll in Adult Education. Several students who were budgeted to be outplaced were not for a number of reasons. Any one of these events can have a significant impact, positive or negative, on the District’s special education expenditures. The State reimbursement rate fluctuates throughout the year. The budget forecasted 75% reimbursement rate and the final rate was 77.63%.

OTHER:

\$ 650,230

\$395,748: “Turnover savings” from replacing teachers and other staff who retired or resigned is over budget and savings from unpaid leaves-of-absence. Athletic salaries were down from unfilled coaching positions at the middle school including cheerleading and several assistant coaching positions. Teacher coverages, summer work costs, substitute costs, degree changes and homebound services were less than anticipated.

\$30,315: The bid price for workers’ compensation insurance premium was under budget. The payroll audit premium was below budget.

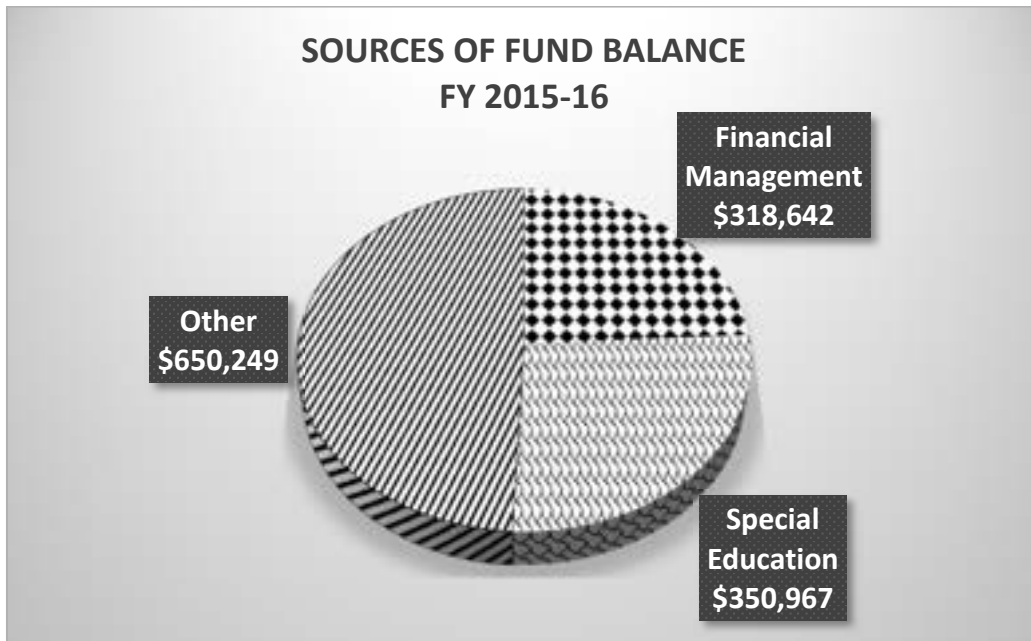
\$107,099: Purchased services costs were lower due to a number of factors. There were less interns than anticipated. Fewer home athletic contests at the high school which required

fewer officials, monitors, and scorekeepers; and less than anticipated need for psychiatric consults, professional's attendance at PPTs and behavior specialists' services.

\$62,385: The bid for the stone coping repair project at Amity Regional High School was under budget.

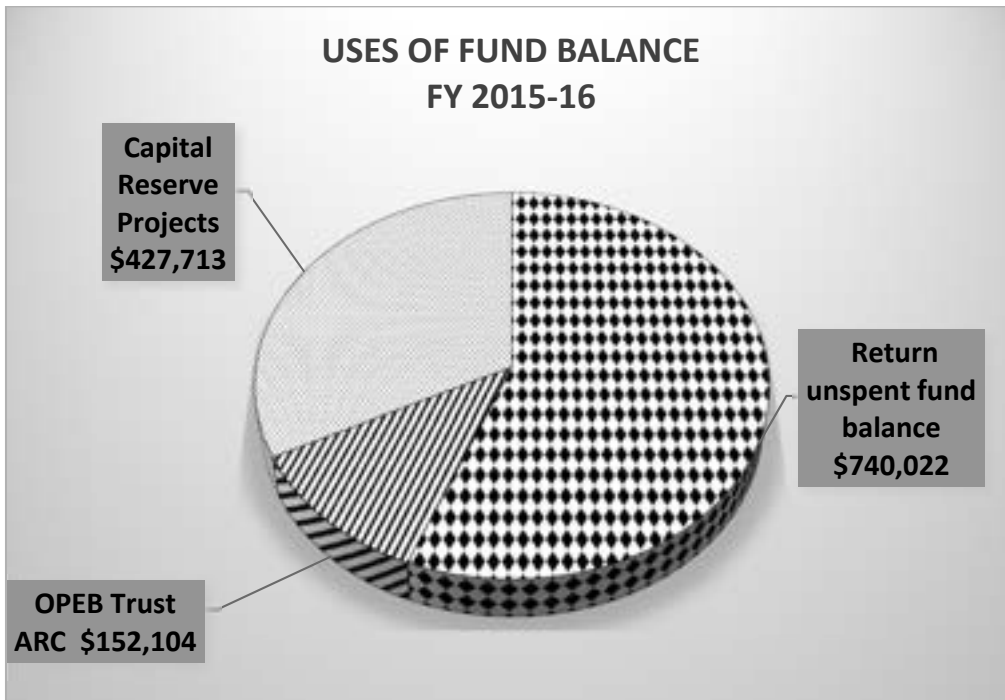
\$42,438: Transportation costs were less for athletics and less diesel fuel was used for all bus services than anticipated.

The primary sources of the fund balance are shown graphically below:



1. **\$740,022** – Return of unspent fund balance pending audit presentation
2. **\$152,104** - Designated for the 2015-2016 OPEB Trust ARC
3. **\$427,713** -Transferred into the Reserve Fund for Capital and Nonrecurring Expenses for a variety of projects. The projects include a lighting retrofit, replacing custodial equipment, renovating gym bleachers, replacing stairwell doors, replacing flooring and drinking fountains.

The uses of the fund balance are shown graphically below:



Return Unspent Fund Balance:

The *audited* unspent fund balance will be returned to the Member Towns, as follows:

Bethany	\$ 154,065
Orange	\$ 365,549
Woodbridge	<u>\$ 220,408</u>
Total	\$ 740,022

APPENDIX D

RECAP OF 2016-2017

Return Unspent Fund Balance:

The cancellation of 2015-2016 encumbrances of \$25,133 will be returned to the Member Towns. We encumber funds for goods and services received by June 30th but not yet billed. In some cases, the estimated amount encumbered varies from the actual invoice (e.g., utility bill; water bill) and we do not need to spend the entire encumbrance. Once the audit is final for 2016-2017, the funds will be returned.

<i>Bethany</i>	<i>\$ 5,232</i>
<i>Orange</i>	<i>\$ 12,415</i>
<i>Woodbridge</i>	<i>\$ 7,486</i>
<i>Total</i>	<i>\$ 25,133</i>

The audited fund balance for 2016-2017 is \$1,793,498. These source of the available funds are described below.

FINANCIAL MANAGEMENT: **\$ 246,520**

Our efforts to foster a District culture of finding cost savings and efficiencies has been successful producing savings of \$55,152. Utilities for electricity, heating oil and natural gas were below budget by \$191,368 due to many conservation efforts and price negotiations.

SPECIAL EDUCATION (NET) **\$ 477,890**

These accounts are extremely difficult to forecast. As examples, special need students can be hospitalized; move into the district or leave the district at any time; withdraw from Amity and enroll in Adult Education. Several students who were budgeted to be outplaced were not for a number of reasons. Some transportation needs were coordinated with the elementary districts to reduce the number of singletons on busses for outplacements. Any one of these events can have a significant impact, positive or negative, on the District's special education expenditures. The State reimbursement rate fluctuates throughout the year. Expenses were down \$790,238 which reduced revenue by \$477,890. The budget forecasted 70% reimbursement rate and the final rate was 76.9%.

SALARIES, MEDICAL, PURCHASED SERVICES (OTHER): **\$ 756,654**

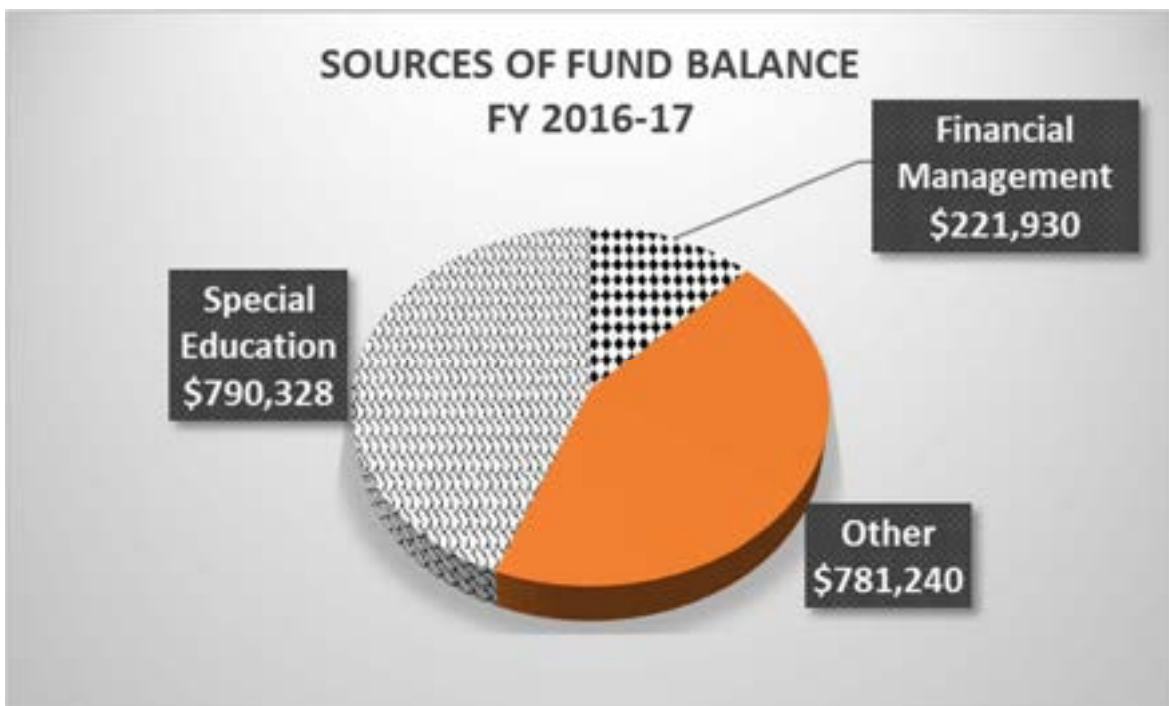
\$230,437 SALARIES (OTHER): "Turnover savings" from replacing teachers and other staff who retired or resigned is over budget and savings from unpaid leaves-of-absence. Athletic salaries were down from unfilled coaching positions at the middle school including cheerleading and several assistant coaching positions. Teacher coverages, summer work costs, substitute costs, degree changes and homebound services were less than anticipated.

\$351,480 MEDICAL (OTHER): The net balance of the medical account was under budget. Claims and fees were lower than budgeted. The savings was offset by other

components of the account including employer contributions to HSA accounts, retiree payments, and employee co-share contributions.

\$113,767 PURCHASED SERVICES (OTHER): Purchased services costs were lower due to a number of factors. There were less interns than anticipated. Fewer home athletic contests at the high school which required fewer officials, monitors, and scorekeepers; and less than anticipated need for psychiatric consults, professional’s attendance at PPTs and behavior specialists’ services.

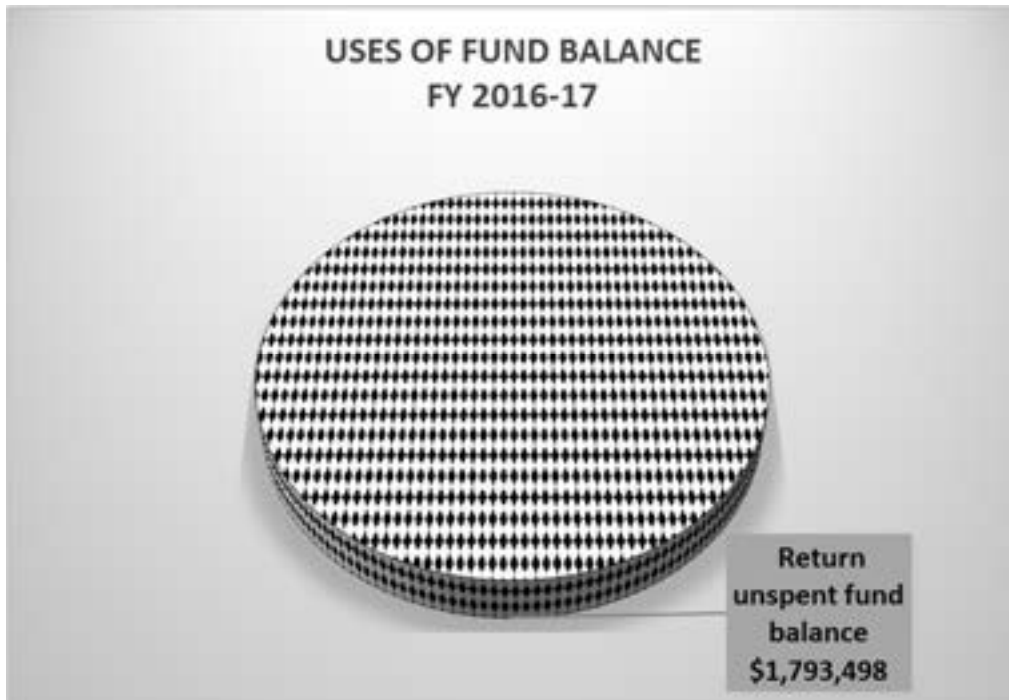
The primary sources of the fund balance are shown graphically below:



The Board of Education approved uses of the fund balance are, as follows:

1. **\$1,793,498** - Return of unspent fund balance per audit.

The uses of the fund balance are shown graphically below:



Return Unspent Fund Balance:

The *audited* unspent fund balance will be returned to the Member Towns, as follows:

Bethany	\$ 365,676
Orange	\$ 874,151
Woodbridge	\$ <u>553,671</u>
Total	\$1,793,498

APPENDIX E

RECAP OF 2017-2018

Return Unspent Fund Balance:

The cancellation of 2016-2017 encumbrances of \$86,227 will be returned to the Member Towns. We encumber funds for goods and services received by June 30th but not yet billed. In some cases, the estimated amount encumbered varies from the actual invoice (e.g., utility bill; water bill, pending special education settlements) and we do not need to spend the entire encumbrance. Once the audit is final for 2017-2018, the funds will be returned.

<i>Bethany</i>	<i>\$17,581</i>
<i>Orange</i>	<i>\$42,027</i>
<i>Woodbridge</i>	<i><u>\$26,619</u></i>
<i>Total</i>	<i><u>\$86,227</u></i>

The audited fund balance for 2017-2018 is \$3,127,505. These source of the available funds are described below.

FINANCIAL MANAGEMENT:

\$ 78,987

Our efforts to foster a District culture of finding cost savings and efficiencies has been successful producing savings of \$38,753. Grant money was applied for and awarded to offset the cost of the CEN for savings of \$27,440. This District applied for a grant for displaced students to due hurricanes but received the grant award notice and funds after the fiscal year ended. Restraints of the grant did not allow us to spend it after the fiscal year so it became part of the fund balance.

SPECIAL EDUCATION (NET)

\$ 996,157

These accounts are extremely difficult to forecast. As examples, special need students can be hospitalized; move into the district or leave the district at any time; withdraw from Amity and enroll in Adult Education. Several students who were budgeted to be outplaced were not for a number of reasons. Some transportation needs were coordinated with the elementary districts to reduce the number of singletons on busses for outplacements. Any one of these events can have a significant impact, positive or negative, on the District's special education expenditures. The Director of Pupil Services has been successful in establishing suitable programs for students within the District and a number of students have returned from outplacement.

OTHER:

\$ 2,052,361

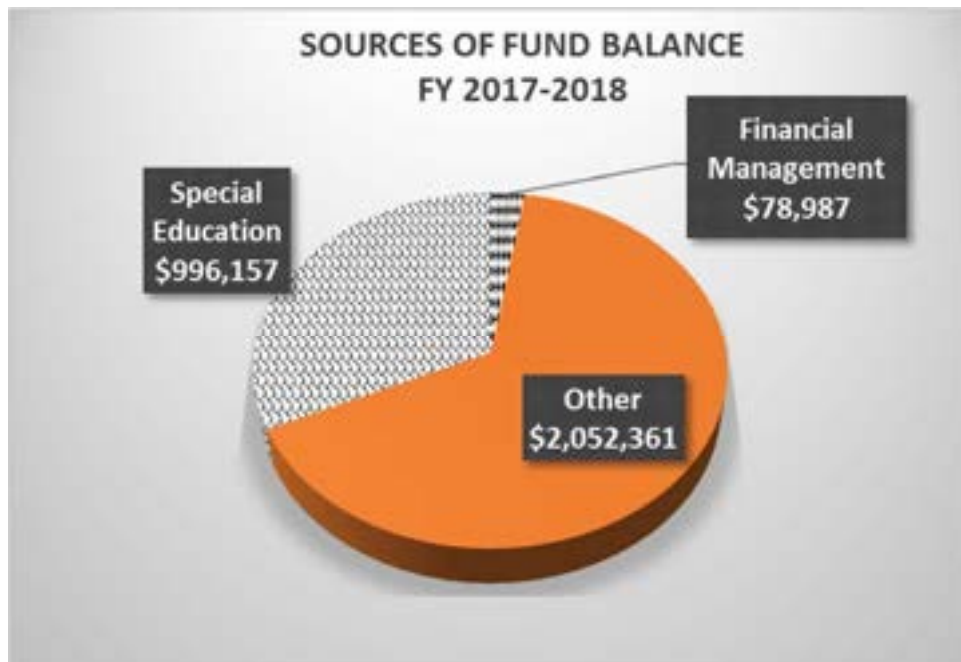
\$342,994 SALARIES (OTHER): "Turnover savings" from replacing teachers and other staff who retired or resigned is over budget and savings from unpaid leaves-of-absence. Athletic salaries were down from unfilled coaching positions at the middle school including cheerleading and several assistant coaching positions. Teacher coverages, summer work costs, substitute costs, degree changes and homebound services were less than anticipated.

\$1,395,839 MEDICAL (OTHER): The net balance of the medical account was under budget. Claims and fees were much lower than budgeted, only costing 72% of expected claims. The savings was offset by other components of the account including employer contributions to HSA accounts, retiree payments, and employee co-share contributions.

\$29,913 FACILITIES (OTHER): The Director of Facilities manages projects and supplies in a very conservative manner. Many projects were completed in-house including tuck-point repair of the field house, concrete sidewalk patches and step repair, and electrical repairs.

\$29,177 STAFF TRAVEL, CONFERENCES AND DUES & FEES: Schedule conflicts precluding some staff from attending conferences, other staff were presenters at conferences and registration fees were waived, and a few less requests from students for contest entries. The appropriate funding level for these accounts will be reviewed in the upcoming budget cycle.

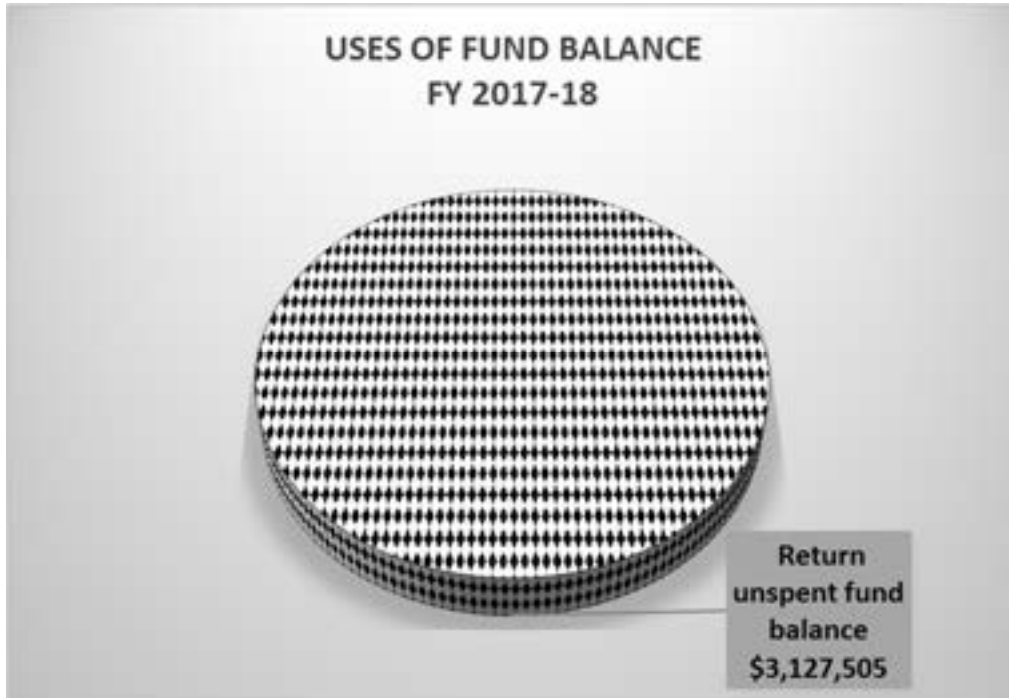
The primary sources of the fund balance are shown graphically below:



The use of the fund balance as voted on in the September 2108 AFC and BOE meetings is as follows:

1. **\$3,127,505** - Return of unspent fund balance per audit.

The uses of the fund balance are shown graphically below:



Return Unspent Fund Balance:

The audited unspent fund balance will be returned to the Member Towns, as follows:

<i>Town of Bethany</i>	<i>\$ 615,493</i>
<i>Town of Orange</i>	<i>\$1,556,778</i>
<i>Town of Woodbridge</i>	<i><u>\$ 955,234</u></i>
<i>Total</i>	<i>\$3,127,505</i>

Amity Regional School District No. 5 - Budget Transfers 2018-2019

<u>MONTH/YR</u>	<u>JNL#</u>	<u>ACCOUNT NUMBER & DESCRIPTION</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>
2019-SEPT	25	01111008-5611 INSTRUCTIONAL SUPPLIES	(2,100.00)	WOODWORKING BENCH
2019-SEPT	25	01111008-5730 EQUIPMENT	2,100.00	WOODWORKING BENCH
2019-SEPT	60	05142700-5513 INDISTRICT PRIVATE	880.00	TRANSPORTATION TO EZRA
2019-SEPT	60	05142700-5512 VO-AG/VO-TECH REG ED	(880.00)	TRANSPORTATION TO EZRA
2019-SEPT	84	04122150-5690 OTHER SUPPLIES	5.00	OVERAGE FOR SHIPPING CHARGE
2019-SEPT	84	04122150-5611 INSTRUCTIONAL SUPPLIES	(5.00)	OVERAGE FOR SHIPPING CHARGE
2019-SEPT	111	01111010-5420 REPAIRS, MAINTENANCE, CLEANING	(134.00)	FEE/MEMBERSHIP I NAFME/CMEA
2019-SEPT	111	01111010-5810 DUES & FEES	134.00	DUES & FEES
2019-OCT	27	01111016-5810 DUES & FEES	(100.00)	BOOKS FOR READING LAB
2019-OCT	27	01111016-5690 OTHER SUPPLIES	100.00	BOOKS FOR READING LAB
2019-OCT	43	02111011-5611 INSTRUCTIONAL SUPPLIES	(300.00)	FLOORING
2019-OCT	43	02111011-5730 EQUIPMENT - NEW	300.00	FLOORING
2019-OCT	43	04121206-5440 RENTALS-LAND,BLDG,EQUIPMENT	(1,000.00)	MILEAGE TO ALBERTUS COLLEGE
2019-OCT	43	04121206-5580 STAFF TRAVEL	1,000.00	MILEAGE TO ALBERTUS COLLEGE
2019-OCT	71	DUES & FEES	(34.00)	COVER SHIPPIING COSTS
2019-OCT	71	DUES & FEES	34.00	COVER SHIPPIING COSTS
2019-NOV	24	OTHER SUPPLIES	(256.00)	ON-LINE VOCABULARY SUBSCRIP
2019-NOV	24	INSTRUCTIONAL SUPPLIES	(31.00)	ON-LINE VOCABULARY SUBSCRIP
2019-NOV	24	TEXTBOOKS	287.00	ON-LINE VOCABULARY SUBSCRIP
2019-NOV	174	OTHER SUPPLIES	(85.00)	FOR NURSE DUES AND FEES
2019-NOV	174	DUES & FEES	85.00	FOR NURSE DUES AND FEES

AMITY REGIONAL SCHOOL DISTRICT NO. 5
Bethany Orange Woodbridge
25 Newton Road, Woodbridge Connecticut 06525



Theresa Lumas
Director of Finance and Administration
terry.lumas@reg5.k12.ct.us

Phone (203) 397-4813
Fax (203) 397-4864

To: Dr. Jennifer Byars, Superintendent of Schools
 From: Theresa Lumas, Director of Finance and Administration
 Re: Budget Transfers over \$3,000 - **Fiscal Year 2018-20119**
 Date: November 29, 2018

I recommend the Amity Finance Committee and Amity Board of Education approve the following budget transfer request(s):

Special Education:

Ms. Raiola has requested a budget transfer to cover cost to additional enrollment in the Educational Center for the Art (ECA) program. Four additional students enrolled than were budgeted.

I am requesting the funds be transferred from the special education tuition account to the regular education tuition account.

For the Amity Finance Committee:

Recommend the Amity Board of Education approve the following budget transfer to cover the additional enrollment in the ECA program.

For the Amity Board of Education:

Move to approve the following budget transfer to cover the additional enrollment in the ECA program.

ACCOUNT NUMBER	ACCOUNT NAME	FROM	TO
04-12-6110-5560	Tuition – Public Out	\$17,960	
04-12-6117-5560	Tuition - Regular Ed		\$17,960

AMITY REGIONAL SCHOOL DISTRICT NO. 5
Bethany Orange Woodbridge
25 Newton Road, Woodbridge Connecticut 06525



TO: Dr. Jennifer Byars, Superintendent of Schools
FROM: Theresa Lumas, Director of Finance & Administration
DATE: November 29, 2018
RE: Initial Requests for 2019-2020 Budget

Staff have submitted their budget requests for the 2019-2020 Budget. We worked with your administrative team at the November 28, 2018 budget meeting to review the requests, historical expenses, new personnel and major drivers of the budget. There were items identified to remove from the budget, request to purchase with this year's budget, or fund with other sources.

The budget drivers are salaries, benefits, and security measures. The budget balancers are pension and OPEB contributions, special education tuition, and debt service.

BUDGET DRIVERS:

Salaries

\$911,541

Contracted salaries increase by \$423,480 or 1.63%. New staff requests total \$488,061 which includes \$133,035 for increased security guards. New requests include staff for security, special education, and instructional support.

Benefits

\$309,797

Medical inflation is estimated at 13% annually. Estimated costs for current staff increase by \$165,823. Benefits for proposed staff total \$210,000. Workers' Compensation increases by contract, 3% or \$7,632.

Security

\$281,840

Costs for additional security items including restructuring the main entrances at each school. Security upgrades and increase security related staffing account for 28% of the increase initially requested.

BUDGET BALANCERS:

Special Education

(\$214,348)

Tuition costs for outplaced students is projected to decrease by \$214,348 based on students aging out of the program or returning to the District for services. This is partially offset by anticipated new enrollments.

Benefits**(\$72,111)**

Positive claim experience projects costs for current employees to rise by 4.60% despite two years of projected medical inflation of 13%. Contributions for pension plan and OPEB trust are decreasing due several factors, including closing the pension plan to new hires, positive investment returns, positive claim experience, consistent funding of the Annual Required Contribution for both plans and updated actuarial data. The Sick and Severance fund is fully funded and does not require any Board contribution. Lower unemployment claims are projected as well.

Debt Service**(\$36,366)**

The District refinance existing debt last year and the combined payments of interest and principal are expected to decrease by \$36,366.

Mr. Cleary and I will be working with you and the administrative team over the next month to reduce the proposal and prepare the budget for presentation in January.

IMPORTANT BUDGET DATES:

- **JANUARY 14, 2019:** Superintendent presents the proposed 2019-2020 Budget to the Amity Finance Committee.
- **JANUARY 14, 2019:** The Curriculum Committee reviews and discusses the textbook forecast.
- **JANUARY 28, 2019:** Amity Finance Committee meets to consider revisions to the Superintendent's proposed 2019-2020 budget. Additional workshops will be held, if necessary.
- **JANUARY - FEBRUARY 2019 T.B.D:** Superintendent meets with each of the Member Towns Boards of Finance to have an open dialog on the 2019-2020 budget.

February

- **FEBRUARY 4, 2019:** Amity Finance Committee meets to discuss the Superintendent's Proposed 2019-2020 Budget, make any desired changes, and vote to send the proposed 2019-2020 budget to the Amity Board of Education for their consideration. (if necessary)
- **FEBRUARY 11, 2019:** Superintendent presents the proposed 2019-2020 Budget, as amended by the Amity Finance Committee, to the Amity Board of Education. The Amity Board of Education will begin deliberation of the proposed 2019-2020 budget.
- **T.B.D.:** The Amity Board of Education will set as many budget workshops as they deem appropriate.
- **FEBRUARY 25, 2019:** Superintendent distributes the revised 2019-2020 budget to the Amity Board of Education, Amity Finance Committee, First Selectmen, and Boards of Finance. The revisions will be based on the feedback from the Amity Board of Education.

March

- **MARCH 4, 2019:** Amity Finance Committee meets to discuss the Superintendent's Proposed 2019-2020 Budget, make any desired changes, and vote to send the proposed 2019-2020 budget to the Amity Board of Education for their consideration. (if necessary)
- **MARCH 11, 2019:**
 - Amity Finance Committee will consider if the budget vote should be at the Annual Public Budget Meeting or by Referendum on the next day. A recommendation will be made to the Amity Board of Education.
 - Amity Board of Education meets to discuss the proposed 2019-2020 budget; make any desired changes; and vote to send the proposed 2019-2020 budget to the Public.
 - Amity Board of Education will decide if the budget vote should take place at the Annual Public Budget Meeting or by Referendum on the next day.

April

- **APRIL 1, 2019:**
 - Public District Budget Hearing is held.
 - Amity Finance Committee and Amity Board of Education vote on the budget to send to the Public for a vote.

May

- **MAY 7, 2019 (TUESDAY):** Annual Public Budget Meeting is held.
- **MAY 8, 2019 (WEDNESDAY):** Referendum is held unless vote takes place at Annual Public Budget Meeting.

Note: The Amity Board of Education will decide if the budget vote should take place at the Annual Public Budget Meeting or by Referendum on the next day.

Business/Non-Instructional Operations

Transfer of Funds Between Categories; Amendments

The Superintendent shall be responsible for administering and monitoring the budget through the course of the year. The Superintendent and the Director of Finance and Administration shall maintain a system of appropriate expenditures and encumbrance accounting that is organized to conform to the requirements for ~~state~~-State and Federal Accounting Reports. A monthly budget report shall be prepared in the same format as the annual budget showing revenues and expenditures for each line item the appropriated budget amount, expenditures to date (to include encumbered and expended amounts), projected expenditures, difference between the projected expenditures and the appropriation, and general comments indicating the reasons for the difference.

Based upon the above reports, budget transfers shall be made according to the following:

1. Transfers within an object code of a budget line item, for departments or programs in each school, may be made in the amount up to \$3,000 per event by the school Principal with the approval of the Director of Finance and Administration;
2. Transfers between object codes within a budget line item, for departments or programs in each school, may be made in an amount up to \$3,000 per event by the school Principal with the approval of the Director of Finance and Administration; and
3. Transfers from one budget line item to another may be made by the Director of Finance and Administration with the approval of the Superintendent, the Finance Committee and the Board of Education.

In all cases, the Director of Finance and Administration shall maintain a list of all transfers and submit it to the Finance Committee at its monthly meeting.

Any transfers requiring approval of the Finance Committee and the Board of Education shall be submitted as necessary and in a timely manner.

The Superintendent is authorized to make such transfers for health and safety reasons or as necessary if the urgent need for the transfer prevents the Finance Committee and Board of Education from meeting in a timely fashion to consider the transfer, provided that such transfers by the Superintendent shall not exceed \$10,000. The limit applies to each emergency transaction and is not cumulative for the year. Transfers made in such instances shall be presented for ratification at the next regularly scheduled meetings of the Finance Committee and the Board of Education.

Legal Reference: Connecticut General Statutes
10-222 Appropriations and budget: ~~(as amended by PA 98-141)~~

Policy adopted: November 14, 2005 AMITY REGIONAL SCHOOL DISTRICT NO. 5
Woodbridge, Connecticut

Business/Non-Instructional Operations

Gifts, Grants and Bequests

The Superintendent of Schools shall set up criteria to be met in the acceptance of gifts and the procedure for examining and evaluating offers of gifts to the school system.

Any such gifts, grants, and bequests may contain identification of the donor. All gifts shall be accepted for the school system as a whole. The Board of Education may accept on behalf of and for the schools any bequest or gift of money or property for a purpose deemed by the Board of Education to be suitable and to utilize such money or property so designated.

Legal Reference: Connecticut General Statutes

10-47 Powers of regional board. Meetings

10-9 Bequests for educational purposes

Policy adopted: November 14, 2005

AMITY REGIONAL SCHOOL DISTRICT NO. 5
Woodbridge, Connecticut

Business/Non-Instructional Operations

Gifts, Grants and Bequests

Any gift presented to the school system must be accompanied by a letter from the donor for official action and recognition by the Board of Education.

To be acceptable, a gift must satisfy the following criteria:

1. Have a purpose consistent with those of the school system;
2. Be offered by a donor acceptable to the Board of Education;
3. Will not add to staff load;
4. Will not begin a program which the Board of Education would be unwilling to take over when the gift or grant funds are exhausted;
5. Would not bring undesirable or hidden costs to the school system;
6. Will place no restrictions on the school program;
7. Will not be inappropriate or harmful to the best education of students;
8. Will not imply endorsement of any business or product; or
9. Will not be in conflict with any provision of State law or public law.

All gifts, grants, and bequests shall become the property of the school system.

A letter of appreciation signed by the Chairperson of the Board of Education and by the Superintendent of Schools shall be sent to a donor.

Legal Reference: Connecticut General Statutes

10-47 Powers of regional board. Meetings.

10-9 Bequests for educational purposes.

Regulation approved: November 14, 2005 AMITY REGIONAL SCHOOL DISTRICT NO. 5
Woodbridge, Connecticut

An optional sample policy to consider.

Business and Non-Instructional Operations

Funds Management

Grants and Other Revenue

Consistent with Board goals and objectives to provide the best educational opportunities for all children in the district, the Board encourages the Superintendent to seek supplementary revenue to state aid and local taxation.

Therefore, the Superintendent shall:

1. investigate new sources of revenue whether local, state, or federal;
2. propose new revenue sources and associated programs to the Board of Education for approval;
3. implement measures necessary to apply for/receive additional revenues.

Subsequent to the Board's approval of a program or of its continuation, the Superintendent, or designee, is authorized to sign all required forms for state and federal programs.

The Superintendent shall report annually, as part of budget preparation, on the status of all state and federal grants and programs, including the financial status of each program including a recommendation to continue, modify, or discontinue each program.

Legal Reference: Connecticut General Statutes

10-220 Duties of boards of education.

Policy adopted:

cps 7/00

Business/Non-Instructional Operations

Investing

Short Term

The Superintendent of Schools/designee shall deposit or invest any funds which are not needed immediately for the operation of the school system in any manner permitted school districts in C.G.S. 7-~~400-399~~ et seq - Municipal Finance.

The Amity Regional School District No. 5 Board of Education authorizes its Treasurer and Superintendent of Schools to so invest such funds.

Any income derived from such deposits or investments shall be credited to General Fund Revenues.

Long-Term

The Board shall approve and maintain an investment policy asset allocation plan for its non-certified pension. The Board shall receive quarterly reports on the performance of its investments.

This policy shall be reviewed periodically by the Amity Finance Committee and the Board.

Capital and Nonrecurring Expenses

The Board, by a majority vote of its members shall maintain a “reserve fund for capital and nonrecurring expenditures.” The aggregate amount of annual and supplemental appropriations by the District to such fund shall not exceed one percent of the annual District budget for such fiscal year. Annual appropriations to such fund shall be included in the share of net expenses to be paid by each member town. Supplemental appropriations to such fund may be made from estimated fiscal year-end surplus in operating funds. Interest and investment earnings received with respect to amounts held in the fund shall be credited to such fund. The Board shall annually submit a complete and detailed report of the condition of such fund to the member towns. Upon the recommendation and approval by the Board of Education, any part or the whole of such fund may be used for capital and nonrecurring expenditures, but such use shall be restricted to the financing of all or part of the planning, construction, reconstruction, or acquisition of any specific capital improvement or the acquisition of any specific item of equipment. Upon the approval of any such expenditure, an appropriation shall be set up, plainly designated for the project or acquisition for which it has been authorized, and such unexpended appropriation may be continued until such project or acquisition is completed. Any unexpended portion of such appropriation remaining after such completion shall revert to said fund. If any authorized appropriation is set up pursuant to C.G.S. 10-51, as amended, and through unforeseen circumstances, the completion of the project or acquisition for which such appropriation has been designated is impossible to attain the Board, by a majority vote of its members, may terminate such appropriation which then shall no longer be in effect. Such fund may be discontinued, after the recommendation and approval by the Board, and any amounts held in the fund shall be transferred to the District’s general fund.

Business/Non-Instructional Operations

Investing (continued)

Capital and Nonrecurring Expenses (continued)

The Board, by a majority vote of its members, shall maintain a reserve fund for accrued liabilities for employee sick leave and severance benefits. Such fund shall be termed “reserve fund for employee sick leave and severance benefits.” The aggregate amount of annual and supplemental appropriations by the District to such fund in any one fiscal year shall not exceed the actuarially recommended contribution from the annual District budget for such fiscal year. No payments shall be made to the fund which shall cause the amount of such fund to exceed the accrued liability for such employee benefits as determined by the District’s annual financial statements, except for the addition of interest and investment earnings with respect to amounts held in the fund. Annual appropriations to such fund shall be included in the share of net expenses to be paid by each member town. Supplemental appropriations to such fund may be made from estimated fiscal year end surplus in operating funds. Interest and investment earnings received with respect to amounts held in the fund shall be credited to such fund. The Board shall annually submit a complete and detailed report of the condition of such fund to the member towns. Upon the approval of the Board, by a majority vote of its members, any part or the whole of such fund may be used for the payment of employee sick leave and severance benefits without further appropriation. Such fund may be discontinued, after recommendation and approval by the Board, and any amounts held in the fund shall be transferred to the District’s general fund.

Legal Reference: Connecticut General Statutes

7-40~~0~~ Investment of funds.

10-51 Fiscal year. Budget. Payments by member town; adjustments to payments. Investment of funds. Temporary borrowing. (as amended by PA 06-192)

PA 06-192 An Act Concerning Minor Revisions to the Educations Statutues

Policy adopted: November 14, 2005 AMITY REGIONAL SCHOOL DISTRICT NO. 5
Woodbridge, Connecticut

Policy adopted: ~~November 14, 2005~~ ~~AMITY REGIONAL SCHOOL DISTRICT NO. 5~~
~~Woodbridge, Connecticut~~

Business/Non-Instructional Operations

Deposit Policy for Custodial Credit Risk

I. Purpose:

This policy establishes the process of evaluating the custodial credit risk and taking action to make sure the District's cash is maintained in a qualified public depository and/or the State Treasurer's Investment Fund (STIF).

II. Definitions:

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

Qualified public depository means a bank, Connecticut credit union, federal credit union or an out-of-state bank that maintains in this state a branch, as defined in Connecticut General Statute Section 36a-410, which receives or holds public deposits and (A) segregates eligible collateral for public deposits as described in Connecticut General Statute Section 36a-333, or (B) arranges for a letter of credit to be issued in accordance with Connecticut General Statute Section 36a-337.

III. Responsibilities:

The Superintendent of Schools shall have the responsibility and authority to select the qualified public depository in which the District's cash deposits shall be maintained.

The Director of Finance and Administration shall have the responsibility to inform the Superintendent of Schools on the soundness and suitability of the qualified public depository used by the District.

The Superintendent of Schools and Board Treasurer shall approve all transfers of funds.

Business/Non-Instructional Operations

Deposit Policy for Custodial Credit Risk - Continued

IV. Evaluation of Depository:

- A. The Director of Finance and Administration shall monitor the soundness of the depository used by the District on a quarterly basis.
- B. The Director of Finance and Administration shall notify the Superintendent of Schools immediately when there is a known high risk of bank failure of the depository in which the District's cash deposits are maintained. The Superintendent of Schools and Treasurer of the Board will take immediate action to protect assets when there is a suspected or known risk of bank failure.
- C. The Superintendent of Schools shall report any changes in the depository in which the District's cash deposits are maintained to the Amity Finance Committee and Amity Board of Education.

Legal Reference: Connecticut General Statutes

36a-333 Collateral requirements

36a-337 Securing of public deposits

361-410 Definitions

Policy adopted: May 9, 2011

AMITY REGIONAL SCHOOL DISTRICT NO. 5
Woodbridge, Connecticut

Business/Non-Instructional Operations

Quantity Purchasing: Standardization of Supplies and Equipment

To help achieve both quality control and the price advantages of quantity purchasing, the administration is encouraged to:

1. Set specifications for goods and services as needed;
2. Cite several existing, commercially available “standard brand” that meet these qualifications acceptable as examples; and
3. Invite and/or advertise for vendors to bid on those examples, or comparable ones which the vendors believe to be acceptable according to the specifications.

Nothing in this policy will prevent the administration from deviating from it when, in its judgment, circumstances warrant.

(cf. 3323 – Soliciting Prices re Bids and Quotations)

Business/Non-Instructional Operations

Access of Vendors to Teachers

Salespersons and representatives of fund-raising organizations shall not be permitted to solicit within the schools except for the following:

Sales representatives of educational products with prior permission from the school administration may see members of the school staff at times that will not interfere with the educational program. School Principals may give such permission.

Business/Non-Instructional Operations

Purchasing Policy

The procurement function is one of the major business responsibilities of the Board of Education.

The duties of purchasing for the Board of Education shall be the responsibility of the Superintendent of Schools and centralized under the Director of Finance and Administration.

The Director of Finance and Administration shall conduct all purchase transactions for the District.

The Director of Finance and Administration shall be familiar with and perform all purchasing activities within the limitations prescribed by law, legal opinions, and in accordance with Board of Education policies.

Every transaction involving the transfer of property shall be by purchase order or formal contract.

Purchase orders and other purchase obligations shall be signed by the Superintendent of Schools or designee.

Business/Non-Instructional Operations

Purchasing Policy

The Amity Regional School District No. 5 Board of Education recognizes its obligation to deal fairly in its purchasing practices. The Board of Education and its employees will not knowingly extend favoritism to any vendor.

Definitions:

Competitive Negotiation means a procedure for contracting for commodities, contractual services (including construction), in which (A) proposals are solicited from qualified suppliers by a request for proposals, and (B) changes may be negotiated in proposals and prices after being submitted.

Competitive Sealed Proposal Process is the purchasing process set forth below. The process shall include the utilization of Competitive Negotiation.

Equipment means personal property costing \$1,000 or more of a durable nature that retains its identity throughout its useful life.

Established Catalog Price means the price included in a catalog, price list, schedule or other form that:

1. is regularly maintained by a manufacturer or contractor;
2. is either published or otherwise available for inspection by customers; and
3. states prices at which sales are currently or were last made to a significant number of any category of buyer or buyers constituting the general buying public for the commodities or services involved.

Invitation for Bids means all documents, whether attached or incorporated by reference, utilized for soliciting bids.

Multi-Step Competitive Sealed Bidding means a competitive process calling for separate submissions of proposals or responses following the issuance of a Request for Information, Request for Qualifications or other solicitation prior to the issuance of an Invitation for Bid. The issuance of these solicitations may constitute the first step or steps of a process followed by a call for non-negotiable competitive-price bid. A Request for Qualifications may also be utilized as the first step in the Competitive Sealed Proposal process.

Procurement means buying, purchasing, renting, leasing, or otherwise acquiring any commodities, services, property or construction or obtaining a benefit from the District even in the event the District is not responsible for compensation. It also includes all functions that pertain to the obtaining of any commodity, service, or construction, including description of requirements, selection and solicitation of sources, preparation and award of a contract or purchase order, and all phases of contract administration.

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Professional Services means any type of service to the public that requires that members of a profession rendering such service obtain a license or other legal authorization as a condition precedent to the rendition thereof, limited to the professional services of architects, professional engineers, or jointly by architects and professional engineers, landscape architects, certified public accountants and public accountants, land surveyors, attorneys-at-law, psychologists, licensed marital and family therapists, licensed professional counselors and licensed clinical social workers. A contract for professional services may run to individuals or to business entities.

Proposal Development Documents means drawings and other design related documents that are sufficient to fix and describe the size and character of an infrastructure facility as to architectural, structural, mechanical and electrical systems, materials, and such other elements as may be appropriate to the applicable project delivery method.

Public Notice means the distribution or dissemination of information to interested parties using methods that are reasonably available and comport with the requirements of the Freedom of Information laws set forth in the Connecticut General Statutes. Such methods will often include publication in newspapers of general circulation, electronic or paper mailing lists, and web site(s) designated by the District.

Request for Information means the document used in informal, uncompetitive solicitation of information, data, comments, or reactions from possible suppliers preceding the issuance of a Request for Proposal, a Request for Qualifications or an Invitation for Bid.

Request for Proposals means the solicitation document used in the competitive sealed proposals process. The procedure allows changes to be made to the responses after other proposals are opened and contemplates that the scope of services of the proposals and/or prices offered will be negotiated prior to award.

Request for Qualification means the solicitation document generally used to seek information required for the pre-qualification of a bidder or in the solicitation of a lawyer, architect or engineer.

The General Rule: Competitive Sealed Bidding or Proposals

1. Competitive Sealed Bidding

- a. **Conditions for Use.** Purchase orders or contracts, in an amount in excess of \$10,000.00, shall be awarded by competitive sealed bidding unless the Director of Finance and Administration determines that an alternate method of source selection, as set forth in this policy, is appropriate.
- b. **Invitation for Bids.** An Invitation for Bids shall be issued and shall include specifications and any other descriptions of the commodity, and all proposed

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and/or mandatory contractual terms, special terms and conditions applicable to the Procurement, other legal and regulatory requirements. With respect to any particular Invitation for Bids, the Director of Finance and Administration may vary any clauses if he/she deems it in the best interest of the District.

- c. **Public Notice.** Adequate public notice of the Invitation for Bids shall be given a reasonable time period prior to the date set forth therein for the opening of bids and in a manner that the Director of Finance and Administration determines will maximize public participation and competition in the Competitive Sealed Bidding process.
 - i. Such notice shall be inserted, at least ten (10) calendar days before the final date of submitting bids, in a major daily newspaper published in the area and may, in the sole discretion of the Director of Finance and Administration, be posted on the internet.
 - 1. *Notice following pre-qualification of Bidders.* In the event of a multi-step competitive or sealed bid, said notice may be sent only to the vendors qualified to bid.
 - ii. Each notice of a planned purchase under this policy shall indicate the type of commodities or services to be purchased.
- d. **Bid Opening.** Bids shall be opened publicly at the time and place designated in the Invitation for Bids. The amount of each bid, together with the name of each bidder shall be recorded; the record and each bid shall be open to public inspection.
 - i. Each bid shall be kept sealed or secured until opened publicly at the time stated in the notice soliciting such bid.
- e. **Bid Acceptance and Bid Evaluation.** Bids shall be unconditionally accepted without alteration or correction, except as authorized in this policy. The Invitation for Bid may set forth the evaluation criteria to be used. No criteria may be used in a bid evaluation that is not set forth in the Invitation for Bids. In the event there is no specific evaluation criterion set forth in the Invitation for Bids, evaluation will be based on a determination of the lowest responsible, qualified and responsive bidder as set forth in this policy.
 - i. **Evaluation Criteria.** Bids shall be evaluated by the Director of Finance and Administration and/or consultants if so designated by the Superintendent of Schools, based on the requirements set forth in the Invitation for Bids, which may include criteria to determine acceptability such as inspection, testing, quality, workmanship, delivery, and suitability

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for a particular purpose; and,

- ii. **Objectively Measurable Criteria.** Those criteria that will affect the bid price and be considered in evaluation for award shall be objectively measurable, such as discounts, transportation costs, and total or life cycle costs.

- f. **Correction or Withdrawal of Bids; Cancellation of Awards.** Correction or withdrawal of inadvertently erroneous bids before or after award, or cancellation of awards of contracts or purchase orders based on such bid mistakes, shall be permitted with the approval, in writing, of the Director of Finance and Administration. Said actions by the Director of Finance and Administration shall take into consideration preservation of the integrity of the Competitive Sealed Bidding process under this policy.
 - i. **Prohibited Practices Following Bid Opening.** After bid opening, no changes in bid prices or other provisions of bids prejudicial to the interest of the District or fair competition shall be permitted.

 - ii. **Written Determination Regarding Cancellation of Awards or Contracts or Purchase Orders.** Except as otherwise provided by regulation and/or policy, all decisions to permit the correction or withdrawal of bids, or cancel awards of contracts or purchase orders based on bid mistakes shall be supported by a written determination made by the Director of Finance and Administration.

- g. **Award**
 - i. **Lowest Responsible, Qualified and Responsive Bidder.** The contract or purchase order shall be awarded with reasonable promptness by written notice to the lowest responsible, qualified and responsive bidder whose bid meets the requirements and evaluation criteria, if any, set forth in the Invitation for Bids, or criteria established by the Director of Finance and Administration.
 - 1. In considering past performance of a bidder for the purpose of determining the "lowest responsible, qualified and responsive bidder", the Director of Finance and Administration shall evaluate the skill, ability and integrity of the bidder in terms of the bidder's fulfillment of past contractual obligations and the bidder's experience or lack of experience in delivering equipment, materials, supplies or contractual services of the size or amount for which bids have been solicited.

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2. The Director of Finance and Administration may reject any or all bids or parts of bids or bids for any one or more commodities or contractual services, when he/she shall deem that the public interest will be served.
 - ii. **Construction Project Exception: Permissible Adjustment of the Bid Price.** Unless otherwise prohibited by federal or state law, regulation or agency requirement, with respect to construction projects only, the Director of Finance and Administration is authorized to negotiate an adjustment of the bid price, including changes in the bid requirements, with the lowest responsible and responsive bidder, in order to bring the bid within the amount of available funds, in the event,
 1. all bids for a construction project exceed available funds;
 2. the low responsible and responsive bid does not exceed such funds by more than ten (10%) percent; and,
 3. the time or economic considerations preclude re-solicitation of work of a reduced scope.
 - h. **Multi-Step Competitive Sealed Bidding.** When it is considered impractical to initially issue an Invitation for Bid, the Director of Finance and Administration may issue a Request for Information or Request for Proposals (requesting technical information) or Request for Qualifications (requesting the qualifications of bidders) as the first step(s) in the process, to be followed by an Invitation for Bids which may be limited to those bidders who have been qualified under the criteria set forth in the first solicitation.

2. Competitive Sealed Proposals

a. Conditions for Use

- i. **Finding by Superintendent of Schools.** Purchase orders or contracts, in excess of \$10,000.00, may be entered into following the issuance of competitive sealed proposals when the Superintendent of Schools or his/her designee determines that the use of Competitive Sealed Bidding is either not practicable or not advantageous to the District. As a general rule the Competitive Sealed Proposal shall be utilized for services, construction contracts and other commodities or services not susceptible to a competitive sealed bid.
- ii. **Professional Services Other Than Architectural and Engineering** are exempt from the provisions of this policy; however, the Director of

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Finance and Administration may utilize the Competitive Sealed Proposal process set forth in this policy.

- b. **Requests for Proposals.** Proposals shall be solicited through a Request for Proposals. As required by the Director of Finance and Administration, a Request for Information, Request for Qualifications or other forms of solicitation may be utilized to ascertain information, to establish qualifications, or to establish a list of those eligible to submit bids or proposals at subsequent steps in the procurement process in a manner established by the Director of Finance and Administration. The solicitations shall also contain, among other things, a description of the projected scope of services or system requirements, a notice of mandatory district contractual provisions or terms and conditions required by this policy or other state or federal agencies. Services shall be selected on the basis of a Request for Proposals. The Director of Finance and Administration shall establish guidelines identifying the content of Requests for Proposals.
- c. **Public Notice.** Adequate Public Notice of the Request for Proposals shall be given a reasonable time period prior to the date set forth therein for the opening of proposals and in a manner that the Director of Finance and Administration determines will maximize public participation and competition in the Competitive Sealed Proposal process.
 - i. Such notice shall be inserted, at least ten (10) calendar days before the final date of submitting proposals in the major daily newspaper published in the district and may, in the sole discretion of the Director of Finance and Administration, be posted on the internet.
 1. *Notice following pre-qualification of Bidders.* In the event of pre-qualification of bidders, said notice may be sent only to the vendors qualified to respond.
 - ii. Each notice of a planned purchase under this policy shall indicate the type of commodities or services to be purchased.
- d. **Receipt of Proposals: Register of Proposals.** Proposals shall be opened publicly at the time and place designated in the Request for Proposals. Proposals shall be opened and only the names of each bidder recorded so as to avoid disclosure of contents to competing bidders during the process of negotiation. A register of proposals shall be prepared in a format established by the Director of Finance and Administration.
 - i. The register shall be open for public inspection after the award of the contract or purchase order, with the exception of confidential trade and business information withheld in accordance with Connecticut General

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Statutes.

- e. **Evaluation Factors and Criteria.** The Request for Proposals shall state all evaluation criteria including, but not limited to:

- i. demonstrated compliance with the design or other requirements;
- ii. proposer's qualifications;
- iii. financial capacity;
- iv. project schedule;
- v. price or life cycle price, where appropriate; and,
- vi. other factors, if any.

Notwithstanding the aforementioned criteria, additional factors may be considered at the discretion of the Director of Finance and Administration prior to the opening of the proposals.

- f. **Correction or Withdrawal of Proposals; Cancellation of Awards.** Correction or withdrawal of inadvertently erroneous proposals before or after award, or cancellation of awards of contracts or purchase orders based on such mistakes, may be permitted by the Director of Finance and Administration, provided that such determinations by the Director of Finance and Administration shall take into consideration preservation of the integrity of the Competitive Sealed Proposal process under this policy.

- i. **Prohibited Practices Following Opening of Proposals.** After opening the proposals, no changes in prices or other provisions of proposals prejudicial to the interest of the district or fair competition shall be permitted.
- ii. **Written Determination Regarding Cancellation of Awards or Contracts or Purchase Orders.** Except as otherwise provided by any regulation and/or policy, all decisions to permit the correction or withdrawal of proposals, or cancel awards of contracts or purchase orders based on proposal mistakes shall be supported by a written determination made by the Director of Finance and Administration.

- g. **Selection Process.** The Superintendent of Schools or his/her designee shall review responses to Requests for Proposals. In no case shall an employee with a financial interest in the transaction be designated to review responses to Requests

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for Proposals.

- i. **Review of Responses to Request for Proposals.** The Superintendent of Schools or his/her designee shall evaluate the Responses to Requests for Proposals. Such selection process may include interviews or oral presentations, with the determination of those to be invited to be interviewed or to make an oral presentation to be based on the established evaluation factors. The Superintendent may also establish a selection committee to assist him in the process.
- ii. **Recommendation.** Based on the review, the Superintendent of Schools or his/her designee shall prepare a list, in rank order based on the established evaluation factors, of no fewer than three firms, if possible.
- iii. **Negotiation.** The Director of Finance and Administration shall negotiate a contract, including in regard to cost and scope, with the firm rated highest by the Superintendent of Schools or his/her designee.
- iv. **Failure to Negotiate a Contract.** Should the Director of Finance and Administration be unable to negotiate a satisfactory contract that he/she determines to be fair and reasonable to the District with the firm selected for negotiations in accordance with this section, the Director of Finance and Administration may then continue this process, starting with the next highest rated firm on the list, until such time as a contract determined by the Director of Finance and Administration to be fair and reasonable to the district is negotiated or until the Director of Finance and Administration determines that the existing procurement process should be terminated.

h. Award

The Superintendent of Schools or his/her designee has the authority to approve contracts up to the sum total of \$35,000 for the entire term of the contract. The Superintendent of Schools shall bring all contracts exceeding \$35,000 to the Amity Finance Board and Amity Regional Board of Education for approval.

- i. **Offer Most Advantageous to the District.** Award shall be made by the Director of Finance and Administration, subject to the prior approval of the Superintendent of Schools, and Amity Finance Committee and Amity Regional Board of Education for contracts exceeding \$35,000, to the responsible bidder whose proposal conforms to the solicitation and is determined in writing by the Director of Finance and Administration to be the most advantageous to the district, in accordance with the criteria set forth in the Request for Proposals or other solicitation, including price and the evaluation factors.

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- ii. **Contents of Transactional Files.** The contract or purchase order files shall contain the basis on which the award is made.
- iii. **Written Notice of Award.** Notice of the award of a contract or purchase order shall be promptly given to the successful bidder.

3. Requests for Qualifications

- a. **Policy.** The Director of Finance and Administration may issue a Request for Qualifications for Services for a means of prequalifying a firm prior to proceeding with a Competitive Sealed Bid or a Request for Proposal as set forth in this policy.
- b. **Solicitation of Professional Service Firms.** The Director of Finance and Administration shall issue a Request for Qualifications in order to encourage firms engaged in the lawful practice of their profession to submit a statement of qualifications and performance data. The Request for Qualifications shall be published in appropriate trade and professional publications in order to attain the objectives of the policies set forth in this section.
- c. **Selection Committee.** The Superintendent of Schools or his/her designee shall establish a selection committee, and include members of the Amity Regional Board of Education or a Board sub-committee, to review Responses to Requests for Qualifications. No member of the selection committee shall have a financial interest in the transaction.
 - i. **Review of Responses to Request for Qualifications.** The selection committee shall evaluate the Responses to Requests for Qualifications.
 - ii. **Recommendation.** Based on its review, the selection committee shall submit to the Superintendent of Schools a list, in rank order based on the evaluation factors and criteria established by the selection committee, of no fewer than three firms, if possible.
 - iii. **Services Other Than Legal, Architectural and Engineering Services.** For services other than legal, architectural and engineering services, invitations to bid or requests for proposals, whichever is applicable given the nature of the procurement involved, shall be sent to those appearing on such list. The successful bidder or respondent shall, thereafter, be chosen in accordance with the provisions of this policy.
 - iv. **Legal, Architectural and Engineering Services Negotiations.** It is the policy of the District to publicly announce all requirements for legal,

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architectural and engineering services and to negotiate contracts for legal, architectural or engineering services on the basis of demonstrated competence and qualifications for the type of services required and at fair and reasonable prices. Notwithstanding total contract amount, the Amity Regional Board of Education shall approve the selection of all legal, architectural and engineering services.

4. Recurring Procurements

- a. **The Blanket or Consolidated Procurement.** The Director of Finance and Administration shall, wherever appropriate, consolidate the purchase of commodities or services required by the various departments, on a recurring basis, in order to obtain Competitive Sealed Bids or other forms of solicitation to assure the best possible prices. Upon award, the Director of Finance and Administration shall notify all departments of the blanket or consolidated procurement, which shall be valid for the fiscal year in which it was issued. The Director of Finance and Administration shall circulate to all cost center supervisors the pertinent information or catalogs relative to each blanket or consolidated procurement.

5. Exceptions to the General Rule:

- a. **State Bid List, Multi-Town Consortiums**

The Director of Finance and Administration may purchase goods and services through the State Bid List, Multi-Town Consortium (such as BOWA, Region 15 Consortium), or similar municipal entity where items have already been bid by a public, competitive bidding process.

- b. **Small Purchases**

- i. **Small Purchases between \$2,500 and \$9,999.** All procurements where the amount involved is less than \$10,000 but equal to or greater than \$2,500 shall be made without newspaper advertisement and without observing the procedures for the award of contracts and purchase orders.

1. **Price Alternatives.** All small purchases shall, wherever possible, be based on at least three written price alternatives from qualified bidders, as solicited by the Director of Finance and Administration. Said notice pertaining to the solicitation shall set forth the time and place for the submission. The notice may be tendered to qualified bidders, by telephone, facsimile or electronically. A record of all notices and price alternatives shall be kept in the records of the Finance Department.

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- i. **Determination of Public Emergency.** To so authorize such emergency procurements, the Superintendent of Schools shall act in accordance with a determination of public emergency by: (1) the President of the United States; or, (2) the Governor of the State of Connecticut; or, (3) the Chief Elected Official of Bethany, Orange or Woodbridge; (4) Director of Health; (5) Chief of Police or Fire Chief of Bethany, Orange, or Woodbridge; or (6) consultation with the Chairman of the Amity Regional Board of Education or his/her designee.
 - ii. **Communication.** In the event of a health or safety emergency necessitating a line item transfer of \$3,000 or more, the Superintendent or the Director of Finance and Administration will promptly notify the Chairman of the Board of Education and the Chairman of the Amity Finance Committee in accordance with Amity Bylaw 9132.6.
- e. **Waiver of Bid or Proposal Requirement: Extraordinary Conditions.**
 - i. **Extraordinary Conditions or Contingencies.** Whenever a situation (that is not deemed a Public Emergency) exists by reason of extraordinary conditions or contingencies that could not reasonably be foreseen and guarded against, or because of unusual trade or market conditions, the Superintendent of Schools or his/her designee may, if it is in the best interest of the district, recommend to waive the competitive bid or proposal requirements. This waiver must be approved by the Amity Regional Board of Education.
 - 1. **Basis for the Determination.** The determination shall be based upon need and shall not be utilized in order to satisfy preferences or convenience, for preventing funds from lapsing at the end of a fiscal year or for any reason that would circumvent the procurement methods set forth in this policy.
- f. **Exempt Services**

The following shall be exempt from the Competitive Bid and Proposal process. The Superintendent of Schools or his/her designee or the Amity Board of Education may, nonetheless, elect to undertake a competitive selection process to solicit professional services which are exempt from the Competitive Bid and Proposal process.

- i. Procurement of professional services as defined above;
 - ii. Procurement of legal, architectural and engineering services where entered in compliance with this policy;

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- iii. Procurement of services, equipment or leases of equipment that are necessary for instruction and related services to be provided to individual students with disabilities in accordance with the requirements of the Individuals with Disabilities Act (“IDEA”) and their respective regulations; or
- iv. Agreements between (i) the District, local, state and/or federal governments pertaining to grants; or, (ii) the district and other community based organizations, universities and other nonprofit entities participating as potential service providers in the application for a competitive grant offered by the federal or state governments.

g. **Exempt Investment and Insurance**

Investment of District funds, including those of the pension plan, are exempt from the Competitive Bid and Proposal process contained in this policy except for the selection of any investment advisors or managers who direct the investment of such funds. The placement of insurance coverage is exempt from the Competitive Bid and Proposal process contained in this policy except for the selection of the broker who places any insurance on behalf of the District.

h. **Record of Procurement Actions Taken With Regard to Sole Source, Waiver and Emergency Procurements**

The Director of Finance and Administration shall maintain a record in the Finance Department, listing all contracts or purchase orders made pertaining to sole source, emergency and waiver purchases for a minimum of five (5) fiscal years. The record shall contain:

- i. each contractor’s name;
- ii. the amount and type of each contract or purchase order; and
- iii. a listing of the commodities, services, or construction procured under each contract or purchase order.

i. **Federal and State Procurement Standards: Application for Competitive Grants**

Notwithstanding the requirements of this policy, all procurements that include funding by federal or state funds, including the application for competitive grants, shall comply with the procurement and legal requirements of the federal or state laws or regulations.

6. **Cancellation of Invitation for Bids or Requests for Proposals. Waiver of Minor Irregularities**

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- a. **Cancellation.** The Director of Finance and Administration may:
 - i. cancel an Invitation for Bids, a Request for Proposals, or other solicitation; or,
 - ii. reject any or all bids or proposals, in whole or in part, as may be specified in the Invitation for Bids, Request for Proposals, or other solicitation, when he deems it in the best interest of the District, in accordance with regulations and/or policies, if any. The Director of Finance and Administration shall set forth his/her reasons, in writing, which shall be part of the contract file. No written determination shall be required for the cancellation of an entire Invitation for Bid or Request for Proposals.
- b. **Waiver of Minor Irregularities.** The Director of Finance and Administration may waive minor irregularities in bids and proposals if he/she determines that such a waiver would be in the best interest of the District. The Director of Finance and Administration shall state the reasons for any such waiver in writing and include such statement in the contract file.

7. Responsibility of Bidders

- a. **Determination of Nonresponsibility.** The Director of Finance and Administration shall make a determination of nonresponsibility of a bidder. The unreasonable failure of a bidder to promptly supply information in connection with an inquiry with respect to responsibility may be grounds for a determination of nonresponsibility with respect to such bidder. If requested by the bidder deemed nonresponsible, the Director of Finance and Administration may provide a written determination.
- b. **Right of Nondisclosure.** To the extent permitted by the Connecticut General Statutes, confidential information furnished by a bidder pursuant to this policy shall not be disclosed outside of the district without prior written consent by the bidder.

8. Prequalification of Suppliers

Prospective suppliers may be prequalified for particular types of commodities, services, and construction. The Director of Finance and Administration shall determine the method of submitting prequalification information and the information required in order to be prequalified.

9. Substantiation of Offered Prices

The Director of Finance and Administration may request factual information reasonably

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available to the bidder to substantiate that the price or cost offered, or some portion of it, is reasonable.

10. Reporting of Anticompetitive Practices

When for any reason collusion or other anticompetitive practices are suspected among any bidders, a notice of the relevant facts shall be transmitted to the Superintendent of Schools, Chairman of the Amity Regional Board of Education, or Corporation Counsel who shall refer the matter to the Attorney General of the State of Connecticut.

11. Retention of Procurement Records

All Procurement records shall be retained and disposed of in accordance with the records retention guidelines established by the laws of the State of Connecticut.

Business/Non-Instructional Operations

Maintenance and Control of Materials

The Board of Education shall permit school equipment to be lent to staff members when such use is directly or indirectly or peripherally related to their employment and to students when the equipment is to be used in connection with their studies or extracurricular activities. Proper controls shall be established to assure the lender's responsibility for, and return of, all such equipment with full knowledge of the school administration.

The Director of Finance and Administration shall establish procedures for inventory control of all materials assigned to each school building and it is the responsibility of the Building Principal to make sure these procedures are followed.

The Business Office must retain a current inventory of school system materials.

Proper maintenance procedures shall be established by the Director of Finance and Administration.

(cf. 1330 - Use of School Facilities)

(cf. 3440 - Inventories)

Legal Reference: Connecticut General Statutes

10-228 Free textbooks, supplies, materials and equipment

Bylaws of the Board

Officers

The officers of the Board of Education shall consist of Chairman, Vice-Chairman, Secretary, ~~a~~-Treasurer, and Deputy Treasurer.

Such Officers shall be elected from the Board membership at its annual organizational meeting in December, and shall remain in office until new officers are elected at the next annual organizational meeting, unless such officers cease to be members of the Board of Education or otherwise resign or are removed from office.

If there is a vacancy in any officer position during the course of the year, the Board membership shall act promptly, commencing no later than the next regularly scheduled meeting, to elect a new officer to fill the vacancy. The new officer will take office immediately upon completion of the election.

Board members shall vote by a show of hands, and a majority of the full Board membership shall be required in order to elect an officer. If there are more than two nominees and no nominee receives a majority vote of the full board membership, the nominee receiving the lowest number of votes shall be removed from the list of candidates before balloting again. The vote of each member shall be reduced to writing and shall be made available for public inspection within forty-eight hours, excluding Saturday, Sunday and legal holidays.

The results of the election shall also be recorded in the minutes of the meeting and the minutes shall be available for public inspection at all reasonable times.

Legal Reference: Connecticut General Statutes
 10-46 Regional board of education

Bylaw adopted by the Board: March 10, 2008 AMITY REGIONAL SCHOOL DISTRICT NO. 5
Woodbridge, Connecticut

Business/Non-Instructional Operations

Concept and Roles in Business and Non-Instructional Operations

The Board of Education recognizes that sound fiscal management comprises the foundational support of the whole school program. To make that support as effective as possible, the Board of Education intends to:

1. Encourage advance planning through the best possible budget procedures;
2. Explore all practical sources of dollar income;
3. Guide the expenditure of funds so as to extract the greatest educational returns;
4. Establish top-quality accounting and reporting procedures; and
5. Maintain the level of expenditures needed to provide high-high-quality education within the ability of the community to pay.

The Board of Education expects operation and maintenance of the school plant and equipment to set high standards of safety, to promote the health of students and staff, to reflect the moral and cultural aspirations of the community at its best, and to support environmentally the efforts of the staff to provide a good education.

Business/Non-Instructional Operations

Goals and Objectives

The Board of Education recognizes excellent fiscal planning as a key factor in attaining the District's educational goals and priorities. The Board shall:

1. Engage in thorough advance planning of budgets;
2. Explore all appropriate sources of revenue;
3. Manage expenditures so as to achieve the greatest educational returns given the District's available resources; and
4. Expect the highest standards in accounting and reporting procedures.

Budget planning is a cooperative process and should involve administrative staff, professional staff, community organizations and the Board.

Business/Non-Instructional Operations

Budget: Planning

As a preliminary part of the development of the budget, the Board of Education shall study the school program in its relation to the present and future needs of the students and the community. In an effort to make a budget a comprehensive reflection of the financial needs of the school system, steps shall be taken to involve representatives of the school community in the developmental process. The procedure for the involvement of these representatives shall be developed by the Superintendent of Schools and implemented by the Superintendent's office with input from the Board of Education.

Legal Reference: Connecticut General Statutes

10-51 Fiscal Year. Budget. Payments by member towns; adjustments to payments. Investment of funds. Temporary borrowing. Reserve fund.

10-222 Appropriations and budget.

Policy adopted: November 14, 2005 AMITY REGIONAL SCHOOL DISTRICT NO. 5
Woodbridge, Connecticut

Business/Non-Instructional Operations

Preparation of Budget Document

The Board of Education asks the Superintendent to direct the preparation of the budget and submit it first to the Amity Finance Committee and then to the full Board for its tentative approval and for a later public hearing.

The Superintendent is asked to confer with the school staff on budgetary needs, as well as consider priorities that have been determined by the Board.

~~Although there are no statutory requirements for involving the financial authorities of member towns in the preparation of a budget for a regional school district,~~ It is the policy of this Board to discuss the proposed budget in advance with the Boards of Finance of Bethany, Orange and Woodbridge by means of each Town's representation on the Amity Finance Committee.

Legal Reference: Connecticut General Statutes

10-51 Fiscal year. Budget. Payments by member towns; adjustments to payments. Investment of funds. Temporary borrowing. Reserve fund.

Policy adopted: November 14, 2005 AMITY REGIONAL SCHOOL DISTRICT NO. 5
Woodbridge, Connecticut

Business/Non-Instructional Operations

Tuition Fees

The Board accepts tuition students who are children of full-time employees under the following conditions:

An annual tuition charge shall be set by the Board of Education after the annual budget is approved. The charge shall approximately equal the per pupil cost for total current expenses as defined by the State Department of Education.

Tuition charges for those full-time Amity employees on staff as of June 30, 1992, shall be \$1,000 for the first child and \$500 for each additional child.

Tuition charges for those full-time employees hired from July 1, 1992 up to and including June 30, 2001, will be twenty-five percent (25%) of the current net per pupil cost.

Tuition charges for those full-time employees hired on or after July 1, 2001, will be thirty-three percent (33%) of the current net per pupil cost.

For those full-time employees hired on or after July 1, 2001 who have a child identified as eligible for special education and related services, their child will be accepted in those Amity programs deemed appropriate for the child by a dually convened Planning and Placement Team (PPT) from the nexus community. The tuition rate for such child shall be thirty-three percent (33%) of the current net special education tuition rate. Any cost to the Amity school district in excess of the net special education tuition rate for the implementation of a specific child's individual education plan (IEP) shall, in addition to the special education tuition rate quoted above be the responsibility of the parent.

Date of hire is defined as the most recent date of hire with the Board of Education.

(cf. 5118 - Nonresidents)

Legal Reference: Connecticut General Statutes
 10-33 Tuition in towns in which no high school is maintained.
 10-35 Notice of discontinuance of high school service to nonresidents.
 10-55 Pupils to attend regional school.
 10-65 Grants for constructing and operating vocational agricultural centers. Tuition charges (amended by PA 04-197)
 10-220 Duties of boards of education.
 10-253 School privileges for children in certain placements, nonresident children and children in temporary shelters.
 10-266 Reimbursement for education of pupils residing in state property.

Policy adopted: November 14, 2005 AMITY REGIONAL SCHOOL DISTRICT NO. 5
 Woodbridge, Connecticut

Business/Non-Instructional Operations

Tuition Fees

Temporary Tuition Students

Temporary tuition students shall be billed on a pro-rated basis prior to the first of each month. If payment is not received by the 1st, the School Principal will be notified and will refuse admission to the student. There shall be no refunds for partial months.

Permanent Tuition Students

Permanent tuition students shall be billed for one-half the annual tuition charge on October 1 and February 1. If payment is not made by the following 15th, action will be taken as described above. If a student is dismissed, withdrawn, or becomes a resident student, there shall be no refunds for partial months.

Legal Reference: Connecticut General Statutes

10-33 Tuition in towns in which no high school is maintained.

10-35 Notice of discontinuance of high school service to nonresidents.

10-55 Pupils to attend regional school.

10-65 Grants for constructing and operating vocational agricultural centers. Tuition charges (amended by PA 04-197)

10-220 Duties of boards of education.

10-253 School privileges for children in certain placements, nonresident children and children in temporary shelters.

10-266 Reimbursement for education of pupils residing in state property.

Regulation approved: November 14, 2005 AMITY REGIONAL SCHOOL DISTRICT NO. 5
Woodbridge, Connecticut