

AMITY REGIONAL SCHOOL DISTRICT NO. 5

FINANCIAL STATEMENTS

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
TABLE OF CONTENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis - Unaudited	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Governmental Fund Financial Statements:	
Balance Sheet	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	18
Proprietary Fund Financial Statements:	
Statement of Net Position	19
Statement of Revenues, Expenses and Changes in Net Position	20
Statement of Cash Flows	21
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position	22
Statement of Changes in Fiduciary Net Position	23
Notes to Financial Statements	24

AMITY REGIONAL SCHOOL DISTRICT NO. 5
TABLE OF CONTENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

	Page
Required Supplementary Information: Unaudited	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Budgetary Basis – General Fund	64
Schedule of Changes in Net Pension Liability – Pension Plan	65
Schedule of Contributions and Investment Returns – Pension Plan	66
Schedule of the District’s Proportionate Share of Net Pension Liability – Connecticut State Teachers’ Retirement System	67
Schedule of Changes in Net OPEB Liability – Other Post-employment Benefits Plan	68
Schedule of Contributions and Investment Returns – Other Post-employment Benefits Plan	69
Schedule of the District’s Proportionate Share of Net OPEB Liability – Connecticut State Teachers’ Retirement System	70
Notes to Required Supplementary Information	71
Combining and Individual Fund Statements and Schedules:	
Schedule of Revenues and Other Financing Sources – Budget and Actual – Budgetary Basis – General Fund	76
Schedule of Expenditures and Other Financing Uses – Budget and Actual – Budgetary Basis – General Fund	77
Schedule of Debt Limitation	79
Nonmajor Governmental Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	81
Fiduciary Funds:	
Combining Statement of Changes in Fiduciary Assets and Liabilities – Agency Funds	82

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

Coated



PMS 288 CP
RGB: 0/99/188
CMYK: 100/89/6/32



Pantone Green CP
RGB: 0/152/107
CMYK: 83/0/63/0



PMS 368 CP
RGB: 118/194/40
CMYK: 72/0/100/0

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

Report on 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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 and the information on pages 64 through 75 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 76 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 9, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 9, 2020

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, 2020

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, 2020.

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 \$73,524,616 (net position). Included in this amount is a deficit in unrestricted net position of \$4,075,637. 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, 2020 increased by \$3,460,948.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,926,306, an increase of \$600,047 in comparison with the prior year.
- The principal balance outstanding on the District's long-term bonded debt decreased by \$3,750,000 or 15.8% from \$23,775,000 as of June 30, 2019 to \$20,025,000 as of June 30, 2020.
- As of June 30, 2020, the District has recorded a liability to return the current year budgetary General Fund surplus of \$1,986,236 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, 2020

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, 2020

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 other post-employment benefit plans can be found on pages 64 through 75 of this report.

Other Information

Combining and individual fund statements and schedules can be found on pages 76 through 82 of this report.

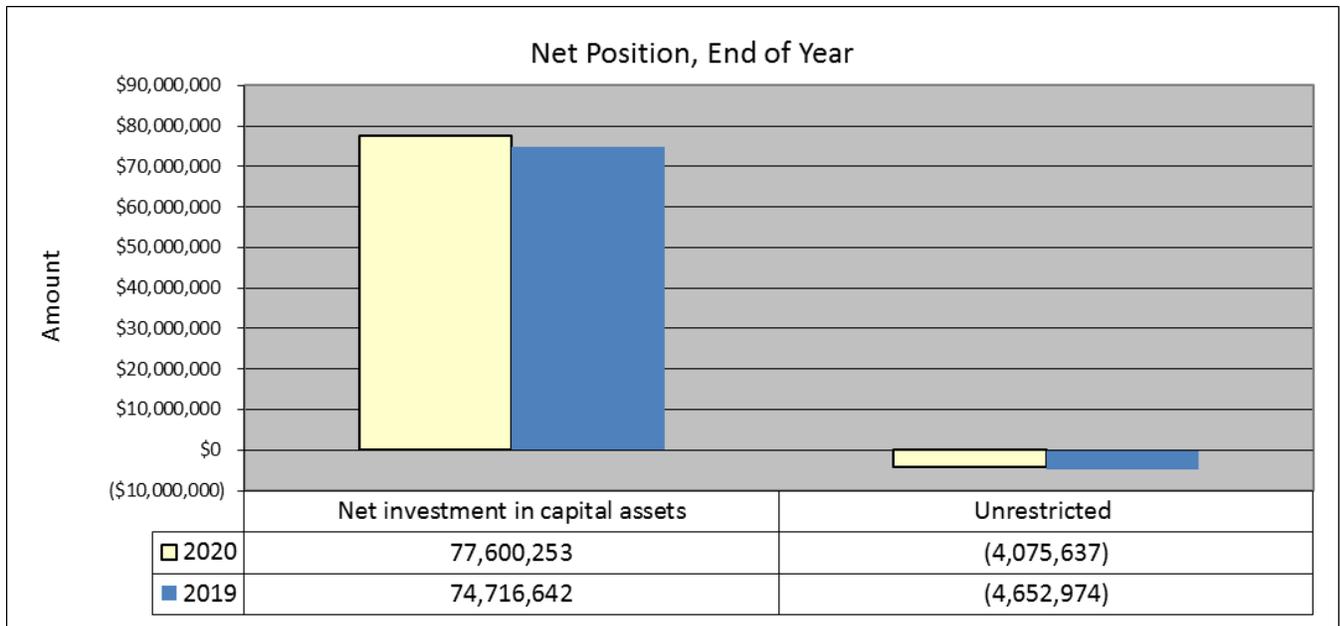
AMITY REGIONAL SCHOOL DISTRICT NO. 5
 MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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 \$73,524,616 as of June 30, 2020 and \$70,063,668 as of June 30, 2019, and is summarized as follows.

	<u>2020</u>	<u>2019</u>	<u>\$ Variance</u>	<u>% Variance</u>
Current and other assets	\$ 7,323,850	\$ 6,251,862	\$ 1,071,988	17%
Capital assets, net	98,609,521	99,513,658	(904,137)	-1%
Total assets	<u>105,933,371</u>	<u>105,765,520</u>	<u>167,851</u>	<u>0%</u>
Deferred outflows of resources	1,174,981	918,417	256,564	28%
Long-term liabilities	27,568,257	31,636,851	(4,068,594)	-13%
Other liabilities	4,388,128	3,932,059	456,069	12%
Total liabilities	<u>31,956,385</u>	<u>35,568,910</u>	<u>(3,612,525)</u>	<u>-10%</u>
Deferred inflows of resources	1,627,351	1,051,359	575,992	55%
Net position:				
Net investment in capital assets	77,600,253	74,716,642	2,883,611	4%
Unrestricted	<u>(4,075,637)</u>	<u>(4,652,974)</u>	<u>577,337</u>	<u>-12%</u>
Total net position	<u>\$ 73,524,616</u>	<u>\$ 70,063,668</u>	<u>\$ 3,460,948</u>	<u>5%</u>



AMITY REGIONAL SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Net Position *(Continued)*

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

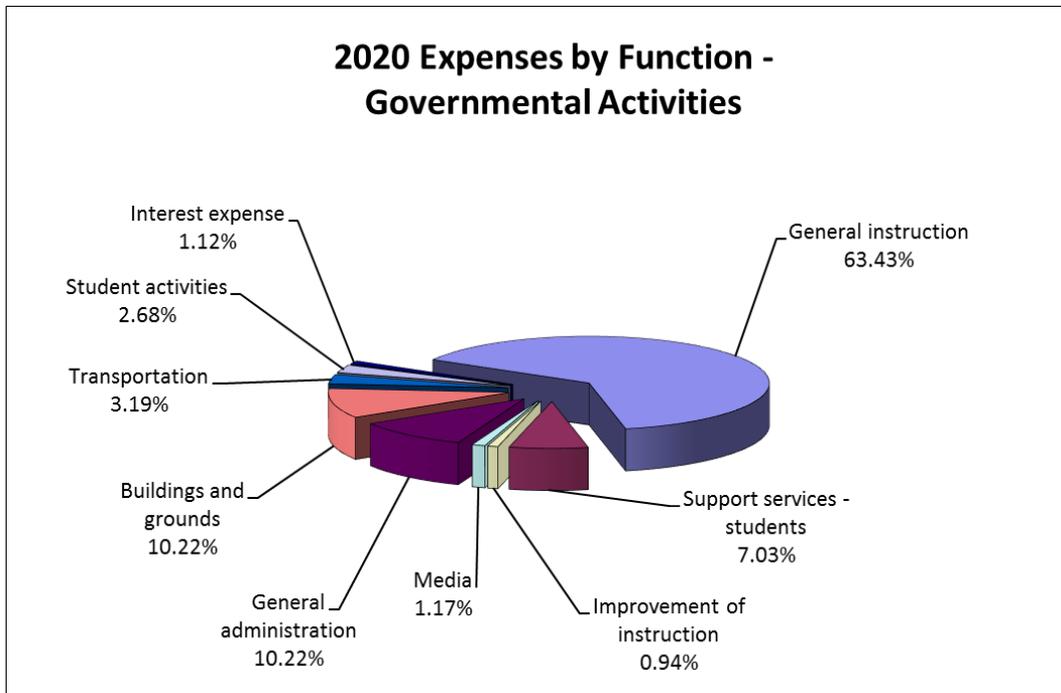
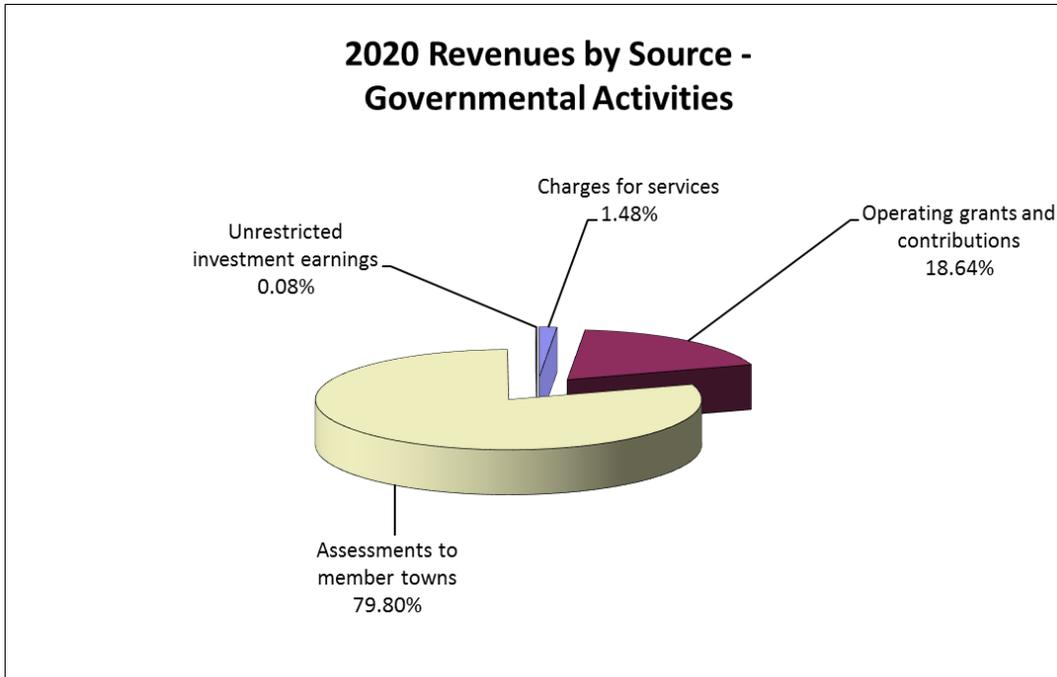
Changes in net position for the years ended June 30, 2020 and 2019 are as follows.

	<u>2020</u>	<u>2019</u>	<u>\$ Variance</u>	<u>% Variance</u>
Revenues				
Program revenues:				
Charges for services	\$ 863,039	\$ 1,020,840	\$ (157,801)	-15.5%
Operating grants and contributions	10,892,136	4,463,044	6,429,092	144.1%
General revenues:				
Assessments to member towns	46,641,731	45,990,999	650,732	1.4%
Unrestricted investment earnings	52,292	130,966	(78,674)	-60.1%
Total revenues	<u>58,449,198</u>	<u>51,605,849</u>	<u>6,843,349</u>	13.3%
Program expenses:				
General instruction	34,876,435	29,147,168	5,729,267	19.7%
Support services - students	3,867,521	3,845,424	22,097	0.6%
Improvement of instruction	514,405	543,115	(28,710)	-5.3%
Media	645,595	635,950	9,645	1.5%
General administration	5,621,460	5,420,532	200,928	3.7%
Buildings and grounds	5,620,106	5,242,160	377,946	7.2%
Transportation	1,752,876	1,812,361	(59,485)	-3.3%
Student activities	1,474,242	1,655,531	(181,289)	-11.0%
Interest expense	615,610	599,206	16,404	2.7%
Total expenses	<u>54,988,250</u>	<u>48,901,447</u>	<u>6,086,803</u>	12.4%
Change in net position	<u>\$ 3,460,948</u>	<u>\$ 2,704,402</u>	<u>\$ 756,546</u>	28.0%

AMITY REGIONAL SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Change in Net Position *(Continued)*

The change in net position for the current fiscal year was an increase of \$3,460,948 over the prior year. Revenues increased by \$6,843,349 or 13.3% and expenses increased by \$6,086,803 or 12.4%.

Operating grants and general instruction expenses increased by \$6,207,242 from the prior year due to an increase in the amount of pension and OPEB expense recognized by District in connection with its participation in the State of Connecticut 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 \$1,926,306, an increase in fund balance of \$600,047 over the prior year.

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 \$971,501, which consists of amounts encumbered for specific purposes.

The overall fund balance of the General Fund increased by \$245,201 during the current year.

Reserve for Capital and Nonrecurring Fund

The Reserve for Capital and Nonrecurring Fund has a fund balance of \$647,506 as of June 30, 2020. This represents an increase in fund balance of \$234,002 compared to the prior year. This increase was driven by an authorized transfer in from the General Fund.

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 the District's budgetary fund balance as any budgetary surplus is returned to the District's member towns. Nonmember revenues were \$170,887 higher than anticipated primarily due to the special education grant from the State of Connecticut. Expenditures were \$2,275,374 lower than anticipated due to increased budgetary monitoring and overall cost savings from distance learning that went into effect in March 2020 pursuant to the Governor's executive orders in response to the COVID-19 pandemic.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

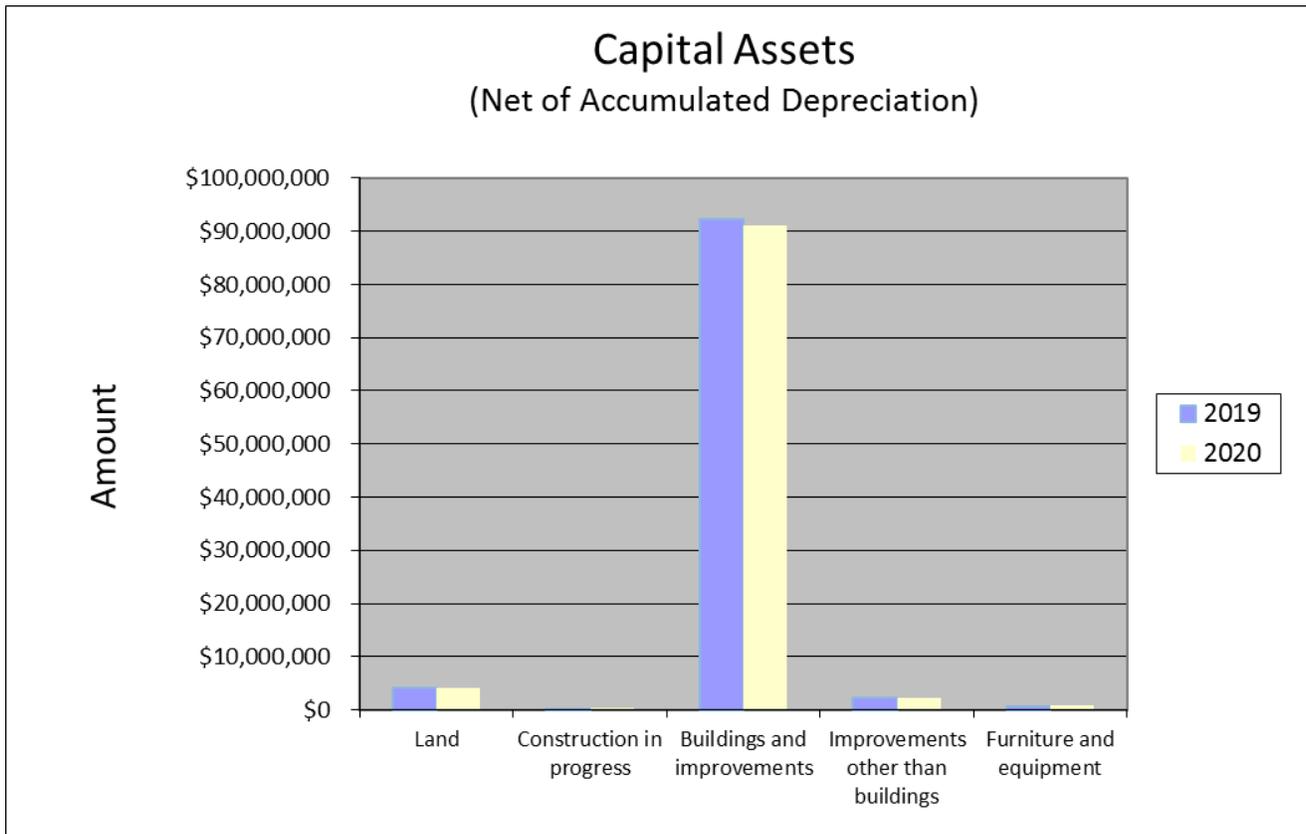
CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2020 totaled \$98,609,521 (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 \$904,137 or 0.9%. This was primarily due depreciation expense of \$1,778,888, offset by capital additions of \$874,751.

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

	2020	2019	\$ Variance	% Variance
Land	\$ 4,186,566	\$ 4,186,566	\$ -	0.0%
Construction in progress	377,750	112,003	265,747	237.3%
Buildings and improvements	91,001,283	92,286,827	(1,285,544)	-1.4%
Improvements other than buildings	2,249,177	2,322,438	(73,261)	-3.2%
Furniture and equipment	794,745	605,824	188,921	31.2%
Totals	\$ 98,609,521	\$ 99,513,658	\$ (904,137)	-0.9%



AMITY REGIONAL SCHOOL DISTRICT NO. 5
 MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Direct Placements

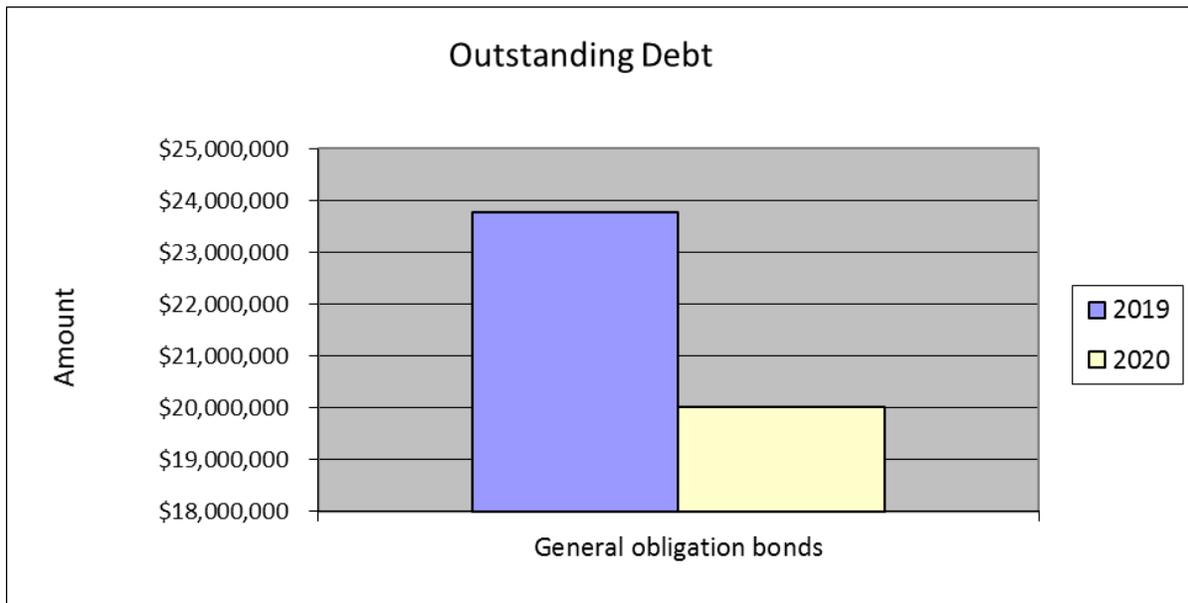
At the end of the current fiscal year, the District had total bonded debt outstanding of \$20,025,000, all of which is backed by the full faith and credit of the District and its member towns of Bethany, Orange and Woodbridge. Total long-term debt decreased by \$3,750,000 or 15.8% due to regularly scheduled debt service repayments.

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 significantly in excess of the District's outstanding general obligation debt.

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

	2020	2019	\$ Variance	% Variance
General obligation bonds	<u>\$ 20,025,000</u>	<u>\$ 23,775,000</u>	<u>\$ (3,750,000)</u>	-15.8%



Additional information on the District's long-term debt can be found in Note 8 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, 2020

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 2020.
- In early March 2020, there was a global outbreak of COVID-19 that was declared a Public Health Emergency of International Concern by the World Health Organization and was subsequently declared a state of emergency by the Governor of Connecticut and a national emergency by the President of the United States. The outbreak of the virus is expected to negatively impact the District's fiscal year 2021 budget. The District has received and continues to apply for funding from federal and state agencies in order to offset costs associated with the District's response to the pandemic. However, the extent to which COVID-19 will impact the District's operations and its financial condition will ultimately depend on future developments that are uncertain and cannot be fully predicted with confidence at this time.

All of these factors were considered in preparing the District's budget for fiscal year 2021. The District's fiscal year 2021 General Fund budget was approved on May 4, 2020. The fiscal year 2021 budget contemplated expenditures of \$50,784,509, an increase of \$1,236,202 or 2.49% over the fiscal year 2020 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
AS OF JUNE 30, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 6,937,599
Receivables:	
Grants and contracts	143,542
Other	10,863
Inventories	34,283
Net sick and severance asset	197,563
Capital assets:	
Non-depreciable	4,564,316
Depreciable, net	94,045,205
Total assets	105,933,371
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refundings	310,660
Deferred charges on pension expense	252,199
Deferred charges on OPEB expense	612,122
Total deferred outflows of resources	1,174,981
LIABILITIES	
Accounts payable	1,376,221
Accrued liabilities	310,368
Accrued interest	296,338
Unearned revenue	198,614
Claims payable	220,351
Due to member towns	1,986,236
Noncurrent liabilities:	
Due within one year	3,804,632
Due in more than one year	23,763,625
Total liabilities	31,956,385
DEFERRED INFLOWS OF RESOURCES	
Deferred charges on pension expense	548,215
Deferred charges on OPEB expense	1,079,136
Total deferred inflows of resources	1,627,351
NET POSITION	
Net investment in capital assets	77,600,253
Unrestricted deficit	(4,075,637)
Total net position	\$ 73,524,616

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, 2020

<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	\$ 34,876,435	\$ 239,353	\$ 10,414,707	\$ -	\$ (24,222,375)
Support services:					
Support services - students	3,867,521	487,398	423,641	-	(2,956,482)
Improvement of instruction	514,405	-	18,788	-	(495,617)
Media	645,595	-	-	-	(645,595)
General administration	5,621,460	71,945	-	-	(5,549,515)
Transportation	1,752,876	-	26,000	-	(1,726,876)
Student activities	1,474,242	25,300	-	-	(1,448,942)
Buildings and grounds	5,620,106	39,043	9,000	-	(5,572,063)
Total support services	<u>19,496,205</u>	<u>623,686</u>	<u>477,429</u>	<u>-</u>	<u>(18,395,090)</u>
Interest expense	615,610	-	-	-	(615,610)
	<u>\$ 54,988,250</u>	<u>\$ 863,039</u>	<u>\$ 10,892,136</u>	<u>\$ -</u>	<u>(43,233,075)</u>
General revenues:					
					46,641,731
					52,292
					<u>46,694,023</u>
					3,460,948
					<u>70,063,668</u>
					<u>\$ 73,524,616</u>

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2020

	General Fund	Reserve Fund for Capital and Nonrecurring	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 5,333,397	\$ 348,579	\$ 437,425	\$ 6,119,401
Receivables:				
Grants and contracts	-	-	143,542	143,542
Other	8,863	-	2,000	10,863
Due from other funds	-	495,482	1,934	497,416
Inventories	-	-	34,283	34,283
Total assets	<u>\$ 5,342,260</u>	<u>\$ 844,061</u>	<u>\$ 619,184</u>	<u>\$ 6,805,505</u>
LIABILITIES				
Accounts payable	\$ 1,014,494	\$ 196,555	\$ 165,172	\$ 1,376,221
Accrued liabilities	310,368	-	-	310,368
Due to member towns	1,986,236	-	-	1,986,236
Due to other funds	1,056,511	-	-	1,056,511
Unearned revenue	3,150	-	146,713	149,863
Total liabilities	<u>4,370,759</u>	<u>196,555</u>	<u>311,885</u>	<u>4,879,199</u>
FUND BALANCES				
Nonspendable	-	-	34,283	34,283
Restricted	-	19,042	-	19,042
Committed	-	839,744	273,016	1,112,760
Assigned	971,501	-	-	971,501
Unassigned	-	(211,280)	-	(211,280)
Total fund balances	<u>971,501</u>	<u>647,506</u>	<u>307,299</u>	<u>1,926,306</u>
Total liabilities and fund balances	<u>\$ 5,342,260</u>	<u>\$ 844,061</u>	<u>\$ 619,184</u>	<u>\$ 6,805,505</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
AS OF JUNE 30, 2020

Total fund balances for governmental funds		\$ 1,926,306
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	377,750	
Buildings and improvements	114,672,345	
Improvements other than buildings	2,611,949	
Furniture and equipment	1,526,005	
Less: accumulated depreciation and amortization	<u>(24,765,094)</u>	
Total capital assets, net		98,609,521
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.		
		197,563
Deferred inflows and outflows of resources resulting from changes in the components of the net pension and OPEB liabilities are reported in the statement of net position.		
		(763,030)
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	(296,338)	
Long-term debt:		
Bonds payable	(20,025,000)	
Unamortized bond premiums	(1,154,702)	
Deferred charges on refundings	310,660	
Capital lease obligations	(159,268)	
Other long-term liabilities:		
Net OPEB liability	(2,161,067)	
Net pension liability	(4,002,716)	
Vacation accrual payable	<u>(65,504)</u>	
Total long-term liabilities		(27,553,935)
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.		
		<u>1,108,191</u>
Net position of governmental activities		<u><u>\$ 73,524,616</u></u>

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, 2020

	General Fund	Reserve Fund for Capital and Nonrecurring	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Assessments to member towns	\$ 46,641,731	\$ -	\$ -	\$ 46,641,731
Intergovernmental	7,133,938	-	1,013,181	8,147,119
Charges for services	212,985	-	609,705	822,690
Interest income	52,292	-	-	52,292
Other	37,256	-	3,093	40,349
Total revenues	<u>54,078,202</u>	<u>-</u>	<u>1,625,979</u>	<u>55,704,181</u>
EXPENDITURES				
Current:				
General instruction	27,839,268	-	582,933	28,422,201
Support services:				
Support services - student	2,517,848	-	925,352	3,443,200
Improvement of instruction	425,858	-	18,788	444,646
Media	534,978	-	-	534,978
General administration	4,796,093	-	26,964	4,823,057
Transportation	1,752,876	-	-	1,752,876
Employee benefits	5,188,947	-	42,098	5,231,045
Student activities	1,298,330	-	-	1,298,330
Buildings and grounds	3,757,868	-	9,000	3,766,868
Capital outlays	613,521	261,480	-	875,001
Debt service:				
Principal payments	3,857,632	-	-	3,857,632
Interest and fiscal charges	809,210	-	-	809,210
Total expenditures	<u>53,392,429</u>	<u>261,480</u>	<u>1,605,135</u>	<u>55,259,044</u>
Excess (deficiency) of revenues over expenditures	685,773	(261,480)	20,844	445,137
OTHER FINANCING SOURCES (USES)				
Capital lease financing	154,910	-	-	154,910
Transfers in	-	495,482	100,000	595,482
Transfers out	(595,482)	-	-	(595,482)
Total other financing sources	<u>(440,572)</u>	<u>495,482</u>	<u>100,000</u>	<u>154,910</u>
Net changes in fund balances	245,201	234,002	120,844	600,047
Fund balances - beginning	<u>726,300</u>	<u>413,504</u>	<u>186,455</u>	<u>1,326,259</u>
Fund balances - ending	<u>\$ 971,501</u>	<u>\$ 647,506</u>	<u>\$ 307,299</u>	<u>\$ 1,926,306</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, 2020

Net change in fund balances for governmental funds \$ 600,047

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	\$ 874,751	
Depreciation and amortization expense	<u>(1,778,888)</u>	
Net adjustment		(904,137)

Deferred outflows and inflows of resources resulting from changes in the components of the net pension and OPEB liabilities are amortized as a component of expense in the statement of activities. (270,042)

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:		
Capital lease financing	(154,910)	
Principal repayments:		
Bonds	3,750,000	
Capital leases	<u>107,632</u>	
Net adjustment		3,702,722

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	58,374	
Amortization of deferred charges on refundings	(49,386)	
Amortization of bond premiums	184,612	
Net OPEB liability	99,253	
Net pension liability	125,095	
Net sick and severance asset	9,129	
Vacation accrual payable	<u>(43,088)</u>	
Net adjustment		383,989

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. (51,631)

Change in net position of governmental activities \$ 3,460,948

AMITY REGIONAL SCHOOL DISTRICT NO. 5
STATEMENT OF NET POSITION
PROPRIETARY FUND
AS OF JUNE 30, 2020

	Governmental Activities
	Internal Service Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 818,198
Due from other funds	559,095
Total assets	1,377,293
LIABILITIES	
Current liabilities:	
Claims payable	220,351
Unearned revenue	48,751
Total liabilities	269,102
NET POSITION	
Unrestricted	1,108,191
Total net position	\$ 1,108,191

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, 2020

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Charges for services	\$ 4,082,752
Total operating revenues	4,082,752
OPERATING EXPENSES	
Claims incurred	3,390,343
Administrative and other	744,040
Total operating expenses	4,134,383
Change in net position	(51,631)
Net position - beginning	1,159,822
Net position - ending	\$ 1,108,191

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, 2020

	<u>Governmental Activities Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from employer and plan participants	\$ 3,531,690
Cash payments for claims incurred	(3,565,727)
Cash payments to contractors for administration	(744,040)
Net cash used in operating activities	<u>(778,077)</u>
Net decrease in cash and cash equivalents	(778,077)
Cash and cash equivalents, beginning of year	<u>1,596,275</u>
Cash and cash equivalents, end of year	<u><u>\$ 818,198</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (51,631)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Decrease in accounts payable	(175,384)
Decrease in unearned revenue	(8)
Change in due from other funds	(551,054)
Net cash used in operating activities	<u><u>\$ (778,077)</u></u>

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF JUNE 30, 2020

	Pension, Other Post-Employment Benefit and Sick & Severance Trust Funds	Private- Purpose Trust Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 266,290	\$ 283,521	\$ 446,491
Investments - mutual funds	16,640,914	-	-
Total assets	<u>16,907,204</u>	<u>283,521</u>	<u>\$ 446,491</u>
LIABILITIES			
Accounts payable	-	55,863	\$ 76,807
Due to others	-	-	369,684
Total liabilities	<u>-</u>	<u>55,863</u>	<u>\$ 446,491</u>
NET POSITION			
Restricted for pension benefits, other post-employment benefits and other purposes	<u>\$ 16,907,204</u>	<u>\$ 227,658</u>	

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, 2020

	Pension, Other Post-Employment Benefit and Sick & Severance Trust Funds	Private- Purpose Trust Fund
ADDITIONS		
Contributions:		
Employer	\$ 892,937	\$ -
Employee	72,237	-
Other	-	62,989
Total contributions	<u>965,174</u>	<u>62,989</u>
Investment earnings:		
Interest and dividends	372,502	2,351
Net change in the fair value of investments	<u>391,608</u>	<u>-</u>
Total investment earnings	<u>764,110</u>	<u>2,351</u>
Total additions	<u>1,729,284</u>	<u>65,340</u>
DEDUCTIONS		
Benefit payments	916,665	-
Administrative expenses	14,858	-
Scholarships	-	56,363
Total deductions	<u>931,523</u>	<u>56,363</u>
Change in net position	797,761	8,977
Net position - beginning	<u>16,109,443</u>	<u>218,681</u>
Net position - ending	<u>\$ 16,907,204</u>	<u>\$ 227,658</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, 2020

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 (fiscal 2019 - 2020) assessment percentages are: Bethany 18.3%, Orange 50.9% and Woodbridge 30.8%.

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, 2020

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, 2020

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

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund 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 acquisition 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, 2020

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

Assets, Liabilities, Deferred Outflows and 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:

<u>Assets</u>	<u>Years</u>
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 and Inflows of Resources

Deferred outflows and inflows of resources represent an acquisition or consumption of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow 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, 2020

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

Assets, Liabilities, Deferred Outflows and 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, 2020

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

Assets, Liabilities, Deferred Outflows and 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, 2020

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

Interfund Activities *(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, 2020, \$2,470,263 of the District's bank balance of \$2,720,263 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 2,223,237
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the District's name	<u>247,026</u>
	<u>\$ 2,470,263</u>

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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, 2020 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 6,937,599
Less: cash equivalents considered investments for disclosure purposes	(5,001,986)
	1,935,613
 Statement of fiduciary net position:	
Cash and cash equivalents	996,302
Less: cash equivalents considered investments for disclosure purposes	(421,666)
	574,636
	\$ 2,510,249

Investments

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

Government-wide statement of net position:	
Investments	\$ -
Add: cash equivalents considered investments for disclosure purposes	5,001,986
	5,001,986
 Statement of fiduciary net position:	
Investments	16,640,914
Add: cash equivalents considered investments for disclosure purposes	421,666
	17,062,580
	\$ 22,064,566

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Investments *(Continued)*

As of June 30, 2020, 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:				
<i>Government-wide statement of net position:</i>				
Short-term Investment Fund (STIF)	Net asset value	AAA	\$ 5,001,986	\$ 5,001,986
<i>Statement of fiduciary net position:</i>				
Short-term Investment Fund (STIF)	Net asset value	AAA	155,376	155,376
Money market mutual funds	Net asset value	Unrated	266,290	266,290
			<u>5,423,652</u>	<u>\$ 5,423,652</u>
Other investments:				
<i>Statement of fiduciary net position:</i>				
Mutual funds	Fair Value		16,640,914	
Total			<u>\$ 22,064,566</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, 2020

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, 2020, 100% of the District's governmental activities investments were invested in the Short-term Investment Fund. As of June 30, 2020, more than 10% of the District's fiduciary investments were 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	\$ 2,792,707	16%
Wells Fargo	Vanguard Total Bond Market Index Fund Admiral Shares	2,567,235	15%
Wells Fargo	Vanguard DVLDP Markets Index Fund Admiral Shares	2,605,808	15%
Wells Fargo	Vanguard Growth Index Fund Admiral Shares	2,205,618	13%
Wells Fargo	Vanguard Value Index Fund Admiral Shares	1,942,179	11%
Wells Fargo	Vanguard 500 Index Fund Admiral Shares	2,192,895	13%

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, 2020

NOTE 3 - FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs). The District 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, 2020, by level within the fair value hierarchy are presented in the table below.

Financial Assets Measured at Fair Value	Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 16,640,914	\$ -	\$ -

NOTE 4 - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 4,186,566	\$ -	\$ -	\$ -	\$ 4,186,566
Construction in progress	112,003	540,521	-	(274,774)	377,750
Total capital assets, not being depreciated	<u>4,692,698</u>	<u>540,521</u>	<u>-</u>	<u>(274,774)</u>	<u>4,564,316</u>
Capital assets, being depreciated:					
Buildings and improvements	114,397,571	-	-	274,774	114,672,345
Improvements other than buildings	2,561,749	50,200	-	-	2,611,949
Furniture and equipment	1,248,375	284,030	6,400	-	1,526,005
Total capital assets, being depreciated	<u>117,370,149</u>	<u>334,230</u>	<u>6,400</u>	<u>274,774</u>	<u>118,810,299</u>
Less accumulated depreciation and amortization for:					
Buildings and improvements	22,110,744	1,560,318	-	-	23,671,062
Improvements other than buildings	239,311	123,461	-	-	362,772
Furniture and equipment	642,551	95,109	6,400	-	731,260
Total accumulated depreciation and amortization	<u>21,280,881</u>	<u>1,778,888</u>	<u>6,400</u>	<u>-</u>	<u>24,765,094</u>
Total capital assets, being depreciated, net	<u>95,215,089</u>	<u>(1,444,658)</u>	<u>-</u>	<u>274,774</u>	<u>94,045,205</u>
Governmental activities capital assets, net	<u>\$ 99,513,658</u>	<u>\$ (904,137)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,609,521</u>

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 4 - CAPITAL ASSETS *(Continued)*

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

Governmental Activities:	
General instruction	\$ 61,597
Support services:	
Support services - students	33,542
General administration	706
Buildings and grounds	1,683,043
Total depreciation and amortization expense	\$ 1,778,888

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

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

Receivable Fund	Payable Fund	Amount
Governmental Funds		
Reserve for Capital and Nonrecurring Fund	General Fund	\$ 495,482
Other Governmental Funds	General Fund	1,934
		\$ 497,416
Proprietary Funds		
Internal Service Fund	General Fund	\$ 559,095

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.

NOTE 6 - INTERFUND TRANSFERS

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

Transfers In	Transfers Out	Amount
Governmental Funds		
Reserve for Capital and Nonrecurring Fund	General Fund	\$ 495,482
Other Governmental Funds	General Fund	100,000
		\$ 595,482

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 7 - FUND BALANCE

The various components of fund balance as of June 30, 2020 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	\$ -	\$ -	\$ 34,283	\$ 34,283
Restricted for:				
Capital purposes	-	19,042	-	19,042
Committed to:				
Capital purposes	-	839,744	-	839,744
Cafeteria operations	-	-	98,013	98,013
Educational purposes	-	-	175,003	175,003
Assigned to:				
Encumbrances:				
General instruction	234,209	-	-	234,209
Support services - student	19,171	-	-	19,171
Improvement of instruction	12,715	-	-	12,715
Media	132	-	-	132
General administration	33,290	-	-	33,290
Transportation	13,289	-	-	13,289
Employee benefits	78,919	-	-	78,919
Student activities	26,004	-	-	26,004
Buildings and grounds	202,559	-	-	202,559
Capital outlays	351,213	-	-	351,213
Unassigned	-	(211,280)	-	(211,280)
	<u>\$ 971,501</u>	<u>\$ 647,506</u>	<u>\$ 307,299</u>	<u>\$ 1,926,306</u>

Deficit Fund Balance

The Reserve Fund for Capital and Nonrecurring has a deficit fund balance of \$211,280 as of June 30, 2020. The deficit will be funded by proceeds from general obligation bonds issued in July 2020 (see Note 14).

NOTE 8 - LONG-TERM DEBT

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Direct Placements:					
General obligation bonds	\$ 23,775,000	\$ -	\$ 3,750,000	\$ 20,025,000	\$ 3,665,000
Unamortized premiums	1,339,314	-	184,612	1,154,702	-
Total bonds payable	25,114,314	-	3,934,612	21,179,702	3,665,000
Direct Borrowings:					
Capital leases	111,990	154,910	107,632	159,268	107,362
	<u>\$ 25,226,304</u>	<u>\$ 154,910</u>	<u>\$ 4,042,244</u>	<u>\$ 21,338,970</u>	<u>\$ 3,772,362</u>

Debt service is typically liquidated in the General Fund.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 8 - LONG-TERM DEBT *(Continued)*

General Obligation Bonds

A summary of general obligation bonds outstanding at June 30, 2020 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%	\$ 2,060,000
General obligation bonds issued 1/5/17, original amount of \$1,960,000	2027	4.00%	1,520,000
General obligation refunding bonds issued 1/5/17, original amount of \$12,130,000	2025	1.37% - 2.95%	6,670,000
General obligation refunding bonds issued 4/26/18, original amount of \$10,300,000	2026	3.00% - 5.00%	9,775,000
			<u>\$ 20,025,000</u>

Annual debt service requirements to maturity at June 30, 2020 are as follows:

Year ending June 30:	General Obligation Bonds		
	Principal	Interest	Total
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	3,440,000	318,337	3,758,337
2025	3,065,000	190,828	3,255,828
2026-2027	2,570,000	108,300	2,678,300
	<u>\$ 20,025,000</u>	<u>\$ 2,351,365</u>	<u>\$ 22,376,365</u>

Bond Refundings

In prior years, the District advanced refunded general obligation bonds to reduce its total future debt service payments. The amount for which the reacquisition price exceeded the carrying amount of the old debt, has been presented as a deferred charge on refunding and is being amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. The carrying value of the deferred charges on refundings totaled \$310,660 as of June 30, 2020 and amortization expense for the year ended June 30, 2020 totaled \$49,386.

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. The District did not exceed the statutory debt limitation as of June 30, 2020.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 8 - LONG-TERM DEBT *(Continued)*

Capital Leases from Direct Borrowings

The District has capital leases from direct borrowings outstanding of \$159,268 as of June 30, 2020. The capital leases include non-appropriation clauses and provide the obligors with a security interest in the underlying equipment in the event of default.

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

	Governmental Activities
Equipment	\$ 322,895
Less: accumulated amortization	36,397
	\$ 286,498

Amortization expense on equipment under capital leases totaled \$36,397 for the year ended June 30, 2020 and is included in depreciation and amortization expense disclosed in Note 4.

Annual debt service requirements to maturity on the capital leases are as follows as of June 30, 2020:

Year ending June 30:	Capital Leases		
	Principal	Interest	Total
2021	\$ 107,632	\$ -	\$ 107,632
2022	51,636	-	51,636
	\$ 159,268	\$ -	\$ 159,268

NOTE 9 - OTHER LONG-TERM LIABILITIES

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Vacation accrual payable	\$ 22,416	\$ 49,584	\$ 6,496	\$ 65,504	\$ 32,000
Net pension liability <i>(see Note 10)</i>	4,127,811	-	125,095	4,002,716	-
Net OPEB liability <i>(see Note 11)</i>	2,260,320	-	99,253	2,161,067	-
	\$ 6,410,547	\$ 49,584	\$ 230,844	\$ 6,229,287	\$ 32,000

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - OTHER LONG-TERM LIABILITIES *(Continued)*

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 \$115,583 for the year ended June 30, 2020. The components of the District's net sick and severance asset as of June 30, 2020, were as follows:

Total sick and severance liability	\$	486,735
Assets held in Trust		684,298
District's net sick and severance asset		\$ (197,563)
Plan fiduciary net position as a percentage of the total sick and severance liability		
		140.59%

The total sick and severance benefits liability for the District was determined by an actuarial valuation as of July 1, 2020. 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, 2020
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	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables, projected to the valuation date with Scale MP-2019
Sick Time Accrual	Maximum number of sick days per year
Salary increases	Varies from 2.4% to 7.4%
Retirement age	Ranges from 55 to 70

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - OTHER LONG-TERM LIABILITIES *(Continued)*

Sick and Severance Benefits *(Continued)*

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, 2020.

	Sick & Severance Trust Fund
ASSETS	
Cash and cash equivalents	\$ 1,152
Investments	683,146
Total assets	684,298
NET POSITION	
Restricted for sick and severance benefits	\$ 684,298
	Sick & Severance Trust Fund
ADDITIONS	
Contributions:	
Employer contributions	\$ -
Total contributions	-
Investment earnings:	
Interest and dividends	15,038
Net changes in the fair value of investments	31,982
Total investment earnings	47,020
Total additions	47,020
DEDUCTIONS	
Benefit payments	115,583
Administrative expenses	2,350
Total deductions	117,933
Change in net position	(70,913)
Net position - beginning	755,211
Net position - ending	\$ 684,298

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - 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, 2019, the date of the most recent actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefits	45
Inactive plan members entitled to but not yet receiving benefits	5
Active employees	54
	<u>104</u>

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, 2020, employer contributions to the Retirement Plan were \$851,987 and represented approximately 25.72% 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.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLANS *(Continued)*

Defined Benefit Plan *(Continued)*

Summary of Significant Accounting Policies *(Continued)*

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, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.81%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

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

Total pension liability	\$ 17,651,256
Plan fiduciary net position	13,648,540
District's net pension liability	<u>\$ 4,002,716</u>
Plan fiduciary net position as a percentage of the total pension liability	77.32%

The components of the change in the net pension liability of the District's Plan for the year ended June 30, 2020, were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance as of June 30, 2019	\$ 17,025,084	\$ 12,897,273	\$ 4,127,811
Changes for the year:			
Service cost	544,055	-	544,055
Interest	1,202,276	-	1,202,276
Difference between expected and actual experience	(271,511)	-	(271,511)
Change of assumptions	(47,566)	-	(47,566)
Contributions - employer	-	851,987	(851,987)
Contributions - member	-	72,237	(72,237)
Net investment income	-	628,125	(628,125)
Benefit payments, including refunds	(801,082)	(801,082)	-
Net changes	<u>626,172</u>	<u>751,267</u>	<u>(125,095)</u>
Balance as of June 30, 2020	<u>\$ 17,651,256</u>	<u>\$ 13,648,540</u>	<u>\$ 4,002,716</u>

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLANS *(Continued)*

Defined Benefit Plan *(Continued)*

Net Pension Liability *(Continued)*

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

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

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%	4.50%	1.69%
US Mid/Small Cap	12.50%	5.00%	0.63%
Developed International Equities	15.00%	5.25%	0.79%
Intermediate Corporate Bonds	17.50%	2.50%	0.44%
Intermediate Government Bonds	17.50%	1.50%	0.26%

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, 2020	\$ 5,831,914	\$ 4,002,716	\$ 2,431,745

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - 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, 2020.

	Pension Trust Fund
ASSETS	
Cash and cash equivalents	\$ 210,823
Investments	13,437,717
Total assets	13,648,540
 NET POSITION	
Restricted for pension benefits	\$ 13,648,540
 ADDITIONS	
Contributions:	
Employer contributions	\$ 851,987
Employee contributions	72,237
Total contributions	924,224
Investment earnings:	
Interest and dividends	301,636
Net changes in the fair value of investments	336,305
Total investment earnings	637,941
Total additions	1,562,165
 DEDUCTIONS	
Benefit payments	801,082
Administrative expenses	9,816
Total deductions	810,898
Change in net position	751,267
Net position - beginning	12,897,273
Net position - ending	\$ 13,648,540

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLANS *(Continued)*

Defined Benefit Plan *(Continued)*

Pension Expense and Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Net Deferred Outflows / (Inflows) of Resources
Differences between expected and actual experience	\$ 51,096	\$ (478,095)	\$ (426,999)
Changes of assumptions	111,755	(70,120)	41,635
Net difference between projected and actual earnings on pension plan investments	89,348	-	89,348
Total	<u>\$ 252,199</u>	<u>\$ (548,215)</u>	<u>\$ (296,016)</u>

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

Year ended June 30,	
2021	\$ (136,149)
2022	(149,793)
2023	(65,859)
2024	55,785
	<u>\$ (296,016)</u>

Connecticut Teachers' Retirement System

Plan Description

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

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Benefit Provisions

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

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

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

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

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

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

Contributions

State of Connecticut - Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State are amended and certified by the TRB and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amounts to finance any unfunded accrued liability.

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

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Administrative Expenses

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

Basis of Presentation

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

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

Allocation Methodology

The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The liabilities of the June 30, 2018 actuarial valuation were rolled forward to the measurement date of June 30, 2019. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to the District totaled 0.478% as of the most recent measurement date.

Collective Net Pension Liability

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

Collective Net Pension Liability of the State for the TRS		<u>\$ 17,072,720,000</u>
	Proportion	Proportionate Share
District's proportionate share of the Collective Net Pension Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net Pension Liability attributed to the District	0.478%	<u>\$ 81,597,000</u>

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Collective Pension Expense

The District's expected contribution effort for allocation purposes totaled \$6,176,437 or 0.478% of the total expected contribution effort. The District has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures in the General Fund for the year ended June 30, 2020.

The collective pension expense includes certain current period changes in the collective net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective pension expense attributed to the District totaled \$10,021,467 or 0.478% of the total collective pension expense and has been recognized as an operating contribution and related education expenses in the statement of activities for the year ended June 30, 2020.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, and a measurement date of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the General Assembly

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

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

Long-Term Rate of Return

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Long-Term Rate of Return *(Continued)*

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

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

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

Discount Rate

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

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Amity Regional School District No. 5 Other Post-Employment Benefits (OPEB) Plan

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.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Amity Regional School District No. 5 Other Post-Employment Benefits (OPEB) Plan *(Continued)*

Plan Description *(Continued)*

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

Active plan members	356
Retirees and beneficiaries receiving benefits	24
	<u>380</u>

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

Contributions - Contribution requirements of the 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, 2020, the District was credited for making \$93,272 in contributions toward Plan benefits, for which \$40,950 was contributed directly into 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, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.11%. 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, 2020

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Amity Regional School District No. 5 Other Post-Employment Benefits (OPEB) Plan (Continued)

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019. The components of the net OPEB liability of the District's Plan at June 30, 2020, were as follows:

Total OPEB liability	\$ 4,735,433
Plan fiduciary net position	<u>2,574,366</u>
District's net OPEB liability	<u><u>\$ 2,161,067</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	54.36%

The components of the change in the net OPEB liability of the District's Plan for the year ended June 30, 2020, were as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance as of June 30, 2019	\$ 4,717,279	\$ 2,456,959	\$ 2,260,320
Changes for the year:			
Service cost	94,104	-	94,104
Interest	334,998	-	334,998
Differences between expected and actual experience	(735,952)	-	(735,952)
Changes of assumptions	377,326	-	377,326
Contributions - employer	-	93,272	(93,272)
Contribution - TRB subsidy	-	64,709	(64,709)
Net investment income	-	11,748	(11,748)
Benefit payments, including refunds of member contributions	<u>(52,322)</u>	<u>(52,322)</u>	<u>-</u>
Net changes	<u>18,154</u>	<u>117,407</u>	<u>(99,253)</u>
Balances as of June 30, 2020	<u><u>\$ 4,735,433</u></u>	<u><u>\$ 2,574,366</u></u>	<u><u>\$ 2,161,067</u></u>

Benefit payments are reported net of retiree cost shares.

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

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	7.00%
Ultimate	4.60%

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Amity Regional School District No. 5 Other Post-Employment Benefits (OPEB) Plan *(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-2018.

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, 2020 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%	2.00%	0.80%
U.S. Large Cap Equities	30.00%	5.00%	1.50%
U.S. Small Cap Equities	10.00%	5.55%	0.56%
Developed Foreign Equities	20.00%	5.30%	1.06%

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 liability to changes in the discount rate - The following presents the District's net OPEB liability 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, 2020	\$ 2,636,003	\$ 2,161,067	\$ 1,747,414

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates - The following presents the District's net OPEB liability 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, 2020	\$ 1,667,667	\$ 2,161,067	\$ 2,737,763

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Amity Regional School District No. 5 Other Post-Employment Benefits (OPEB) Plan *(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, 2020.

	Other Post-Employment Benefits Trust Fund
ASSETS	
Cash and cash equivalents	\$ 54,315
Investments	2,520,051
Total assets	2,574,366
NET POSITION	
Restricted for other post-employment benefits	\$ 2,574,366
	Other Post-Employment Benefits Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 40,950
Total contributions	40,950
Investment earnings:	
Interest and dividends	55,828
Net changes in the fair value of investments	23,321
Total investment earnings	79,149
Total additions	120,099
DEDUCTIONS	
Administrative expenses	2,692
Total deductions	2,692
Change in net position	117,407
Net position - beginning	2,456,959
Net position - ending	\$ 2,574,366

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Amity Regional School District No. 5 Other Post-Employment Benefits (OPEB) Plan *(Continued)*

OPEB Expense and Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows / (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ (1,076,499)	\$ (1,076,499)
Changes of assumptions	417,694	(2,637)	415,057
Net difference between projected and actual earnings on OPEB plan investments	194,428	-	194,428
Total	\$ 612,122	\$ (1,079,136)	\$ (467,014)

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

Year Ended June 30:	
2021	\$ (547)
2022	(548)
2023	993
2024	(21,142)
2025	(53,918)
Thereafter	(391,852)
	\$ (467,014)

Connecticut Teachers' Retirement System

Plan Description

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

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

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Benefit Provisions

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

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

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the Plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage. If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

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

Contributions

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

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

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Administrative Expenses

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

Basis of Presentation

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

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

Allocation Methodology

The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The liabilities of the June 30, 2018 actuarial valuation were rolled forward to the measurement date of June 30, 2019. The employer allocations were then applied to the net OPEB liability and OPEB expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to District totaled 0.478% as of the most recent measurement date.

Collective Net OPEB Liability

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

Collective Net OPEB Liability of the State for the TRS		<u>\$ 2,662,587,000</u>
	<u>Proportion</u>	<u>Proportionate Share</u>
District's proportionate share of the Collective Net OPEB Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net OPEB Liability attributed to the District	0.478%	<u>\$ 12,725,000</u>

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Collective OPEB Expense

The District's expected contribution effort for allocation purposes totaled \$168,807 or 0.478% of the total expected contribution effort. The District has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures in the General Fund for the year ended June 30, 2020.

The collective OPEB expense includes certain current period changes in the collective net OPEB liability, projected earnings on OPEB plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective OPEB expense attributed to the District totaled a negative \$(931,206) or 0.478% of the total collective OPEB expense and has been recognized as a reduction in operating contributions and related education expenses in the statement of activities for the year ended June 30, 2020.

Actuarial Assumptions

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

Inflation	2.50%
Real Wage Growth	0.75%
Wage Inflation	3.25%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates:	
Pre-Medicare	5.95% for 2018 decreasing to an ultimate rate of 4.75% by 2025
Medicare	5.00% for 2018 decreasing to an ultimate rate of 4.75% by 2028

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.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Long-Term Rate of Return *(Continued)*

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>Expected 10-Year Geometric Real Rate of Return</u>	<u>Standard Deviation</u>
U.S. Treasuries (Cash Equivalents)	100.0%	0.41%	2.31%

Discount Rate

The discount rate used to measure the total OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate was performed in accordance with the applicable standards. The projection's basis was an actuarial valuation performed as of June 30, 2018.

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

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annual at a rate of 3.25%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- No future employer contributions were assumed to be made.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate of 3.87% was used in the determination of the single equivalent rate.

NOTE 12 - RISK MANAGEMENT AND UNCERTAINTIES

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, 2020, deductibles paid by the District were insignificant. Neither the District nor its insurers have settled any claims which exceeded the District's insurance coverage 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.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 12 - RISK MANAGEMENT *(Continued)*

Risk Management *(Continued)*

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 year end. 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.

A summary of claims activity for the years ended June 30, 2020 and 2019 are as follows:

<u>Year Ended June 30</u>	<u>Claims Payable, Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable, End of Year</u>
2019	\$ 363,017	\$ 3,883,029	\$ 3,850,311	\$ 395,735
2020	395,735	3,390,343	3,565,727	220,351

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 12 - RISK MANAGEMENT *(Continued)*

Uncertainties – Pandemic

In early March 2020, there was a global outbreak of COVID-19 that was declared a Public Health Emergency of International Concern by the World Health Organization and was subsequently declared a state of emergency by the Governor of Connecticut and a national emergency by the President of the United States. The outbreak of the virus has affected travel, commerce and financial markets globally, and is widely expected to affect economic growth worldwide.

On March 27, 2020, the United States Congress enacted the Coronavirus Aid, Relief, and Economic Stabilization Act (the "CARES Act") that provides in excess of \$2 trillion of relief to industries and entities throughout the country, including state and local governments. On March 28, 2020, the President of the United States approved the Governor of Connecticut's request for a disaster declaration for the State. On April 24, 2020, the United States Congress enacted legislation that provided an additional \$484 billion to replenish a small business loan program, support hospitals and expand COVID-19 testing.

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

NOTE 13 - 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, 2020, the District has recorded \$971,501 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 14 - SUBSEQUENT EVENT

During July 2020, the District issued \$6,570,000 in general obligation bonds to finance improvements at Amity Regional High School and Athletic Complex Projects. Principal on the bonds are payable beginning on July 15, 2021 and annually thereafter until July 15, 2035, the maturity date. Coupon rates on the bonds range from 5.0% to 2.0% and interest is payable on January 15, 2021 and semiannually thereafter until maturity.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 15 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this statement are effective for the District's reporting period beginning July 1, 2020, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The District is currently evaluating the potential impact of adopting this Statement on its financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the District's reporting period beginning July 1, 2021, which reflects the eighteen month postponement pursuant to GASB Statement No. 95 issued in May 2020. The District is currently evaluating the potential impact of adopting this Statement on its financial statements.

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

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

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 15 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE *(Continued)*

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

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

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the District's reporting period beginning July 1, 2022. The District does not expect this statement to have a material effect on its financial statements.

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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, 2020

	<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	\$ 48,627,967	\$ 48,627,967	\$ 46,641,731	\$ (1,986,236)
Intergovernmental	621,920	621,920	788,694	166,774
Charges for services	177,420	177,420	212,985	35,565
Interest income	75,000	75,000	52,292	(22,708)
Other	46,000	46,000	37,256	(8,744)
Total revenues	<u>49,548,307</u>	<u>49,548,307</u>	<u>47,732,958</u>	<u>(1,815,349)</u>
EXPENDITURES				
Current:				
Salaries	26,655,424	26,689,768	25,967,645	(722,123)
Employee benefits	5,980,496	5,798,221	5,141,056	(657,165)
Instruction	605,855	715,856	643,720	(72,136)
Pupil transport	3,222,937	3,275,006	2,958,116	(316,890)
Tuition	3,213,232	2,754,088	2,640,987	(113,101)
Purchased services	1,782,368	1,900,339	1,754,620	(145,719)
Rental and other services	617,830	591,200	551,179	(40,021)
Buildings and grounds	981,441	1,047,310	1,003,116	(44,194)
Utilities	803,952	791,438	710,613	(80,825)
Property and liability insurance	243,217	239,163	238,281	(882)
Travel and memberships	167,798	163,006	110,508	(52,498)
Contingency	150,000	-	-	-
Capital outlays	564,547	1,023,702	993,882	(29,820)
Debt service:				
Principal	3,750,000	3,750,000	3,750,000	-
Interest	809,210	809,210	809,210	-
Total expenditures	<u>49,548,307</u>	<u>49,548,307</u>	<u>47,272,933</u>	<u>(2,275,374)</u>
Excess of revenues over expenditures	-	-	460,025	460,025
OTHER FINANCING SOURCES (USES)				
Cancellation of prior year encumbrances	-	-	35,457	35,457
Transfers out	-	-	(495,482)	(495,482)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(460,025)</u>	<u>(460,025)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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 SEVEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 544,055	\$ 546,532	\$ 539,815	\$ 542,547	\$ 493,768	\$ 479,386	\$ 408,199
Interest	1,202,276	1,165,984	1,095,440	1,096,406	988,845	930,362	882,103
Differences between expected and actual experience	(271,511)	(454,769)	138,984	(143,763)	19,949	(247,484)	-
Changes of assumptions	(47,566)	-	(99,030)	210,599	529,757	962,070	-
Benefit payments, including refunds	(801,082)	(674,698)	(673,617)	(670,971)	(623,779)	(677,103)	(703,532)
Net change in total pension liability	626,172	583,049	1,001,592	1,034,818	1,408,540	1,447,231	586,770
Total pension liability - beginning	17,025,084	16,442,035	15,440,443	14,405,625	12,997,085	11,549,854	10,963,084
Total pension liability - ending	17,651,256	17,025,084	16,442,035	15,440,443	14,405,625	12,997,085	11,549,854
Plan fiduciary net position							
Contributions - employer	851,987	892,845	886,831	862,404	772,191	738,934	707,554
Contributions - members	72,237	77,728	77,655	81,533	80,951	77,564	75,449
Net investment income	628,125	836,401	886,762	1,099,641	176,783	281,561	1,271,801
Benefit payments, including refunds	(801,082)	(674,698)	(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	751,267	1,132,276	1,177,631	1,364,391	406,342	421,085	1,344,722
Plan fiduciary net position - beginning	12,897,273	11,764,997	10,587,366	9,222,975	8,816,633	8,395,548	7,050,826
Plan fiduciary net position - ending	13,648,540	12,897,273	11,764,997	10,587,366	9,222,975	8,816,633	8,395,548
District's net pension liability	\$4,002,716	\$4,127,811	\$4,677,038	\$4,853,077	\$5,182,650	\$4,180,452	\$3,154,306
Plan fiduciary net position as a percentage of total pension liability	77.32%	75.75%	71.55%	68.57%	64.02%	67.84%	72.69%
Covered payroll	\$3,312,394	\$3,484,925	\$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 payroll	120.84%	118.45%	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 SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 851,987	\$ 892,845	\$ 886,831	\$ 862,402	\$ 772,191	\$ 738,934	\$ 707,554
Contributions in relation to the actuarially determined contribution	<u>851,987</u>	<u>892,845</u>	<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>\$ -</u>	<u>\$ -</u>	<u>\$ (2)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,312,394	\$ 3,484,925	\$ 3,423,413	\$ 3,368,174	\$ 3,473,851	\$ 3,264,904	\$ 3,183,014
Contributions as a percentage of covered payroll	25.72%	25.62%	25.90%	25.60%	22.23%	22.63%	22.23%
Annual money-weighted rate of return, net of investment expense	4.81%	6.92%	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 COLLECTIVE NET PENSION LIABILITY
CONNECTICUT TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST SIX FISCAL YEARS
(Rounded to nearest thousand)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the collective net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the collective net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net pension liability attributed to the District	81,597,000	62,916,000	63,998,000	67,518,000	51,711,000	47,796,000
Total	<u>\$ 81,597,000</u>	<u>\$ 62,916,000</u>	<u>\$ 63,998,000</u>	<u>\$ 67,518,000</u>	<u>\$ 51,711,000</u>	<u>\$ 47,796,000</u>
District's covered payroll	\$ 20,980,000	\$ 20,654,000	\$ 20,286,000	\$ 19,553,000	\$ 19,209,000	\$ 18,515,000
District's proportionate share of the collective net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total collective pension liability	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

See accompanying notes to required supplementary information.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
SCHEDULE OF THE District'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY
CONNECTICUT TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST THREE FISCAL YEARS
(Rounded to Nearest Thousand)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the collective net OPEB liability	0.00%	0.00%	0.00%
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability attributed to the District	<u>12,725,000</u>	<u>12,557,000</u>	<u>16,472,000</u>
Total	<u>\$ 12,725,000</u>	<u>\$ 12,557,000</u>	<u>\$ 16,472,000</u>
District's covered employee payroll	\$ 20,980,000	\$ 20,654,000	\$ 20,286,000
District's proportionate share of the collective net OPEB liability as a percentage of its covered employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total collective OPEB liability	2.08%	1.49%	1.79%

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 FOUR FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability				
Service cost	\$ 94,104	\$ 94,804	\$ 108,167	\$ 105,426
Interest	334,997	321,315	315,156	293,998
Differences between expected and actual experience	(735,952)	(213,246)	(266,055)	(1,788)
Changes of assumptions	377,326	77,972	(3,351)	-
Benefit payments, including refunds	(52,322)	(116,010)	8,789	(203,200)
Net change in total OPEB liability	18,153	164,835	162,706	194,436
Total OPEB liability - beginning	4,717,279	4,552,444	4,389,738	4,195,302
Total OPEB liability - ending	<u>4,735,432</u>	<u>4,717,279</u>	<u>4,552,444</u>	<u>4,389,738</u>
Plan fiduciary net position				
Contributions - employer	93,272	178,920	45,377	282,793
Contributions - retirees' subsidies	64,709	70,408	51,371	77,679
Net investment income	11,747	52,854	152,252	169,538
Benefit payments, including refunds	(52,322)	(116,010)	8,789	(203,200)
Administrative expense	-	-	-	-
Net change in plan fiduciary net position	117,406	186,172	257,789	326,810
Plan fiduciary net position - beginning	2,456,959	2,270,787	2,012,998	1,686,188
Plan fiduciary net position - ending	<u>2,574,365</u>	<u>2,456,959</u>	<u>2,270,787</u>	<u>2,012,998</u>
District's net OPEB liability	<u>\$ 2,161,067</u>	<u>\$ 2,260,320</u>	<u>\$ 2,281,657</u>	<u>\$ 2,376,740</u>
Plan fiduciary net position as a percentage of total OPEB liability	54.36%	52.08%	49.88%	45.86%
Covered employee payroll	\$ 26,530,584	\$ 25,670,057	\$ 25,121,818	\$ 24,809,512
District's net OPEB liability as a percentage of covered employee payroll	8.15%	8.81%	9.08%	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 FOUR FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 341,547	\$ 343,728	\$ 323,526	\$ 442,313
Contributions in relation to the actuarially determined contribution	<u>93,272</u>	<u>178,920</u>	<u>45,377</u>	<u>282,793</u>
Contribution deficiency (excess)	<u>\$ 248,275</u>	<u>\$ 164,808</u>	<u>\$ 278,149</u>	<u>\$ 159,520</u>
Covered employee payroll	\$ 26,530,584	\$ 25,670,057	\$ 25,121,818	\$ 24,809,512
Contributions as a percentage of covered employee payroll	0.35%	0.70%	0.18%	1.14%
Annual money-weighted rate of return, net of investment expense	3.11%	5.43%	7.56%	10.05%

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, 2020

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, 2020.

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, 2020

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, 2020:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Change in Fund Balance</u>
Budgetary basis	\$ 47,732,958	\$ 47,272,933	\$ (460,025)	\$ -
"On-behalf" payments -				
State Teachers' Retirement Fund	6,345,244	6,345,244	-	-
Transfers to other funds recorded as				-
expenditures for budgetary purposes	-	(100,000)	(100,000)	-
Changes in encumbrances	-	(280,658)	(35,457)	245,201
Noncash financing sources not				
recognized for budgetary purposes:				
Capital lease financing activity	-	154,910	154,910	-
GAAP basis	<u>\$ 54,078,202</u>	<u>\$ 53,392,429</u>	<u>\$ (440,572)</u>	<u>\$ 245,201</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. Information prior to fiscal year 2014 is not available.

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

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

Assumption Changes - There have been no assumption changes that have had a significant effect on the measurement of the total pension liability as of June 30, 2020. The District lowered the discount rate utilized to measure its total pension liability from 8.0% as of the June 30, 2015 to 7.5% as of the June 30, 2016 and then again 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, 2020

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. Information prior to fiscal year 2014 is not available.

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, 2020.

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of salary, closed
Remaining amortization period	20 years
Asset valuation method	5 year smoothed market
Inflation rate	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-2018

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

The District began to report this schedule when it implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, in fiscal year 2015. GASB Statement No. 68 requires the information within this schedule to be presented for the ten most recent fiscal years. Information prior to fiscal year 2015 is not available.

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

Benefit changes - Beginning January 1, 2018, member contributions increased from 6.0% to 7.0% of salary.

Assumption changes - The following significant assumptions had a significant effect on the measurement of the total pension liability reported as of June 30, 2020.

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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 2018. GASB Statement No. 74 requires the information within this schedule to be presented for the ten most recent fiscal years. Information prior to fiscal year 2018 is not available.

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

Benefit Changes - There have been no benefit term changes that have had a significant effect on the measurement of the District's total 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. Information prior to fiscal year 2017 is not available.

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, 2020.

Valuation date	July 1, 2018
Actuarial cost method:	Entry Age Normal
Amortization method:	Level Percentage of Salary
Remaining amortization period	20 years, closed (17 years remaining as of July 1, 2018)
Asset valuation method	Market value
Actuarial assumptions:	
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	7.00%
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, 2020

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

The District began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years. Information prior to fiscal year 2018 is not available.

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

Benefit Changes - The Plan was amended by the Board to include a new prescription drug plan, effective January 1, 2019.

Assumption Changes - The following assumption changes collectively had a significant effect on the measurement of the net OPEB liability reported as of June 30, 2019:

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

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, 2020

	<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	\$ 8,926,150	\$ 8,926,150	\$ 8,561,222	\$ (364,928)
Orange	24,736,074	24,736,074	23,725,968	(1,010,106)
Woodbridge	14,965,743	14,965,743	14,354,541	(611,202)
Total assessment to member towns	<u>48,627,967</u>	<u>48,627,967</u>	<u>46,641,731</u>	<u>(1,986,236)</u>
INTERGOVERNMENTAL				
Adult education	3,042	3,042	3,748	706
Transportation income	26,000	26,000	26,000	-
Special education	592,878	592,878	758,667	165,789
Health services	-	-	279	279
Total intergovernmental	<u>621,920</u>	<u>621,920</u>	<u>788,694</u>	<u>166,774</u>
CHARGES FOR SERVICES				
Parking income	29,000	29,000	20,865	(8,135)
Athletics	25,000	25,000	25,300	300
Tuition revenue	90,535	90,535	133,936	43,401
Shared services	32,885	32,885	32,884	(1)
Total charges for services	<u>177,420</u>	<u>177,420</u>	<u>212,985</u>	<u>35,565</u>
INTEREST INCOME	<u>75,000</u>	<u>75,000</u>	<u>52,292</u>	<u>(22,708)</u>
OTHER REVENUES				
Rental income	21,000	21,000	18,178	(2,822)
Miscellaneous	25,000	25,000	19,078	(5,922)
Total other revenues	<u>46,000</u>	<u>46,000</u>	<u>37,256</u>	<u>(8,744)</u>
Total revenues	49,548,307	49,548,307	47,732,958	(1,815,349)
OTHER FINANCING SOURCES				
Cancellation of prior year encumbrances	-	-	35,457	35,457
Total other financing sources	<u>-</u>	<u>-</u>	<u>35,457</u>	<u>35,457</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 49,548,307</u>	<u>\$ 49,548,307</u>	<u>\$ 47,768,415</u>	<u>\$ (1,779,892)</u>

AMITY REGIONAL SCHOOL DISTRICT NO. 5
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
SALARIES				
Certified	\$ 21,776,498	\$ 21,759,507	\$ 21,243,072	\$ (516,435)
Classified	4,878,926	4,930,261	4,724,573	(205,688)
Total salaries	<u>26,655,424</u>	<u>26,689,768</u>	<u>25,967,645</u>	<u>(722,123)</u>
EMPLOYEE BENEFITS				
Medicare	364,933	364,933	354,550	(10,383)
FICA	287,766	293,448	293,447	(1)
Workers' compensation	237,774	203,071	203,071	-
Medical and dental insurance	4,060,498	3,778,735	3,134,277	(644,458)
OPEB trust	40,950	40,950	40,950	-
Life insurance	44,579	44,579	42,820	(1,759)
Disability insurance	10,222	10,278	10,277	(1)
Pension plan - classified	851,987	851,987	851,987	-
Defined contribution retirement plan	69,787	99,079	99,079	-
Retirement sick leave - certified	-	1	-	(1)
Unemployment compensation	10,000	109,160	109,160	-
Clothing allowance	2,000	2,000	1,438	(562)
Total employee benefits	<u>5,980,496</u>	<u>5,798,221</u>	<u>5,141,056</u>	<u>(657,165)</u>
INSTRUCTION				
Instructional program improvement	39,700	21,956	21,594	(362)
Instructional supplies	382,393	377,267	311,912	(65,355)
Text and digital resources	162,147	293,989	291,631	(2,358)
Library books & periodicals	21,615	22,644	18,583	(4,061)
Total instruction	<u>605,855</u>	<u>715,856</u>	<u>643,720</u>	<u>(72,136)</u>
PUPIL TRANSPORT				
Pupil transportation	3,100,537	3,166,733	2,861,327	(305,406)
Transportation supplies	122,400	108,273	96,789	(11,484)
Total pupil transport	<u>3,222,937</u>	<u>3,275,006</u>	<u>2,958,116</u>	<u>(316,890)</u>
TUITION				
	<u>3,213,232</u>	<u>2,754,088</u>	<u>2,640,987</u>	<u>(113,101)</u>
PURCHASED SERVICES				
Data processing	95,276	110,413	110,412	(1)
Other professional & technical services	1,467,869	1,489,611	1,385,205	(104,406)
Communications	115,356	96,756	77,186	(19,570)
Other purchased services	103,867	203,559	181,817	(21,742)
Total purchased services	<u>1,782,368</u>	<u>1,900,339</u>	<u>1,754,620</u>	<u>(145,719)</u>
RENTAL AND OTHER SERVICES				
Rentals - land, building, equipment	118,750	54,832	48,229	(6,603)
Other supplies	499,080	536,368	502,950	(33,418)
Total rental and other services	<u>617,830</u>	<u>591,200</u>	<u>551,179</u>	<u>(40,021)</u>

(Continued)

AMITY REGIONAL SCHOOL DISTRICT NO. 5
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
BUILDINGS AND GROUNDS				
Repairs, maintenance and cleaning	\$ 752,384	\$ 816,823	\$ 774,788	\$ (42,035)
Maintenance and custodial supplies	229,057	230,487	228,328	(2,159)
Total buildings and grounds	<u>981,441</u>	<u>1,047,310</u>	<u>1,003,116</u>	<u>(44,194)</u>
UTILITIES				
Utilities, excluding heat	696,046	683,511	620,438	(63,073)
Oil and natural gas used for heating	42,700	42,700	42,700	-
Natural gas	65,206	65,227	47,475	(17,752)
Total utilities	<u>803,952</u>	<u>791,438</u>	<u>710,613</u>	<u>(80,825)</u>
PROPERTY AND LIABILITY INSURANCE	<u>243,217</u>	<u>239,163</u>	<u>238,281</u>	<u>(882)</u>
TRAVEL AND MEMBERSHIPS				
Staff travel	25,350	26,706	10,723	(15,983)
Travel - conferences	37,445	35,921	22,406	(13,515)
Dues and fees	105,003	100,379	77,379	(23,000)
Total travel and memberships	<u>167,798</u>	<u>163,006</u>	<u>110,508</u>	<u>(52,498)</u>
CONTINGENCY	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
CAPITAL OUTLAYS				
Equipment - new	128,582	335,279	332,148	(3,131)
Equipment - replacement	121,965	448,443	439,067	(9,376)
Improvements to sites	181,000	75,176	61,825	(13,351)
Improvements to buildings	133,000	164,804	160,842	(3,962)
Total capital outlays	<u>564,547</u>	<u>1,023,702</u>	<u>993,882</u>	<u>(29,820)</u>
DEBT SERVICE				
Principal	3,750,000	3,750,000	3,750,000	-
Interest	809,210	809,210	809,210	-
Total debt service	<u>4,559,210</u>	<u>4,559,210</u>	<u>4,559,210</u>	<u>-</u>
TOTAL EXPENDITURES	<u>49,548,307</u>	<u>49,548,307</u>	<u>47,272,933</u>	<u>(2,275,374)</u>
OTHER FINANCING USES				
Transfers out	-	-	495,482	495,482
Total other financing uses	<u>-</u>	<u>-</u>	<u>495,482</u>	<u>495,482</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 49,548,307</u>	<u>\$ 49,548,307</u>	<u>\$ 47,768,415</u>	<u>\$ (1,779,892)</u> <i>(Concluded)</i>

AMITY REGIONAL SCHOOL DISTRICT NO. 5
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2020

	Orange	Woodbridge	Bethany	Total
Total cash collections for the year ended June 30, 2020:	\$ 23,725,968	\$ 14,354,541	\$ 8,561,222	\$ 46,641,731
				District
Debt limitation: 4-1/2 times base				\$ 209,887,790
Indebtedness:				
Bonds payable				20,025,000
Net indebtedness				20,025,000
Debt limitation in excess of outstanding and authorized debt				\$ 189,862,790
Total capacity of borrowing (4-1/2 times base)				\$ 209,887,790
Total present indebtedness				20,025,000
Margin for additional borrowing				\$ 189,862,790

NONMAJOR GOVERNMENTAL FUNDS

AMITY REGIONAL SCHOOL DISTRICT NO. 5
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2020

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Education Grants Fund	Continuing Education Fund	School Operating Fund	Cafeteria Fund	
ASSETS					
Cash and cash equivalents	\$ 194,494	\$ 39,445	\$ 144,924	\$ 58,562	\$ 437,425
Receivables:					
Grants and contracts	141	-	-	143,401	143,542
Other	-	-	-	2,000	2,000
Due from other funds	-	-	1,934	-	1,934
Inventories	-	-	-	34,283	34,283
Total assets	\$ 194,635	\$ 39,445	\$ 146,858	\$ 238,246	\$ 619,184
LIABILITIES					
Accounts payable	\$ 96,295	\$ -	\$ 11,398	\$ 57,479	\$ 165,172
Unearned revenue	98,242	-	-	48,471	146,713
Total liabilities	194,537	-	11,398	105,950	311,885
FUND BALANCES					
Nonspendable	-	-	-	34,283	34,283
Committed	98	39,445	135,460	98,013	273,016
Total fund balances	98	39,445	135,460	132,296	307,299
Total liabilities and fund balances	\$ 194,635	\$ 39,445	\$ 146,858	\$ 238,246	\$ 619,184

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, 2020

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Education Grants Fund	Continuing Education Fund	School Operating Fund	Cafeteria Fund	
REVENUES					
Intergovernmental	\$ 621,315	\$ -	\$ -	\$ 391,866	\$ 1,013,181
Charges for services	-	52,362	71,945	485,398	609,705
Other	-	1,093	-	2,000	3,093
Total revenues	<u>621,315</u>	<u>53,455</u>	<u>71,945</u>	<u>879,264</u>	<u>1,625,979</u>
EXPENDITURES					
Current:					
General instruction	528,030	54,903	-	-	582,933
Support services:					
Support services - student	31,775	-	30,309	863,268	925,352
Improvement of instruction	18,788	-	-	-	18,788
General administration	-	-	26,964	-	26,964
Employee benefits	42,098	-	-	-	42,098
Buildings and grounds	9,000	-	-	-	9,000
Total expenditures	<u>629,691</u>	<u>54,903</u>	<u>57,273</u>	<u>863,268</u>	<u>1,605,135</u>
OTHER FINANCING SOURCES					
Transfers in	-	-	-	100,000	100,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Net change in fund balance	(8,376)	(1,448)	14,672	115,996	120,844
Fund balances - beginning	<u>8,474</u>	<u>40,893</u>	<u>120,788</u>	<u>16,300</u>	<u>186,455</u>
Fund balances - ending	<u>\$ 98</u>	<u>\$ 39,445</u>	<u>\$ 135,460</u>	<u>\$ 132,296</u>	<u>\$ 307,299</u>

FIDUCIARY FUNDS

AMITY REGIONAL SCHOOL DISTRICT NO. 5
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Balance,</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance,</u> <u>June 30, 2020</u>
ASSETS				
Cash and cash equivalents	\$ 365,464	\$ 385,404	\$ 304,377	\$ 446,491
Receivables	1,493	-	1,493	-
Total assets	<u>\$ 366,957</u>	<u>\$ 385,404</u>	<u>\$ 305,870</u>	<u>\$ 446,491</u>
LIABILITIES				
Payables	\$ 10,833	\$ 65,974	\$ -	\$ 76,807
Due to others	356,124	319,430	305,870	369,684
Total liabilities	<u>\$ 366,957</u>	<u>\$ 385,404</u>	<u>\$ 305,870</u>	<u>\$ 446,491</u>