

LEARN
FINANCIAL STATEMENTS
JUNE 30, 2021



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Introductory Section

LEARN

Principal Officials

Office	Name	District
Board of Directors:		
Chairperson	Craig L. Esposito	Stonington
Vice Chairperson	Tim Hagen	East Lyme
Fiscal Officer	Robert Mitchell	Montville
Secretary	Rita Volkmann	Groton
Committee Member	Dale Bernardoni	Region #4 Chester
Committee Member	Michael Hornyak	Clinton
Committee Member	Lenore Grunko	Region #4 Deep River
Committee Member	Nicole Hendry	East Haddam
Committee Member	Amy Ordonez	East Hampton
Committee Member	Carolyn Rotella	Region #4 Essex
Committee Member	Kristen Peck	Guilford
Committee Member	Jennifer Favalora	Region #17 Haddam & Killingworth
Committee Member	Naomi Rodriguez	Ledyard
Committee Member	Diane Linderman	Region #18 Lyme & Old Lyme
Committee Member	Katie Stein	Madison
Committee Member	Jefferey Hart	New London
Committee Member	Phil Mendolia	North Stonington
Committee Member	Aaron Daniels	Norwich
Committee Member	Jan Furman	Old Saybrook
Committee Member	Cindy Luty	Preston
Committee Member	Sean Reith	Salem
Committee Member	Amanda Gates-Lamothe	Waterford
Other Officials:		
Executive Director	Katherine Ericson	LEARN

Financial Section



Independent Auditors' Report

Board of Directors
LEARN
Old Lyme, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of LEARN as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise LEARN's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 LEARN as of June 30, 2021 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.

Emphasis of a Matter

During fiscal year ended June 30, 2021, LEARN adopted GASB Statement No. 84 *Fiduciary Activities*. As a result of the implementation of this standard, LEARN reported a restatement for the change in accounting principle (see Note 13.) Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension and OPEB schedules, as listed in the table of contents, 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 LEARN's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements of LEARN. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State of Connecticut Single Audit Act and is not a required part of the basic financial statements of LEARN.

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2021 on our consideration of LEARN'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LEARN's 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 LEARN's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Hartford, Connecticut
November 9, 2021

LEARN

Management's Discussion and Analysis

June 30, 2021

LEARN is a Connecticut Regional Education Service Center and was established in 1967 by Section 10-66a of the Connecticut General Statutes. LEARN serves as an educational center facilitator and service provider for local boards of education, their towns and regional boards of education with the purpose of establishing cooperative arrangements to provide special services, educational programs and services. LEARN currently owns and operates five magnet schools for its member towns and serves as an operator only for two magnet schools outside of the LEARN district.

The Board of Directors and LEARN Administration offer constituents and readers of LEARN's financial statements this narrative overview and analysis of the financial activities of LEARN for the fiscal year ended June 30, 2021. This management's discussion and analysis (MD&A) will explain the role of the financial statements and provide analysis on selected financial information.

Financial Highlights

- At the close of the fiscal year, LEARN's governmental funds reported a combined ending fund balance of \$23,119,176 which represents a positive change of \$1,936,941 over the prior year.
- Unrestricted net position, the amount that may be used to meet LEARN's ongoing obligations to creditors, was \$19,574,448 at June 30, 2021 representing an increase of \$1,263,912 over prior year.
- On a government-wide basis, total expenses exceeded total revenue by \$567,295.
- On a government-wide basis, LEARN's assets exceeded its liabilities by \$62,815,899.
- LEARN's five magnet schools received 100% full funding (\$8,058 per student) under the state's magnet interdistrict grant for fiscal 2021.
- For FY 20-21, LEARN schools operated in a hybrid model maximizing student in-person learning.
- In FY 20-21, LEARN's fixed asset subsidiary ledger was automated which remediated a long-standing management advisory letter comment.
- LEARN also remediated another long-standing management advisory letter comment relating to EDiscovery.
- New budgetary schedules for the general and special revenue fund were created for FY 20-21 and are included in RSI-1 to RSI-4.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to LEARN's basic financial statements. The financial reports are presented in two major formats: government-wide financial statements and fund financial statements. Government-wide financial statements are prepared on a full accrual basis and provide long-term information about LEARN's financial position, while the fund financial statements are prepared on a modified accrual basis and contain information on a short-term basis.

Government-Wide Financial Statements

Government-wide financial statements are statements that present LEARN as a single entity, similar to a private-sector business. All financial activity within LEARN's programs are presented in these statements, which is similar to a private-sector business enterprise. All of LEARN's assets and liabilities are reported along with all of LEARN's expenditures and revenues. Capital assets, related depreciation expense, and long-term debt are included in these statements. The government-wide financial statements reflect all of LEARN's programs, which are supported by governmental activities including programs funded through Federal, state and foundation grants, contracts, tuition and other governmental agencies in exchange for fees and charges. There are two government-wide financial statements: the statement of net position and the statement of activities.

The statement of net position presents information on all of LEARN's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position serve as a useful indicator of LEARN's financial position.

The statement of activities is used to report the details of the changes in net position. This statement first reports all expenses by function or program activity, then reports program revenues (such as charges for services, operating grants and contributions and capital grants and contributions) as a reduction of the expenses. The result is the net cost of the function or program.

LEARN's activities span a wide scope of offerings in education, health and human services. Magnet school operations and support services for children with disabilities are LEARN's largest programs. LEARN also provides technical assistance, consulting services, staff development programs, technology and transportation services to its member districts.

The government-wide financial statements are presented on Exhibits I and II of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance programs and services in the future. For the year ended June 30, 2021, LEARN's net position was \$62,815,899. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of LEARN's governmental activities.

TABLE 1
NET POSITION

	Governmental Activities	
	2021	2020 as Restated
Current and other assets	\$ 28,195,549	\$ 26,298,523
Capital assets, net of accumulated depreciation	43,898,485	45,999,340
Total assets	<u>72,094,034</u>	<u>72,297,863</u>
Deferred outflows of resources	<u>383,120</u>	<u>397,763</u>
Current liabilities	4,074,145	4,261,372
Long-term liabilities	5,518,821	4,977,431
Total liabilities	<u>9,592,966</u>	<u>9,238,803</u>
Deferred inflows of resources	<u>68,289</u>	<u>73,629</u>
Net Position:		
Invested in capital assets, net of related debt	43,090,238	44,927,582
Restricted	151,213	145,076
Unrestricted	<u>19,574,448</u>	<u>18,310,536</u>
Total Net Position	<u>\$ 62,815,899</u>	<u>\$ 63,383,194</u>

By far the largest portion of LEARN's net position is its investment in capital assets (e.g., land, buildings and improvements, vehicles, furniture, fixtures and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. LEARN uses these capital assets to provide educational services to students; consequently, these assets are not available for future spending. Although LEARN's investment in capital assets, net of accumulated depreciation, 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.

TABLE 2
CHANGE IN NET POSITION

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 21,824,440	\$ 22,167,137
Operating grants and contributions	41,540,597	37,967,303
Capital grants and contributions	-	512,598
General revenues:		
Unrestricted investment earnings	35,633	186,975
Total revenues	<u>63,400,670</u>	<u>60,834,013</u>
Expenses:		
Magnet school programs	39,396,480	38,034,727
Special education services	16,320,818	15,066,430
Young children and families	2,004,281	3,008,315
Office of teaching and learning	982,479	864,226
Office of innovation and development	20,429	-
Transportation	1,304,633	1,403,910
Administrative services/organizational support	2,348,421	1,704,154
Information technology services	1,385,055	26,878
Student activity	90,129	-
Interest expense	115,240	128,956
Total expenses	<u>63,967,965</u>	<u>60,237,596</u>
Change in net position	(567,295)	596,417
Net position at beginning of year	<u>63,383,194</u>	<u>62,666,465</u>
Restatement	<u>-</u>	<u>120,312</u>
Net Position at End of Year	<u>\$ 62,815,899</u>	<u>\$ 63,383,194</u>

LEARN's primary sources of revenue are magnet school and special education tuition, and state and federal grants.

Charges for services decreased 1.5% or \$342,697 compared to the prior year. The decrease was due to the closure of the Dual Language & Arts Magnet Middle School local tuition and reduced income from Regional Multicultural Magnet School before and after care due to COVID.

Operating grants and contributions increased by \$3,573,294 based primarily on the increase of the state pension / OPEB expense of \$4.7 million reported as revenue and expense in the statement of activities. This increase was offset by the reduced revenues due to the elimination of the Birth to Three Program which ended on June 30, 2020. In addition, the state-funded magnet school interdistrict grant revenue was reduced due to lower enrollment at Regional Multicultural Magnet School (down 17 students) and The Friendship School (down 52 students).

Capital grants and contributions for 2020 was \$512,598 attributable to the Ocean Ave LEARNing Academy capital project state reimbursement funds. The project was completed in FY 20-21. Unrestricted investment earnings decreased significantly due to lower interest rates.

Total operational expenditures increased \$3,730,369 primarily due to the increase in the state pension / OPEB expense of \$4.7 million and the increase in technology expenses of \$1.4 million which was funded through CRF / ESSER I funds. This overall increase is offset by decreases due to the closure of Dual Language & Arts Magnet Middle School in the amount of \$1.8 million and the elimination of the Birth to Three program reducing expenses by \$770k. While LEARN is required to recognize pension expense and revenue in the amount of \$6,851,845, LEARN has no proportionate share of this net pension liability.

Fund Financial Statements

A fund represents a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. LEARN uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. These statements present each fund's financial assets, which are assets that can be converted into cash due to their inherent nature, as opposed to capital assets which are used in the operation of a program and not intended to be converted to cash. The liabilities recognized are expected to be used for LEARN's near-term financing needs, such as accounts payable and accrued liabilities. Long-term debt, related debt service and outstanding claims and judgments are reported on fund financial statements when payment for these liabilities becomes due. LEARN's funds are classified into five categories: general fund, special revenue funds, capital projects fund, proprietary fund 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 is useful in evaluating a government's near-term financing requirements. As noted earlier, the government-wide financial statements include capital assets, which are not intended to be converted to cash in the near term, and long-term debt, which is not due and payable in the near term; thus, items such as these are not included in the governmental funds' financial statements.

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

LEARN operates over 100 individual governmental programs accounted for in five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, special revenue fund, and the capital projects fund, all of which are considered major funds. Data from the other non-major funds are combined into a single, aggregated presentation. Individual fund data for each non-major governmental fund is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements are presented on Exhibits III and IV of this report.

Financial Analysis of the Government's Funds

Governmental Funds

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

The general fund represents the general operations and normal recurring activities of LEARN, such as administration, facilities management, staff development and certain student programs. General fund revenues are derived from tuition and sale of services.

The special revenue fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Funds within the special revenue fund are funded by federal and state grants and contracts, as well as some private grants and contracts. In addition, LEARN's student activity funds are included in the special revenue funds due to new accounting guidance in GASB Statement No. 84 *Fiduciary Activities* effective 7/1/2020.

The capital projects fund accounts for the financial resources used for the acquisition and/or construction of major capital facilities. The current balances in the capital project funds represent activity from building projects as well as funds set aside for future building repairs.

Fund Balances

At the end of the current fiscal year, LEARN's governmental funds reported a combined ending fund balance of \$23,119,176, a positive change of \$1,936,941 from the prior year as shown on Table 3 below. Approximately 85% of the ending fund balance is unassigned fund balance and is therefore available to support on-going operations. Note 9 shows the components of fund balance at year-end.

TABLE 3
GOVERNMENTAL FUND BALANCES

	Fiscal Year Ended June 30,		Increase (Decrease)
	2021	2020	
General Fund	\$ 20,305,951	\$ 18,480,955	\$ 1,824,996
Special Revenue Fund	143,418	88,487	54,931
Capital Projects Fund	1,649,162	1,786,025	(136,863)
Nonmajor Governmental Funds:			
Special Revenue Funds	24,764	24,764	-
Student Activities	126,449	120,312 *	6,137
School Lunch Fund	869,432	681,692	187,740
Total	<u>\$ 23,119,176</u>	<u>\$ 21,182,235</u>	<u>\$ 1,936,941</u>

Fund Balance Detail

The General Fund increased the fund balance by \$1,824,996. The Special Education Services had revenues of \$14,988,958 and expenditures of \$13,387,741 for a fund balance increase of \$1,601,217.

The School Lunch Fund increased the fund balance by \$187,740. The federal government provided all school lunch and breakfast to students for free and reimbursed LEARN for these meals at a higher rate than in FY 19-20.

Proprietary Funds

Internal service funds are used to account for goods or services provided to departments or functions within a government. LEARN uses an internal service fund to allocate workers' compensation and unemployment costs to programs. An internal fund was established in fiscal year 2018 in order to facilitate a predictable allocation of these costs. Proprietary fund activity is excluded from the governmental fund financial statements.

Custodial Funds

Custodial funds are used to account for resources held for the benefit of parties outside the government. These funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support LEARN's own programs. The accounting used for fiduciary funds and custodial funds is much like that used for proprietary funds. Custodial funds are used to account for the Eastern CT Health and Medical Cooperative effective 7/1/2020.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found following Exhibits I - VIII.

Capital Assets and Debt Administration

Capital Assets

LEARN's investment in capital assets (net of accumulated depreciation) for its governmental activities as of June 30, 2021 is \$43,898,485 - as shown in Table 4. Investment in capital assets includes land, buildings and improvements, vehicles, furniture, fixtures and equipment and construction in progress. The decrease in total capital assets resulted from a project to automate the capital assets subsidiary ledger from Excel to MUNIS. During this automation, several assets were disposed of that are no longer in use. This project eliminated a prior year management advisory letter comment.

TABLE 4
CAPITAL ASSETS, NET OF DEPRECIATION

	Governmental Activities	
	2021	2020
Land	\$ 1,116,268	\$ 1,116,268
Buildings and improvements	41,449,520	42,932,675
Furniture and equipment	1,151,161	1,654,499
Vehicles	181,536	295,898
Total	<u>\$ 43,898,485</u>	<u>\$ 45,999,340</u>

Additional information on LEARN's capital assets can be found in Note 5 of this report.

Long-Term Debt

At June 30, 2021, LEARN had a balance of \$5,518,821 in long-term debt as shown in Table 5.

TABLE 5
OUTSTANDING DEBT

	Governmental Activities	
	2021	2020
Note payable	\$ 2,275,264	\$ 2,538,775
Capital leases	-	-
Total OPEB liability	2,561,135	2,090,742
Compensated absences	682,422	347,914
Total	<u>\$ 5,518,821</u>	<u>\$ 4,977,431</u>

LEARN's total long-term debt increased 10.9%. No new leases were entered into during the year. The increase in the OPEB obligation was due to the service cost and interest for the year. During 2018, LEARN entered into an agreement for a ten-year bank loan in the amount of \$3,000,000 in connection with the purchase and rehabilitation of the Ocean Avenue LEARNing Academy. The compensated absences liability increased from prior year due to the number of individuals who are eligible for this benefit. Additional information on LEARN's long-term debt and obligations can be found in Note 8 in the notes to financial statements.

Connecticut General Statute (C.G.S.) Section 10-66c defines the borrowing authority for Regional Educational Service Centers (RESCs). LEARN was established and organized as a RESC under the provisions of C.G.S. Section 10-66a.-n. The statute does not define any limitations on the level or amount of debt which a RESC may borrow.

Economic Factors

The unemployment rate for New London County as of June 2021 was 7.4%, compared to a rate of 13.3% a year ago. The state's unemployment rate was 7.7% and the national average rate was 5.9% at June 30, 2021. COVID-19 has had a material impact on local, state and federal unemployment rates. Inflationary trends in the region compare favorably to national indices.

Requests for Information

This financial report is designed to provide a general overview of LEARN's finances for all readers of these statements. Questions concerning any of the information provided in this report or requests for additional information should be addressed to LEARN's Chief Financial Officer, 44 Hatchetts Hill Road, Old Lyme, Connecticut 06371.

Basic Financial Statements

LEARN
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 21,151,793
Receivables:	
Intergovernmental	1,177,072
Participant and program fees	5,754,831
Due from Eastern CT Health and Medical Cooperative	102,282
Prepaid items	9,571
Total current assets	<u>28,195,549</u>
Noncurrent assets:	
Capital assets, not being depreciated	1,116,268
Capital assets being depreciated, net of depreciation	42,782,217
Total noncurrent assets	<u>43,898,485</u>
Total assets	<u>72,094,034</u>
Deferred Outflows of Resources:	
Deferred outflows related to OPEB	<u>383,120</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued items	904,415
Accrued payroll	2,167,925
Due to other governments	56,073
Unearned revenue	945,732
Total current liabilities	<u>4,074,145</u>
Noncurrent liabilities:	
Due within one year	352,167
Due in more than one year	5,166,654
Total noncurrent liabilities	<u>5,518,821</u>
Total liabilities	<u>9,592,966</u>
Deferred Inflows of Resources:	
Deferred inflows related to OPEB	<u>68,289</u>
Net Position:	
Net investment in capital assets	43,090,238
Restricted	151,213
Unrestricted	19,574,448
Total Net Position	<u>\$ 62,815,899</u>

The accompanying notes are an integral part of the financial statements

LEARN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Function/Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Magnet school programs	\$ 39,396,480	\$ 4,159,523	\$ 33,352,126	\$ -	\$ (1,884,831)
Special education services	16,320,818	14,758,778	2,858,930	-	1,296,890
Young children and families	2,004,281	217,424	1,783,894	-	(2,963)
Office of teaching and learning	982,479	204,890	313,732	-	(463,857)
Office of innovation and development	20,429	35,478	-	-	15,049
Transportation	1,304,633	988,852	278,700	-	(37,081)
Administrative services/organizational support	2,348,421	1,363,229	1,616,888	-	631,696
Information technology services	1,385,055	-	1,336,327	-	(48,728)
Student activity	90,129	96,266	-	-	6,137
Interest expense	115,240	-	-	-	(115,240)
Total Governmental Activities	<u>\$ 63,967,965</u>	<u>\$ 21,824,440</u>	<u>\$ 41,540,597</u>	<u>\$ -</u>	(602,928)
General Revenues:					
Interest income					<u>35,633</u>
Change in Net Position					(567,295)
Net Position at Beginning of Year, as Restated					<u>63,383,194</u>
Net Position at End of Year					<u>\$ 62,815,899</u>

The accompanying notes are an integral part of the financial statements

LEARN
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>General</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 16,770,172	\$ 3,450,165	\$ 34,515	\$ 896,941	\$ 21,151,793
Receivables:					
Intergovernmental	-	989,332	-	187,740	1,177,072
Participant and program fees	4,148,154	1,603,575	-	3,102	5,754,831
Due from other funds	1,406,052	-	1,741,231	-	3,147,283
Prepaid items	6,350	3,221	-	-	9,571
Total Assets	<u>\$ 22,330,728</u>	<u>\$ 6,046,293</u>	<u>\$ 1,775,746</u>	<u>\$ 1,087,783</u>	<u>\$ 31,240,550</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued items	\$ 284,566	\$ 480,750	\$ 126,584	\$ 12,515	\$ 904,415
Accrued payroll	871,203	1,296,722	-	-	2,167,925
Due to other funds	-	4,012,326	-	34,903	4,047,229
Due to other governments	-	56,073	-	-	56,073
Unearned revenue	869,008	57,004	-	19,720	945,732
Total liabilities	<u>2,024,777</u>	<u>5,902,875</u>	<u>126,584</u>	<u>67,138</u>	<u>8,121,374</u>
Fund Balances:					
Nonspendable	6,350	3,221	-	-	9,571
Restricted	-	-	-	151,213	151,213
Committed	-	140,197	1,649,162	869,432	2,658,791
Assigned	682,422	-	-	-	682,422
Unassigned	19,617,179	-	-	-	19,617,179
Total fund balances	<u>20,305,951</u>	<u>143,418</u>	<u>1,649,162</u>	<u>1,020,645</u>	<u>23,119,176</u>
Total Liabilities and Fund Balances	<u>\$ 22,330,728</u>	<u>\$ 6,046,293</u>	<u>\$ 1,775,746</u>	<u>\$ 1,087,783</u>	<u>\$ 31,240,550</u>

The accompanying notes are an integral part of the financial statements

LEARN
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position:

Amounts reported for governmental activities in the statement of net position (Exhibit I)
are different because of the following:

Fund balances - total governmental funds (Exhibit III)	\$ 23,119,176
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Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 68,591,516	
Less accumulated depreciation	<u>(24,693,031)</u>	
Net capital assets		43,898,485

Other long-term assets are not available to pay for current-period
expenditures and, therefore, are not recorded in the funds:

Deferred outflows related to OPEB	383,120
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Internal service funds are used by management to charge the costs of workers
compensation and unemployment services to individual funds. The assets and
liabilities of the internal service funds are reported with the governmental activities
in the statement of net position.

1,002,228

Long-term liabilities are not due and payable in the current period
and, therefore, are not reported in the funds:

Note payable	(2,275,264)
Compensated absences	(682,422)
Total OPEB liability	(2,561,135)
Deferred inflows related to OPEB	<u>(68,289)</u>

Net Position of Governmental Activities (Exhibit I)	<u><u>\$ 62,815,899</u></u>
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The accompanying notes are an integral part of the financial statements

LEARN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Participation and program fees	\$ 21,324,998	\$ -	\$ -	\$ 101,553	\$ 21,426,551
Intergovernmental revenues	3,418,751	20,160,706	-	819,653	24,399,110
Other grants, contributions and contracts	1,815,889	8,871,642	-	-	10,687,531
Interest income	35,633	-	-	-	35,633
Total revenues	<u>26,595,271</u>	<u>29,032,348</u>	<u>-</u>	<u>921,206</u>	<u>56,548,825</u>
Expenditures:					
Current:					
Salaries, certified personnel	6,956,040	12,012,070	-	-	18,968,110
Salaries, noncertified personnel	7,126,252	2,303,534	-	-	9,429,786
Employee benefits	7,285,096	7,161,292	-	-	14,446,388
Purchased professional services	523,282	2,230,205	-	34,296	2,787,783
Purchased property services	2,136,034	1,044,634	1,168	-	3,181,836
Other purchased services	911,034	1,853,725	-	448,486	3,213,245
Supplies	173,280	455,804	-	241,825	870,909
Other	48,633	9,220	-	-	57,853
Debt service:					
Principal retirement	263,511	-	-	-	263,511
Interest and other charges	115,240	-	-	-	115,240
Capital outlay	350,339	640,524	285,695	665	1,277,223
Total expenditures	<u>25,888,741</u>	<u>27,711,008</u>	<u>286,863</u>	<u>725,272</u>	<u>54,611,884</u>
Excess (Deficiency) of Revenues over Expenditures	<u>706,530</u>	<u>1,321,340</u>	<u>(286,863)</u>	<u>195,934</u>	<u>1,936,941</u>
Other Financing Sources (Uses):					
Transfers in from other funds	1,118,466	-	150,000	-	1,268,466
Transfers out to other funds	-	(1,266,409)	-	(2,057)	(1,268,466)
Total other financing sources (uses)	<u>1,118,466</u>	<u>(1,266,409)</u>	<u>150,000</u>	<u>(2,057)</u>	<u>-</u>
Net Change in Fund Balances	1,824,996	54,931	(136,863)	193,877	1,936,941
Fund Balances at Beginning of Year, as restated	<u>18,480,955</u>	<u>88,487</u>	<u>1,786,025</u>	<u>826,768</u>	<u>21,182,235</u>
Fund Balances at End of Year	<u>\$ 20,305,951</u>	<u>\$ 143,418</u>	<u>\$ 1,649,162</u>	<u>\$ 1,020,645</u>	<u>\$ 23,119,176</u>

The accompanying notes are an integral part of the financial statements

LEARN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because of the following:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 1,936,941
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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 expense.

Capital outlay	213,664
Depreciation expense	(2,215,906)
Loss on disposition of capital assets	(98,613)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Deferred outflows related to OPEB	(14,643)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the long-term debt and related items are as follows:

Note payable payments	263,511
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in long-term compensated absences	(334,508)
Change in total OPEB liability	(470,393)
Deferred inflows related to OPEB	5,340

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>147,312</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u><u>\$ (567,295)</u></u>
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The accompanying notes are an integral part of the financial statements

LEARN
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2021

	<u>Internal Service Fund</u>
ASSETS	
Due from other funds	\$ <u><u>1,002,228</u></u>
NET POSITION	
Net Position: Unrestricted	\$ <u><u>1,002,228</u></u>

The accompanying notes are an integral part of the financial statements

LEARN
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Internal Service Fund</u>
Operating Revenues:	
Charges for services	\$ 640,567
Operating Expenses:	
Benefit payments	493,131
Other	<u>124</u>
Total Operating Expenses	<u>493,255</u>
Operating Income	<u>147,312</u>
Change in Net Position	147,312
Net Position at Beginning of Year	<u>854,916</u>
Net Position at End of Year	\$ <u><u>1,002,228</u></u>

The accompanying notes are an integral part of the financial statements

LEARN**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Governmental Activities Internal Service Fund
Cash Flow from Operating Activities:	
Cash received for interfund services provided	\$ 640,567
Cash payment for benefits	<u>(640,567)</u>
Net cash provided by (used in) operating activities	<u>-</u>
Cash and Cash Equivalents at Beginning of Year	<u>-</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>-</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income	\$ 147,312
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
(Increase) decrease in due to other funds	<u>(147,312)</u>
Net Cash Provided by (Used in) Operating Activities	\$ <u><u>-</u></u>

The accompanying notes are an integral part of the financial statements

LEARN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	<u>Custodial Fund</u>
ASSETS	
Cash and cash equivalents	\$ 9,720,783
Accounts receivable	<u>2,648</u>
Total Assets	<u>9,723,431</u>
LIABILITIES	
Accounts payable and other	668,210
Due to other funds	<u>102,282</u>
Total Liabilities	<u>770,492</u>
NET POSITION	
Restricted for:	
Individual, organizations, and other governments	\$ <u><u>8,952,939</u></u>

The accompanying notes are an integral part of the financial statements

LEARN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Custodial Fund
	<hr/>
ADDITIONS	
Premiums	\$ 16,739,831
Rebates	8,814
Interest on Investments	<hr/> 6,419
Total Additions	<hr/> 16,755,064
DEDUCTIONS	
Medical and dental claims	12,462,812
Administrative expenses	<hr/> 39,630
Total Deductions	<hr/> 12,502,442
Net Change in Fiduciary Net Position	4,252,622
Fiduciary Net Position, as restated - Beginning of Year	<hr/> 4,700,317
Fiduciary Net Position - End of Year	\$ <u><u>8,952,939</u></u>

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of LEARN, a Connecticut Regional Educational Service Center (LEARN) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies of LEARN are described below.

A. Reporting Entity

LEARN, a Connecticut Regional Educational Service Center (RESC), was organized under the provisions of the Connecticut General Statutes, Section 10-66a, as amended. LEARN operates under a Board of Directors and an Executive Director. LEARN serves as an educational center, facilitator, and service provider for local boards of education (LEA's), their towns, and regional boards of education with the purpose of establishing cooperative arrangements to provide special services, educational programs and services to enable such boards to carry out the duties specified in the General Statutes.

The financial statements include all funds of LEARN that meet criteria for defining the reporting entity as set forth by governmental accounting principles.

Blended Component Unit

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, all organizations for which the primary government is financially accountable and other organizations which by the nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government.

The LEARN Project, Inc., a nonprofit organization, has been included as a blended component unit in the accompanying financial statements. Its Board of Directors is comprised of LEARN Board members, and its programs mirror those of LEARN. Separate financial statements are not available for the LEARN Project, Inc.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities are normally supported by intergovernmental revenues and participant and program fees.

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

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. 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 (generally within 60 days after year-end) to pay liabilities of the current 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.

LEARN reports unearned revenue on its financial statements. Unearned revenues arise when resources are received by LEARN before it has legal claim to them as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met or when LEARN has a legal claim to the resources by meeting all eligibility requirements, the liability for unearned revenue is removed from the financial statements and revenue is recognized.

Expenditure reimbursement-type grants, certain intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by LEARN.

LEARN reports the following major governmental funds:

The *General Fund* is LEARN's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Special Revenue Fund* accounts for the proceeds of specific revenue sources, typically state and federal grant awards, used for educational programs. The types of revenues recorded in this fund are intergovernmental revenues and charges for services.

The *Capital Projects Fund* accounts for revenue and expenditures to be used for major capital assets construction and/or purchases funded by long term debt and other committed sources.

Additionally, LEARN reports the following fund types:

The *Internal Service Fund* is used to account for the financing of goods or services provided by one department to other departments or agencies on a cost-reimbursements basis. The internal service fund and is used to account for the workers' compensation and unemployment benefits provided to LEARN's employees.

The *Custodial Fund* is used to report the fiduciary activity of the Eastern CT Health and Medical Cooperative.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are charges between certain LEARN functions because elimination of

LEARN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

D. Deposits

LEARN's cash and cash equivalents consists of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize LEARN to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

E. 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 noncurrent portion of interfund loans).

F. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

G. Capital Assets

Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are defined by LEARN 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.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40
Furniture and equipment	3-10
Vehicles	3-5

H. Compensated Absences

LEARN employees are paid by a prescribed formula for absence due to vacation and sickness. The eligibility for vacation pay does not vest. In the event of death or retirement, teachers hired on or before June 20, 2012 with 15 years of service are compensated for 25% of accumulated sick time, up to a maximum of 150 days at current salary rates.

Sick leave expenditures are recognized in the governmental funds 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. The liability for the remainder of the vested sick leave, and the nonvested portion expected to be paid in future periods, is accounted for in the government-wide financial statements as a noncurrent liability.

I. Long-Term Obligations

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

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

J. Total Other Postemployment Benefits Other than Pensions (OPEB) Liability

The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year and no later than the end of the current fiscal year, consistently applied from period to period.

K. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. LEARN reports a deferred inflow of resources related to OPEB in the government-wide statement of net position. A deferred inflow of resources related OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in OPEB expense in a systematic and rational manner.

L. Fund Equity

In the government-wide financial statements, net position is classified into the following categories:

Net Investment in Capital Assets

This category presents the net position that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for noncapital purposes, and unspent bond proceeds, are excluded.

Restricted Net Position

This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted Net Position

This category presents the net position of LEARN that is not restricted.

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable

This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted

This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed

This category presents amounts that can be used only for specific purposes determined by a formal action of the highest level of decision-making authority for LEARN. Commitments may be established, modified or rescinded only through resolutions approved by the Board of Directors.

Assigned

This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent can be expressed by the Board of Directors.

Unassigned

This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

LEARN will sometimes fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) 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. It is LEARN’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, LEARN considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Board of Directors has provided otherwise in its commitment or assignment actions.

M. Accounting Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year. Accordingly, actual results could differ from those estimates.

N. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is November 9, 2021.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgets for the General Fund and the Special Revenue Funds are authorized annually in accordance with LEARN procedures. On a monthly basis, the Board of Directors receive an updated budget. This budget is approved at the monthly Board of Directors meeting. The procedures for establishing the budgetary data reflected in the financial statements are as follows:

1. Program Directors and School Administrators submit proposed operating budgets for the fiscal year to the Executive Director for approval and adjustment. The operating budgets include proposed expenditures and the means of financing those expenditures.
2. These budgets are submitted to the Board of Directors for discussion and voted on for final approval.
3. Program Directors and School Administrators may modify budgets between line items within a program; however, any revisions that increase the total budgeted expenditures of any program must be approved by the Board of Directors. The level of control at which expenditures may not legally exceed appropriations is at the program level (i.e., Student Support Services for the General Fund and The Friendship School for the Special Revenue Fund).

The budgets are prepared on a modified accrual basis of accounting. On a budgetary basis, operating transfers in and out are classified as revenues and expenditures, respectively. All appropriations lapse at the end of the budget year. LEARN has a formal purchase order system. LEARN uses encumbrance accounting during the course of the year and closes all encumbrances prior to the year-end fiscal close.

Budgeted amounts are as originally adopted or as amended by the Board of Directors.

B. Overexpended Budget

During the year ended June 30, 2021, the following line items had expenditures in excess of the budgeted amounts:

LEARN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

General Fund:		
Young Children & Families	\$	21,929
Executive Services, Development, IT		69,498
Special Revenue Fund:		
Young Children & Families		14,250
Three Rivers Middle College High School		1,560

Young Children & Families original approved budget included a use of fund balance of \$64,886 which was used to cover the amounts above in the General Fund \$21,929 and the Special Revenue Fund \$14,250 leaving a positive use of fund balance of \$28,707.

Executive Services, Development, IT expenditures are to fund the operating costs less a management fee paid by the schools / departments. The actual fee was less than budget which resulted in the \$69,498 negative variance.

Three Rivers Middle College High School overage was covered by use of fund balance.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

The Connecticut General Statutes (Section 7-400) permit LEARN to invest in: 1) obligations of the United States and its agencies; 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and 3) 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. Other provisions of the Statutes cover specific funds with particular investment authority.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, LEARN’s deposit will not be returned. LEARN does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that

LEARN
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has its main place of business in the state of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$26,028,063 of LEARN's bank balance of \$26,953,271 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 23,350,257
Uninsured and collateral held by the pledging bank's trust department, not in LEARN's name	<u>2,677,806</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 26,028,063</u>

Financial instruments that potentially subject LEARN to significant concentrations of credit risk consist primarily of cash. From time to time, LEARN's cash account balances exceed the Federal Deposit Insurance Corporation limit. LEARN reduces its credit risk by maintaining its cash deposits with major financial institutions and monitoring their credit ratings.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2021, LEARN's cash equivalents amounted to \$4,243,960 and consisted of investment in the State Short-Term Investment Fund (STIF). STIF is a fixed income investment pool of high-quality, short-term money market instrument managed by the State of Connecticut Office of the State Treasurer. STIF is rated AAA by Standard & Poor's and has an average maturity of under 60 days. There were no limitations or restrictions on any withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Interest Rate Risk

LEARN 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

LEARN has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, LEARN will not be able to recover the value of its investment or collateral securities that are in the possession of outside parties. LEARN did not have any investments that were subject to custodial credit risk at June 30, 2021.

4. RECEIVABLES

Receivables as of year-end for LEARN's individual major funds, nonmajor governmental funds and fiduciary funds in the aggregate are as follows:

LEARN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

	<u>General</u>	<u>Special Revenue</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Intergovernmental	\$ -	\$ 989,332	\$ 187,740	\$ 1,177,072
Participant and program fees	4,148,154	1,603,575	3,102	5,754,831
Other	-	-	2,648	2,648
Total Receivables	<u>\$ 4,148,154</u>	<u>\$ 2,592,907</u>	<u>\$ 193,490</u>	<u>\$ 6,934,551</u>

All receivables are considered fully collectible.

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases and Transfers</u>	<u>Decreases and Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 1,116,268	\$ -	\$ -	\$ 1,116,268
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>1,116,268</u>	<u>-</u>	<u>-</u>	<u>1,116,268</u>
Capital assets being depreciated:				
Buildings and improvements	60,960,788	-	(12,499)	60,948,289
Furniture and equipment	7,722,440	213,664	(1,975,320)	5,960,784
Vehicles	883,180	-	(317,005)	566,175
Total capital assets being depreciated	<u>69,566,408</u>	<u>213,664</u>	<u>(2,304,824)</u>	<u>67,475,248</u>
Less accumulated depreciation for:				
Buildings and improvements	18,028,113	1,471,856	(1,200)	19,498,769
Furniture and equipment	6,067,941	629,688	(1,888,006)	4,809,623
Vehicles	587,282	114,362	(317,005)	384,639
Total accumulated depreciation	<u>24,683,336</u>	<u>2,215,906</u>	<u>(2,206,211)</u>	<u>24,693,031</u>
Total capital assets being depreciated, net	<u>44,883,072</u>	<u>(2,002,242)</u>	<u>(98,613)</u>	<u>42,782,217</u>
Total Capital Assets, Net of Depreciation	<u>\$ 45,999,340</u>	<u>\$ (2,002,242)</u>	<u>\$ (98,613)</u>	<u>\$ 43,898,485</u>

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NOTES TO FINANCIAL STATEMENTS
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Depreciation expense for fiscal year 2021 was charged to functions/programs of LEARN as follows:

Governmental Activities:	
Administrative services/organizational support	\$ 188,032
Magnet school programs	1,597,281
Special education services	198,738
Office of teaching and learning	16,561
Information technology services	801
Transportation	<u>214,493</u>
Total Depreciation Expense - Governmental Activities	\$ <u>2,215,906</u>

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A summary of interfund balances as of June 30, 2021 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 1,268,867
	Eastern CT Health and Medical Cooperative	102,282
	Nonmajor Governmental Funds	34,903
Capital Projects Fund	Special Revenue Fund	1,741,231
Internal Service Fund	Special Revenue Fund	<u>1,002,228</u>
		\$ <u>4,149,511</u>

All interfund balances resulted from the time lag between the dates payments occurred between funds for short-term internal financing.

Interfund transfers during the year ended June 30, 2021 were as follows:

	<u>Transfer In</u>		<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Transfers Out</u>
Transfers Out:			
Special Revenue Fund	\$ 1,116,409	\$ 150,000	\$ 1,266,409
Nonmajor Governmental Funds	<u>2,057</u>		<u>2,057</u>
	\$ <u>1,118,466</u>	\$ <u>150,000</u>	\$ <u>1,268,466</u>

Transfers from special revenue fund and nonmajor governmental funds to general fund are for supporting administration expenditures in the general fund. Transfers from special revenue fund to capital projects are done to support miscellaneous capital improvements for various school buildings.

7. LEASES

Operating Leases

LEARN's operating leases consist of classroom space and copiers. Operating lease payments for the year ended June 30, 2021 amounted to \$110,679. The following schedule reflects the annual amounts of operating leases in effect at June 30, 2021:

Fiscal Year	Amount
Ending June 30	
2022	\$ 102,294
2023	70,560
2024	65,558
2025	4,914

8. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Note payable from direct borrowing	\$ 2,538,775	\$ -	\$ 263,511	\$ 2,275,264	\$ 276,429
Total OPEB liability	2,090,742	470,393	-	2,561,135	-
Compensated absences	<u>347,914</u>	<u>338,718</u>	<u>4,210</u>	<u>682,422</u>	<u>75,738</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 4,977,431</u>	<u>\$ 809,111</u>	<u>\$ 267,721</u>	<u>\$ 5,518,821</u>	<u>\$ 352,167</u>

All long-term liabilities are generally liquidated by the General Fund.

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NOTES TO FINANCIAL STATEMENTS
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Note Payable from Direct Borrowing

On June 7, 2018, LEARN entered into an agreement with People's United Bank for a \$3,000,000 promissory note in order to finance capital improvements on the school located on Ocean Avenue. Payments are due in fixed monthly principal payments sufficient to fully amortize the remaining loan over a ten-year period plus interest at 4.73%. The interest rate will be increased by one quarter of one percent (.25%) if an aggregate average balance of at least \$2,000,000 is not maintained in a Demand Deposit Account or \$1,000,000 in a savings account with the lender. LEARN's outstanding notes from direct borrowings of \$2,275,264 contain a provision that in an event of default, the entire principal with accrued interest due accelerate and become immediately due and payable without demand or notice of any kind. The principal and interest payments are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 276,429	\$ 103,106	\$ 379,535
2023	289,981	89,554	379,535
2024	303,997	75,538	379,535
2025	319,101	60,434	379,535
2026	334,745	44,789	379,534
2027-2029	<u>751,011</u>	<u>39,687</u>	<u>790,698</u>
Total	<u>\$ 2,275,264</u>	<u>\$ 413,108</u>	<u>\$ 2,688,372</u>

9. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2021 are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable for:					
Prepaid items	\$ 6,350	\$ 3,221	\$ -	\$ -	\$ 9,571
Restricted for:					
LEARN Project	-	-	-	24,764	24,764
Student activities	-	-	-	126,449	126,449
Committed for:					
Salaries, certified personnel	-	140,197	-	-	140,197
School based capital projects	-	-	1,649,162	-	1,649,162
School cafeteria	-	-	-	869,432	869,432
Assigned for:					
Compensated absences	682,422	-	-	-	682,422
Unassigned	<u>19,617,179</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,617,179</u>
Total Fund Balance	<u>\$ 20,305,951</u>	<u>\$ 143,418</u>	<u>\$ 1,649,162</u>	<u>\$ 1,020,645</u>	<u>\$ 23,119,176</u>

10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Connecticut Teachers Retirement System - Pension

A. Plan Description

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

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

Early Retirement

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

Disability Retirement

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

C. Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

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For the year ended June 30, 2021, the amount of “on-behalf” contributions made by the State was \$5,204,430. This is recognized in the General Fund and Special Revenue as intergovernmental revenues and education expenditures of \$1,908,583 and \$3,295,847, respectively.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

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

At June 30, 2021, LEARN reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by LEARN as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with LEARN were as follows:

LEARN's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with LEARN		<u>81,139,579</u>
Total	\$	<u><u>81,139,579</u></u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. At June 30, 2021, LEARN has no proportionate share of the net pension liability.

For the year ended June 30, 2021, LEARN recognized pension expense and revenue of \$11,622,860 in Exhibit II.

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.00-6.5%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2019.

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Cost-of-Living Allowance

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

Long-Term Rate of Return

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

<u>Asset Class</u>	<u>Expected Return</u>	<u>Target Allocation</u>
Domestic Equity Fund	5.60 %	20.00
Developed Market Intl. Stock Fund	6.00	11.00
Emerging Market Intl. Stock Fund	7.90	9.00
Core Fixed Income Fund	2.10	16.00
Inflation Linked Bond Fund	1.10	5.00
Emerging Market Debt Fund	2.70	5.00
High Yield Bond Fund	4.00	6.00
Real Estate Fund	4.50	10.00
Private Equity	7.30	10.00
Alternative Investments	2.90	7.00
Liquidity Fund	0.40	1.00
Total		<u>100.00</u>

F. 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 State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

LEARN's proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

H. Other Information

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

11. OTHER POSTEMPLOYMENT BENEFITS

LEARN OPEB

A. Plan Description

LEARN administers one single-employer, postretirement healthcare plan for OPEB. The plan provides medical and dental benefits to eligible retirees and their spouses. The OPEB plan is administered by LEARN. Plan provisions are determined by union contract and the LEARN Board of Directors.

LEARN currently pays for postemployment health care benefits on a pay-as-you-go basis. As of June 30, 2021, LEARN has not established a trust fund to irrevocably segregate assets to fund liability associated with the postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines. Administration costs are financed from current operations.

B. Benefit Provided

LEARN's plan provides for medical benefits for all eligible retirees. Teachers and Directors age 55 with 20 years of service or any age with 25 years of service may enroll in LEARN's plan. Certified staff are eligible for benefits until age 65, after which time they must enroll in the State Retirement plan. The Connecticut Teacher's retirement board contributes \$110 per month for each retiree and their spouse. Teachers pay the remaining premium. Non-Certified Directors pay 100% of the premium. Surviving spouses are covered until age 65.

LEARN offers a fully insured high deductible plan that includes prescription drug coverage.

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C. Employees Covered by Benefit Terms

Membership in the plan consisted of the following at June 30, 2021:

Inactive employees currently receiving benefit payments	1
Active employees	<u>201</u>
Total	<u><u>202</u></u>

D. Total OPEB Liability

LEARN's total OPEB liability of \$2,561,135 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020. The Plan's liability was rolled forward to a measurement date of June 30, 2021.

E. Actuarial Assumptions and Other Inputs

The total OPEB liability as of July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Salary increases	3.50%, average, including inflation
Discount rate	2.16% (Prior: 2.21%)
Healthcare cost trend rates	8.0% in 2019, decreasing 0.5% per year to an ultimate rate of 5.0% in 2025. (Prior: 9.0% for 2017, decreasing 1.0% per year to an ultimate rate of 5.0% for 2021 and later years.)
Retirees' share of benefit-related costs	100% of projected health insurance premiums for retirees

The discount rate was based on the published Bond Buyer GO 20-year Bond Municipal Index rate effective as of June 30, 2021.

Mortality rates were based on RPH-2014 Total Dataset mortality table with mortality improvements projected by Scale MP-2019.

The plan has not had a formal actuarial experience study performed.

F. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances as of July 1, 2020	\$ <u>2,090,742</u>
Changes for the year:	
Service cost	412,184
Interest on total OPEB liability	55,201
Difference between expected and actual experience	
Changes in assumptions or other inputs	13,364
Benefit payments	<u>(10,356)</u>
Net changes	<u>470,393</u>
Balances as of June 30, 2021	\$ <u><u>2,561,135</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021.

G. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of LEARN, as well as what LEARN's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease (1.16%)</u>	<u>Current Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
Total OPEB Liability	\$ 2,836,439	\$ 2,561,135	\$ 2,301,902

H. Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the total OPEB liability of LEARN, as well as what LEARN's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease (6.00% Decreasing to 4.00%)</u>	<u>Healthcare Costs Trend Rates (7.00% Decreasing to 5.00%)</u>	<u>1% Increase (8.00% Decreasing to 6.00%)</u>
Total OPEB Liability	\$ 2,071,362	\$ 2,561,135	\$ 3,181,848

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NOTES TO FINANCIAL STATEMENTS
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I. OPEB Expense and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, LEARN recognized OPEB expense of \$490,052. At June 30, 2021, LEARN reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 43,710
Changes of assumptions or other inputs	<u>383,120</u>	<u>24,579</u>
Total	\$ <u>383,120</u>	\$ <u>68,289</u>

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

<u>Year Ending June 30</u>	
2022	\$ 22,667
2023	22,667
2024	22,667
2025	22,667
2026	22,667
Thereafter	201,496

Other Postemployment Benefit - Connecticut State Teachers Retirement Plan

A. Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other postemployment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

B. Benefit Provisions

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who 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, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 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 who 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. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplemental Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option, must wait two years to re-enroll.

Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplemental Plans, as long as they do not remarry.

C. Eligibility

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

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

Early Retirement

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Proratable Retirement

Age 60 with 10 years of Credited Service.

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Disability Retirement

No service requirement if incurred in the performance of duty, and five years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

D. Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one-third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

For the year ended June 30, 2021, the amount of "on-behalf" contributions made by the State was \$125,604. This is recognized in the General Fund and Special Revenue Fund as intergovernmental revenues and education expenditures of \$46,062 and \$79,542, respectively.

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.

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

At June 30, 2021, LEARN reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by LEARN as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with LEARN was as follows:

LEARN's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with LEARN		<u>12,101,971</u>
Total	\$	<u><u>12,101,971</u></u>

LEARN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

The 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 June 30, 2020. At June 30, 2021, LEARN has no proportionate share of the net OPEB liability.

For the year ended June 30, 2021, LEARN recognized OPEB expense and revenue of 559,019 in Exhibit II.

F. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Health care costs trend rate	5.125% for 2020, decreasing to an ultimate rate of 4.50% by 2023
Salary increases	3.00-6.50%, including inflation
Investment rate of return	2.21%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2021

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.42%).

G. Discount Rate

The discount rate used to measure the total OPEB liability was 2.21%. The projection of cash flows used to determine the discount rate assumed that total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%; employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. Annual State contributions were assumed to be equal to the most recent five-year average of State contributions to the fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2021 and, as a result, the Municipal Bond Index Rate was used in the determination.

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

LEARN's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

I. Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as LEARN has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

12. RISK MANAGEMENT

LEARN is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to employees, natural disasters and protective liability.

LEARN purchases commercial insurance for all risks of loss, including blanket and umbrella policies. Settled claims have not exceeded commercial coverage in any of the past three years. There were no significant reductions in insurance coverage from coverage in the prior year.

As of July 1, 2013, LEARN participates in the Eastern CT Healthcare Cooperative (the Cooperative) to provide medical, prescription and dental health coverage for all employees. The Cooperative was established in June 2013 by several eastern Connecticut entities under the provisions of Connecticut Public Act 10-174 for the purpose of providing one or more health care benefits as allowed by such act for their employees. The Cooperative is a public entity risk pool operating as a common risk management and insurance program for its members. The Cooperative covers approximately 725 participants in its medical plan and approximately 775 participants in the dental plan. The Cooperative is designed to be self-sustaining through actuarially determined premiums established annually to cover expected claims, administration and a margin for unexpected losses or expenses. The Cooperative reinsures for medical, dental and prescription drug claims in excess of \$1,000,000 maximum aggregate benefit. The members are subject to supplemental assessments in the event of deficiencies. The fiduciary net position of the Cooperative at June 30, 2021 is \$8.9 million.

13. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

LEARN previously reported the activities of the Student Activity Fund and Eastern CT Health and Medical Cooperative Fund as fiduciary funds. As a result of implementation of GASB No. 84, *Fiduciary Activities*, as of July 1, 2020, LEARN made the following reporting changes: The activities of the Student Activity Fund are reported as Special Revenue Fund and the Eastern CT Health and Medical Cooperative Fund is reported as a Custodial Fund, a new fiduciary type fund. Accordingly, LEARN restated the beginning balances as follows:

LEARN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Governmental Activities:

	Balance as previously reported at 6/30/2020	Restatements	Balance as restated at 7/1/2020
Assets	\$ 72,177,551	\$ 120,312	\$ 72,297,863
Deferred Outflows of Resources	\$ 397,763	\$	\$ 397,763
Liabilities	\$ 9,238,803	\$	\$ 9,238,803
Deferred Inflows of Resources	\$ 73,629	\$	\$ 73,629
Net Position	\$ 63,262,882	\$ 120,312	\$ 63,383,194

Nonmajor Governmental Funds:

	Balance as previously reported at 6/30/2020	Restatements	Balance as restated at 7/1/2020
Assets	\$ 756,038	\$ 120,312	\$ 876,350
Liabilities	\$ 49,582	\$	\$ 49,582
Fund Balance	\$ 706,456	\$ 120,312	\$ 826,768

	Agency Funds as previously reported at 6/30/2020	Restatements	Custodial Fund balance as restated at 7/1/2020
Assets	\$ 5,415,655	\$ (120,312)	\$ 5,295,343
Liabilities	\$ 5,415,655	\$ (4,923,900)	\$ 491,755
Net Position	\$ -	\$ 4,803,588	\$ 4,803,588

Required Supplementary Information

**LEARN
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Student Support Services	\$ 14,831,442	\$ 15,132,541	\$ 14,987,162	\$ (145,379)
Teaching & Learning	1,226,813	1,144,957	1,193,114	48,157
Young Children & Families	350,000	155,558	215,065	59,507
Transportation	1,248,370	1,077,190	988,852	(88,338)
COVID Relief	-	315,000	-	(315,000)
Executive Services, Development, IT	1,324,355	1,331,669	1,607,543	275,874
Regional Multicultural Magnet School	1,615,760	1,599,290	1,502,301	(96,989)
Marine Science Magnet High School	1,636,840	1,644,970	1,644,970	-
The Friendship School	2,043,013	2,283,481	2,058,146	(225,335)
Three Rivers Middle College High School	404,680	406,690	406,690	-
Development: Programs and Services	62,963	64,713	36,783	(27,930)
Total Revenues	24,744,236.00	25,156,059	24,640,626	(515,433)
Other financing sources:				
Transfers in	4,131,420	4,179,551	3,862,645	(316,906)
Use of fund balance	64,886	550,073		(550,073)
Total	\$ 28,940,542	\$ 29,885,683	28,503,271	\$ (1,382,412)
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut State				
Teachers' Retirement System for LEARN teachers are not budgeted				
Pension Plan			1,908,583	
OPEB Plan			46,062	
Internal transfers within programs are eliminated			(2,744,179)	
Total Revenues and Other Financing Sources as Reported on the				
Statement of Revenues, Expenditures and Changes in Fund				
Balances - Governmental Funds (Exhibit IV)			\$ 27,713,737	

**LEARN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Expenditures:				
Student Support Services	\$ 13,269,556	\$ 13,571,913	\$ 11,959,836	\$ 1,612,077
Teaching & Learning	1,072,922	947,829	935,129	12,700
Young Children & Families	346,934	179,210	201,139	(21,929)
Transportation	1,091,739	945,105	692,395	252,710
COVID Relief	-	815,000	266,471	548,529
Executive Services, Development, IT	5,168,629	5,278,106	5,347,604	(69,498)
Regional Multicultural Magnet School	1,442,501	1,411,151	1,247,501	163,650
Marine Science Magnet High School	1,462,903	1,417,677	1,098,555	319,122
The Friendship School	1,892,281	2,084,530	1,794,835	289,695
Three Rivers Middle College High School	374,447	370,459	368,993	1,466
Development: Programs and Services	47,113	48,713	21,638	27,075
Total expenditures	26,169,025	27,069,693	23,934,096	3,135,597
Other financing uses:				
Potential Surplus	55,990	55,990		55,990
Transfers out	2,715,527	2,760,000	2,744,179	15,821
Total	\$ 28,940,542	\$ 29,885,683	26,678,275	\$ 3,207,408
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for LEARN teachers are not budgeted				
Pension Plan			1,908,583	
OPEB Plan			46,062	
Internal transfers within programs are eliminated			(2,744,179)	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit IV)			\$ 25,888,741	

**LEARN
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Student Support Services	\$ -	\$ 1,797	\$ 1,797	\$ -
Goodwin Schools	9,674,933	9,713,236	8,616,587	(1,096,649)
Magnet School Assistance Program	3,026,700	4,753,740	2,694,398	(2,059,342)
Teaching & Learning	245,000	331,489	226,721	(104,768)
Young Children & Families	1,605,926	1,686,823	1,784,514	97,691
Transportation	300,000	300,000	278,700	(21,300)
COVID Relief	-	2,887,755	1,406,102	(1,481,653)
Regional Multicultural Magnet School	4,242,288	4,109,950	4,108,344	(1,606)
Marine Science Magnet High School	2,183,718	2,183,850	2,183,718	(132)
The Friendship School	4,206,648	3,803,481	3,802,886	(595)
Three Rivers Middle College High School	554,174	551,644	553,192	1,548
Total	\$ <u>26,039,387</u>	\$ <u>30,323,765</u>	25,656,959	\$ <u>(4,666,806)</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State
Teachers' Retirement System for LEARN teachers are not budgeted
Pension Plan
OPEB Plan

3,295,847

79,542

Total Revenues and Other Financing Sources as Reported on the
Statement of Revenues, Expenditures and Changes in Fund
Balances - Governmental Funds (Exhibit IV)

\$ 29,032,348

**LEARN
SPECIAL REVENUE FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Expenditures:				
Student Support Services	\$ -	\$ 1,762	\$ 1,762	\$ -
Goodwin Schools	9,674,933	9,711,537	8,633,486	1,078,051
Magnet School Assistance Program	2,814,534	4,387,976	2,576,626	1,811,350
Teaching & Learning	235,400	321,567	228,553	93,014
Young Children & Families	1,605,926	1,681,398	1,695,648	(14,250)
Transportation	300,000	300,000	275,076	24,924
COVID Relief	-	2,887,755	1,406,662	1,481,093
Regional Multicultural Magnet School	3,795,235	3,673,812	3,673,040	772
Marine Science Magnet High School	1,951,566	1,952,336	1,952,217	119
The Friendship School	3,760,791	3,398,401	3,398,072	329
Three Rivers Middle College High School	496,233	492,917	494,477	(1,560)
Total expenditures	24,634,618	28,809,461	24,335,619	4,473,842
Other financing uses:				
Transfers out	1,404,769	1,514,304	1,266,409	247,895
Total	\$ 26,039,387	\$ 30,323,765	25,602,028	\$ 4,721,737
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf contributions to the Connecticut State				
Teachers' Retirement System for LEARN teachers are not budgeted				
Pension Plan			3,295,847	
OPEB Plan			79,542	
Total Expenditures and Other Financing Uses as Reported on the				
Statement of Revenues, Expenditures and Changes in Fund				
Balances - Governmental Funds (Exhibit IV)			\$ 28,977,417	

LEARN
SCHEDULE OF LEARN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST SEVEN FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
LEARN's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
LEARN's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with LEARN	<u>81,139,579</u>	<u>64,981,980</u>	<u>50,104,836</u>	<u>52,143,698</u>	<u>55,012,001</u>	<u>37,255,461</u>	<u>34,435,208</u>
Total	<u>\$ 81,139,579</u>	<u>\$ 64,981,980</u>	<u>\$ 50,104,836</u>	<u>\$ 52,143,698</u>	<u>\$ 55,012,001</u>	<u>\$ 37,255,461</u>	<u>\$ 34,435,208</u>
LEARN's covered payroll	\$ 18,968,110	\$ 19,011,561	\$ 18,314,435	\$ 16,537,967	\$ 15,159,321	\$ 15,597,471	\$ 14,274,522
LEARN's proportionate share of the net pension liability as a percentage of its covered payroll	0%	0%	0%	0%	0%	0%	0%
Plan fiduciary net position as a percentage of the total pension liability	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	<p>The Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019:</p> <ul style="list-style-type: none"> - Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%. - Decrease payroll growth assumption from 3.25% to 3.00%. - Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and a
Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Single equivalent amortization period	30 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increase	3.25%-6.50%, including inflation
Investment rate of return	6.90%, net of investment related expense

* Notes:

- This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.
- The measurement date is one year earlier than the employer's reporting date.

LEARN**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS****LEARN OPEB****LAST FOUR FISCAL YEARS***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability:				
Service costs	\$ 412,184	\$ 325,884	\$ 227,082	\$ 232,301
Interest	55,201	61,592	49,718	38,001
Difference between expected and actual experience	-	(49,968)	-	-
Changes in assumptions and other inputs	13,364	374,451	54,154	(33,423)
Benefit payments	<u>(10,356)</u>	<u>(4,810)</u>	<u>(9,849)</u>	<u>(7,081)</u>
Net change in total OPEB Liability	470,393	707,149	321,105	229,798
Total OPEB liability - beginning	<u>2,090,742</u>	<u>1,383,593</u>	<u>1,062,488</u>	<u>832,690</u>
Total OPEB Liability - Ending	<u>\$ 2,561,135</u>	<u>\$ 2,090,742</u>	<u>\$ 1,383,593</u>	<u>\$ 1,062,488</u>
Covered-employee payroll	\$ 3,583,892	\$ 3,328,284	\$ 2,878,693	\$ 2,829,268
Total OPEB liability as a percentage of covered-employee payroll	71.46%	62.82%	48.06%	37.55%

Notes to Schedule

Assumption changes:

Discount rate 2.16% (Prior: 2.21%)

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

LEARN
SCHEDULE OF LEARN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT PLAN
LAST FOUR FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
LEARN's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%
LEARN's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with LEARN	12,101,971	10,134,296	10,016,237	13,421,188
Total	<u>\$ 12,101,971</u>	<u>\$ 10,134,296</u>	<u>\$ 10,016,237</u>	<u>\$ 13,421,188</u>
LEARN's covered payroll	\$ 18,968,110	\$ 19,011,561	\$ 18,314,435	\$ 16,537,967
LEARN's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	2.50%	2.08%	1.49%	1.79%

Notes to Schedule

Changes in benefit terms None

Changes of assumptions Based on the procedure described in GASB 75, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2020 was updated to equal the Municipal Bond Index Rate as of June 30, 2020;

Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience;

Long-term health care cost trend rates were updated;

The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated based on observed plan experience. Additionally, participants are no longer assumed to migrate from the Medicare Supplement Plan to the Medicare Advantage Plan after selecting an option; and,

The Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019. The changes in assumptions are summarized below:

- Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%.

- Decrease payroll growth assumption from 3.25% to 3.00%.

- Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

Actuarial cost method Entry age

Amortization method Level percent of payroll over an open period

Remaining amortization period 30 years

Asset valuation method Market value of assets

Investment rate of return 3.00%, net of investment related expense including price inflation

Price inflation 2.75%

Notes:

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

- The measurement date is one year earlier than the employer's reporting date.

**Supplemental and Combining
Fund Statements and Schedules**

Nonmajor Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

LEARN Project Special Revenue Fund: Accounts for all grants applicable to non-for-profit entities only.

Student Activities: Accounts for revenue and expenditures of the student activity accounts for LEARN schools.

School Lunch Fund: Accounts for revenue and expenditures of the food service operations for LEARN schools.

**LEARN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Special Revenue Funds			
	LEARN Project Special Revenue Fund	Student Activities	School Lunch Fund	Total Nonmajor Funds
ASSETS				
Cash and cash equivalents	\$ 45,321	\$ 126,449	\$ 725,171	\$ 896,941
Intergovernmental receivables	-	-	187,740	187,740
Other receivables	-	-	3,102	3,102
Total Assets	\$ 45,321	\$ 126,449	\$ 916,013	\$ 1,087,783
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued items	\$ -	\$ -	\$ 12,515	\$ 12,515
Unearned revenue	19,720	-	-	19,720
Due to other funds	837	-	34,066	34,903
Total liabilities	20,557	-	46,581	67,138
Fund Balances:				
Restricted	24,764	126,449	-	151,213
Committed	-	-	869,432	869,432
Total fund balances	24,764	126,449	869,432	1,020,645
Total Liabilities and Fund Balances	\$ 45,321	\$ 126,449	\$ 916,013	\$ 1,087,783

LEARN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds			
	LEARN Project Special Revenue Fund	Student Activities	School Lunch Fund	Total Nonmajor Funds
Revenues:				
Participation and program fees	\$ -	\$ 96,266	\$ 5,287	\$ 101,553
Intergovernmental fees	-	-	819,653	819,653
Total revenues	-	96,266	824,940	921,206
Expenditures:				
Current:				
Purchased professional services	-	-	34,296	34,296
Other purchased services	-	90,129	358,357	448,486
Supplies	-	-	241,825	241,825
Capital outlay	-	-	665	665
Total expenditures	-	90,129	635,143	725,272
Excess of Revenues over Expenditures	-	6,137	189,797	195,934
Other Financing Sources:				
Transfers out	-	-	(2,057)	(2,057)
Net Change in Fund Balances	-	6,137	187,740	193,877
Fund Balances at Beginning of Year, as Restated	24,764	120,312	681,692	826,768
Fund Balances at End of Year	\$ 24,764	\$ 126,449	\$ 869,432	\$ 1,020,645

Single Audits



Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Directors
LEARN
Old Lyme, Connecticut

Report on Compliance for Each Major Federal Program

We have audited LEARN's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of LEARN's major federal programs for the year ended June 30, 2021. LEARN's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, LEARN, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

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

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



CliftonLarsonAllen LLP

West Hartford, Connecticut
November 9, 2021

LEARN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
United States Department of Agriculture				
<i>Passed Through the State of Connecticut Department of Education:</i>				
Child Nutrition Cluster:				
National School Lunch Program	10.555	12060-SDE64370-20560	\$ 542,744	\$
COVID-19 National School Lunch Program - CARES	10.555	12060-SDE64370-29572	23,666	
COVID-19 School Breakfast Program - CARES	10.555	12060-SDE64370-29576	9,360	
School Breakfast Program	10.553	12060-SDE64370-20508	188,322	
				<u>764,092</u>
United States Department of Education				
<i>Passed Through the State of Connecticut Department of Education:</i>				
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2021	342,667	
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2020	1,221	
				<u>343,888</u>
Career and Technical Education -- Basic Grants to States	84.048	12060-SDE64370-20742-2021	\$ 84,635	98,439
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2020		18,412
Title IV - Student Support	84.424	12060-SDE64370-22854-2021	4,100	
Title IV - Student Support	84.424	12060-SDE64370-22854-2020	13,201	
				<u>17,301</u>
English Language Acquisition State Grants	84.365	12060-SDE64370-20868-2021	26,143	37,085
English Language Acquisition State Grants	84.365	12060-SDE64370-20868-2020	24,176	39,361
English Language Acquisition State Grants	84.365	12060-SDE64370-20868-2019	16,728	
				<u>93,174</u>
ESSERF K-12 Fund	84.425C	12060-SDE64370-29571-2020	312,519	
ESSERF II K-12 Fund	84.425C	12060-SDE64370-29571-2021	57,413	
				<u>369,932</u>
<i>Direct:</i>				
Magnet School Assistance	84.165A		1,608,045	2,694,398
Total United States Department of Education			1,742,999	3,635,544
United States Department of the Treasury				
<i>Passed Through the State of Connecticut Department of Education:</i>				
Coronavirus Relief Fund	21.019	12060-SDE64370-29561		1,024,729
Total Federal Awards			\$ 1,742,999	\$ 5,424,365

The accompanying notes are an integral part of this schedule

LEARN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of LEARN, under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because the Schedule presents only a selected portion of the operations of LEARN, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net position or cash flows of LEARN.

Basis of Accounting

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards with exception of assistance listing 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles certain types of expenditures are not allowable or are limited as to reimbursement.

2. INDIRECT COST RECOVERY

The LEARN, has elected not to use the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

**LEARN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- | | | | |
|---|-----------|----------------------------|--|
| • Material weakness(es) identified? | _____ yes | <u> X </u> no | |
| • Significant deficiency(ies) identified? | _____ yes | <u> X </u> none reported | |
| Noncompliance material to financial statements noted? | _____ yes | <u> X </u> no | |

Federal Awards

Internal control over major programs:

- | | | | |
|---|-----------|----------------------------|--|
| • Material weakness(es) identified? | _____ yes | <u> X </u> no | |
| • Significant deficiency(ies) identified? | _____ yes | <u> X </u> none reported | |

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? _____ yes X no

Major programs:

Assistance Listing #	Name of Federal Program or Cluster
10.553/10.555/10.559 21.019	Child Nutrition Cluster Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

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

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.



Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

Board of Directors
LEARN
Old Lyme, Connecticut

Report on Compliance for Each Major State Program

We have audited LEARN's compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of LEARN's major state programs for the year ended June 30, 2021. LEARN's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major State Program

In our opinion, LEARN, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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



CliftonLarsonAllen LLP

West Hartford, Connecticut
November 9, 2021

LEARN
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021

<u>State Grantor/Pass-Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
Department of Education			
Talent Development	11000-SDE64370-12552		\$ 9,464
Child Nutrition State Match	11000-SDE64370-16211		11,971
Health Foods Initiative	11000-SDE64370-16212		20,207
Bilingual Education	11000-SDE64370-17042		13,020
School Breakfast Program	11000-SDE64370-17046		19,009
Magnet Schools	11000-SDE64370-17057	\$ 10,290,064	
Magnet Schools	11000-SDE64370-17057	<u>278,700</u>	<u>10,568,764</u>
Total Department of Education			<u>10,642,435</u>
Office of Early Childhood			
Child Care Quality Enhancement	11000-OEC64845-16158	\$ 17,226	17,226
<i>Passed Through Eastern Connecticut Regional Education Service Center:</i>			
Early Care and Education	11000-OEC64845-16274	<u>1,457,168</u>	<u>1,531,691</u>
Total Office of Early Childhood		<u>1,474,394</u>	<u>1,548,917</u>
Total State Financial Assistance		<u>\$ 1,474,394</u>	<u>\$ 12,191,352</u>

The accompanying notes are an integral part of this schedule

LEARN
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of LEARN, under programs of the State of Connecticut for the year ended June 30, 2021. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. Because the Schedule presents only a selected portion of the operations of LEARN, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net position or cash flows of LEARN.

Basis of Accounting

The accounting policies of LEARN, conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations. The information in the Schedule is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Expenditures reported on the Schedule are presented on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule.

**LEARN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- | | | | |
|---|-----------|----------------------------|--|
| • Material weakness(es) identified? | _____ yes | <u> X </u> no | |
| • Significant deficiency(ies) identified? | _____ yes | <u> X </u> none reported | |
| Noncompliance material to financial statements noted? | _____ yes | <u> X </u> no | |

State Financial Assistance

Internal control over major programs:

- | | | | |
|---|-----------|----------------------------|--|
| • Material weakness(es) identified? | _____ yes | <u> X </u> no | |
| • Significant deficiency(ies) identified? | _____ yes | <u> X </u> none reported | |

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

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

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

State Grantor and Program	State Core-CT Number	Expenditures
Office of Early Childhood		
Early Care and Education	11000-OEC64845-16274	\$ 1,531,691
Department of Education		
Magnet Schools	11000-SDE64370-17057	10,568,764
Dollar threshold used to distinguish between type A and type B programs:		\$ 243,827

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No matters were reported.



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

Board of Directors
LEARN
Old Lyme, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of LEARN, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise LEARN's basic financial statements, and have issued our report thereon dated November 9, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

West Hartford, Connecticut
November 9, 2021

