

REGIONAL SCHOOL DISTRICT NO. 17
FINANCIAL REPORT
JUNE 30, 2023

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FINANCIAL REPORT
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INDEPENDENT AUDITORS' REPORT

To the Honorable Members of the
Board of Education
Regional School District No. 17
Higganum, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional School District No. 17 (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Regional School District No. 17, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 to 16 and the required supplementary information on pages 63 to 65, 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 U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The General Fund budget and actual schedules, the combining and individual nonmajor fund financial statements 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 U.S. generally accepted auditing standards. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Regional School District No. 17'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 the District's internal control over financial reporting and compliance.

Seward and Monde

North Haven, Connecticut
February 7, 2024

Regional School District No. 17 Management's Discussion and Analysis

This Annual Financial Report includes financial reporting requirements of the Governmental Accounting Standards Board (GASB) Statement 34. GASB Statement 34 requires that we, as managers of Regional School District No. 17, focus on our most important, or "major" funds, including the general fund.

Fund statements measure and report the "operating results" of many funds by measuring cash on hand and other assets that can easily be converted to cash. These statements show the short-term performance of individual funds using the same measures governments and regional school districts use when financing current operations. Where we charge a fee to users for services, fund information will continue to be based on accrual accounting as are the rest of the financial statements. Showing budgetary compliance has always been an important part of District accountability. Our financial statements include the *original* budget as well as the final amended budget.

Our hope is to provide you, the reader, with an objective and readable analysis of our financial performance for the year. Taken together, the following statements should enable you to assess whether Regional School District No. 17's financial position has improved or declined as a result of the year's operations. The annual report includes district-wide financial statements prepared on the accrual basis for all of the District's activities. Accrual accounting measures not just current assets and current liabilities, but long-term assets and liabilities as well. It also reports all revenues and all costs of providing services each year, not just those received or paid in the current fiscal year (or shortly thereafter).

In summary, the district-wide financial statements will help you:

- Assess the finances of the District in its entirety, including the year's operating results;
- Determine whether our overall financial position improved or declined;
- Evaluate whether our current-year revenues were sufficient to pay for current-year services;
- See how we finance the programs you have asked for - through user fees and other program revenues versus general member town assessments;
- Understand the extent to which your District has invested in capital assets, primarily school buildings, equipment, facilities, and other infrastructure assets;
- Make better comparisons between school districts.

The Annual Financial Report includes the following information and financial statements as defined by GASB Statement 34:

✱ **Management's Discussion and Analysis (MD&A)** - An introduction to the basic financial statements and an analytical overview of the District's financial activities. The MD&A provides an objective and easily readable analysis of our financial activities based on currently known facts, decisions, or conditions. The MD&A

- ❑ Includes comparisons of the current year to the prior year based on district-wide information;
- ❑ Provides an analysis of our overall financial position and the results of operations to assist you in assessing whether our financial position has improved or declined as a result of the year's activities;
- ❑ Analyzes significant changes in fund and major budget variances;
- ❑ Describes capital asset and long-term debt activity during the year;
- ❑ Concludes with a description of currently known facts, decisions, or conditions that are expected to have a significant effect on our financial position or the results of our operations.

✱ Basic Financial Statements

- ***District-Wide Financial Statements*** are designed to provide readers with a broad overview of Regional School District No. 17's finances, in a manner similar to private-sector business.
 - They include a *statement of net position* which presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference being reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The *statement of activities* presents information showing how our net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The statement of activities is prepared using the economic resources measurement focus and the accrual basis of accounting. Both of the district-wide financial statements distinguish functions of regional school districts that are principally supported by inter-district revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The district activities of Regional School District No. 17 include instructional, support services, insurance and benefits, library and audio visual, information systems, administrative, property maintenance, transportation, student activity, special education, food service, and interest expense on long-term debt. The District H-K Cubs Daycare service is being accounted for as a business-type activity proprietary fund. The district-wide financial statements include only Regional School District No. 17 (known as the *primary government*). There is no legally separate entity for which the District is financially accountable.
 - Fiduciary activities whose resources are not available to finance our District programs are excluded from these statements.

Capital assets, including infrastructure, are reported along with depreciation expense in the statement of activities. Net position is reported as net investment in capital assets, restricted, and unrestricted. Permanent endowments or permanent fund principal amounts included in restricted net position are shown as either expendable or nonexpendable.

Expenses are presented reduced by program revenues resulting in a measurement of "net (expense) revenue" for each of the District's functions. Program expenses include all direct expenses. General revenues such as member town assessments and special and extraordinary items are reported separately, ultimately arriving at the change in net position for the period. Special items are significant transactions or other events that are either unusual or infrequent and are within the control of management.

- ***Fund Financial Statements*** are a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. Regional School District No. 17, like other regional and local school districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories; District funds, proprietary funds, and fiduciary funds.
 - *District fund* financial statements include financial data for the general fund, the bonded capital projects fund, the special school grants fund, the capital non-recurring fund, the school cafeteria fund, and other district (*governmental*) funds and are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. *District funds* are used to account for essentially the same functions reported as *district activities* in the district-

wide financial statements. However, unlike the district-wide financial statements, district fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a district's near-term financing requirements. Because the focus of district funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *district activities* in the district-wide financial statements with similar information presented for *district funds* in the long-term impact of the district-wide financial statements. By doing so, readers may better understand the long-term impact of our near-term financing decisions. Both the district fund balance sheet and the district fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *district funds* and *district activities*. Regional School District No. 17 maintains five major funds (general fund, bonded capital projects fund, special school grants fund, capital non-recurring fund, school cafeteria fund), and one non-major special revenue fund (Student activity fund). Information is presented separately in the District fund balance sheet and in the District fund statement of revenues, expenditures, and changes in fund balances for the general fund, the bonded capital projects fund, the special school grants fund, the capital non-recurring fund, and the school cafeteria fund all of which are considered to be major funds. Data from the other non-major District funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor district funds is provided in the form of *combining statements* elsewhere in this report. The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate our compliance with this budget.

- *Proprietary fund* financial statements, including financial data for enterprise and internal service funds, are prepared using the economic resources measurement focus and the accrual basis of accounting. Regional School District No. 17 maintains one proprietary fund, the H-K Cubs Daycare Fund. Regional School District No. 17 uses the business-type daycare fund to account for revenues and expenditures arising from providing on-site daycare for children of employees. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.
- *Fiduciary fund* financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for resources held for beneficiaries in a purely custodial capacity. Fiduciary funds are *not* reflected in our district-wide financial statement because the resources of those funds are *not* available to support our own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Fund financial statements are presented for primary district funds and proprietary funds. District fund statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances. Proprietary fund statements are comprised of a statement of net position, a statement of revenues, expenses, and changes in net fund assets, and a statement of cash flows. A summary reconciliation of the fund and district-wide statements accompanies the fund financial statements.

Separate columns are shown for the general fund and for other major district funds. Major funds are funds whose revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all district funds and at least 5 percent of the aggregate amount for all district funds. Other funds that we believe are particularly important to you are also reported as a major fund. Non-major funds are reported in the aggregate in a separate column.

District fund balances are segregated into restricted, committed, assigned and unassigned categories. Proprietary fund net position is reported in the same categories required for district-wide financial statements. Proprietary fund statements of net position distinguish between current and non-current assets and liabilities and display restricted assets.

The statements distinguish between operating and non-operating revenues and expenses in proprietary fund statements of revenues, expenses, and changes in net fund assets. At the bottom of these statements, we reflect capital contributions, contributions to permanent and term endowments, special and extraordinary items, and transfers in arriving at the all-inclusive change in fund net position.

We present separate fiduciary fund statements used to report assets held in a trustee or agency capacity for others and which cannot be used in our own programs. We must show a statement of fiduciary net position and a statement of changes in fiduciary net position. Fiduciary fund statements also disclose inter-fund loans, inter-fund services provided and used, and inter-fund transfers.

- Notes to the Financial Statements
 - Consist of notes that provide information essential to your understanding of the data provided in the district-wide and fund financial statements.
- Required Supplementary Information (RSI)
 - Schedule of District's Proportionate Share of the Net Pension Liability - Connecticut State Teachers' Retirement System – Last Nine Fiscal Years
 - Schedule of Changes in the District's Total OPEB Liability and Related Ratios – Last Six Fiscal Years
 - Schedule of the District's Proportionate Share of the Net OPEB Liability - Connecticut State Teachers' Retirement System – Last Six Fiscal Years
- Supplementary Information
 - General Fund - Schedule of Revenues and Other Financing Sources - Budget and Actual.
 - General Fund - Schedule of Expenditures and Other Financing Uses - Budget and Actual.
 - Nonmajor Governmental Funds - Combining Balance Sheet.
 - Nonmajor Governmental Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.
 - Schedule of Debt Limitation.

The combining statements referred to earlier in connection with nonmajor district funds are presented immediately following the required supplementary information on pensions. As management of Regional School District No. 17, we offer readers of our financial statements this narrative overview and analysis of the financial activities of the district for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished elsewhere in this report.

Financial Highlights

- The total assets and deferred outflows of resources of Regional School District No. 17 exceeded its liabilities and deferred inflow of resources at the close of the 2023 fiscal year by \$33,023,771 (net position) which includes net position of \$32,985,221 for governmental activities and \$38,550 for business-type activities. The unrestricted net position for the total primary government was a negative \$4,859,987. Were it positive, it could be used to meet the school district's ongoing obligations to citizens, students, and creditors.

- The District's total net position as depicted in the Statement of Activities decreased by \$1,425,701 for governmental funds and decreased by \$6,923 for business-type activities generating a net decrease in net position of \$1,432,624 (see discussion following).
- As of the close of the current fiscal year, our governmental funds reported combining ending fund balances of \$2,784,806, an increase of \$182,446 from FY 2022. Total unassigned fund balance amounted to \$1,060,457.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,060,457, or 2.06% of total general fund revenues of \$51,502,908. Total general fund balance of \$1,238,453 amounted to 2.40% of general fund revenues. Unassigned fund balance for all funds was also \$1,060,457, 2.06% of total revenues and total fund balance for all funds of \$2,784,806 was 5.1% of total revenues.
- Our general obligation bonded debt was reduced by \$1,585,000 to \$5,380,000 through scheduled principal payments. Our direct debt notes payable were increased by \$362,449 and reduced by \$242,349 for an ending balance of \$412,344.

District-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of our financial position. In the case of Regional School District No. 17, primary government assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$33,023,771 at the close of the 2023 fiscal year.

The largest percentage of our net position reflects our investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. We use these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the district's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

There was no *restricted* net position, and our *unrestricted* net position of negative \$4,859,987, if positive, would have been available for future spending.

At the end of the current fiscal year, we are able to report a positive balance of \$37,883,758 in the capital category of net position. For the prior fiscal year, the capital category showed a positive balance. The *unrestricted* net position was negative for both years.

Table 1. Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 3,557,051	\$ 6,331,578	\$ 196,707	\$ 219,620	\$ 3,753,758	\$ 6,551,198
Capital assets - Net	44,550,200	45,836,425	32,058	34,228	44,582,258	45,870,653
Total	48,107,251	52,168,003	228,765	253,848	48,336,016	52,421,851
 Deferred Outflows of Resources	 1,334,084	 1,569,986	 -	 -	 1,334,084	 1,569,986
 Liabilities						
Current liabilities	835,153	2,572,053	190,215	208,375	1,025,368	2,780,428
Long-term liabilities	13,559,292	15,309,830	-	-	13,559,292	28,869,122
Total Liabilities	14,394,445	17,881,883	190,215	208,375	14,584,660	31,649,550
 Deferred Inflows of Resources						
Deferred charge related to OPEB	2,061,669	2,120,019	-	-	2,061,669	2,120,019
 Net Position						
Net Investment in capital assets	37,851,700	37,962,731	32,058	34,228	37,883,758	37,996,959
Unrestricted	(4,886,479)	(4,226,644)	6,492	11,245	(4,859,987)	(4,215,399)
Total net position	\$ 32,965,221	\$ 33,736,087	\$ 38,550	\$ 45,473	\$ 33,023,771	\$ 33,781,560

District Statement of Activities

Our total net position decreased by \$1,432,624 from operations during the current fiscal year. We brought in net general revenues of \$41,588,014 which were exceeded by our net operating expenditures of \$43,020,638 by \$1,432,624. Gross expenses of \$46,588,072 were offset by \$1,154,159 in charges for services and \$2,413,275 in operating grants and contributions. Of the net expenditures, \$24,845,716 represented direct instructional and support costs after \$1,798,748 in State grants.

With respect to the remaining gross expenditures, most significant were \$17,099,854 for instruction, \$7,755,209 for insurance and benefits, \$6,242,000 maintenance of property, plant, and equipment, \$3,678,075 for administration expenses, \$3,399,132 for transportation, and \$2,322,348 for special education. The H-K Cubs Daycare proprietary fund generated an operating loss of \$10,274 after applying \$529,881 of service charges and \$3,351 of interest against \$540,155 of operating expenditures. Virtually all our net general revenue of \$41,588,014, aside from investment earnings of \$91,622 was derived from net assessments (after refunds to the member towns totaling \$2,353,768) on the member towns of Haddam \$25,387,181 (61.2%) and Killingworth \$16,109,211 (38.8%). Actual general fund balance refunds to the member towns amounted \$606,476 with \$1,747,293 being a return of the estimated self-insurance fund balance.

The following table highlights the significant factors affecting changes in net position:

Table 2. Statement of Activities

	Governmental Activities			Business-Type Activities		
	2023	2022	Change	2023	2022	Change
Revenues:						
Program Revenues:						
Charges for services	\$ 624,278	\$ 481,855	\$ 142,423	\$529,881	\$ 542,430	(\$ 12,549)
Operating grants and contributions	2,413,275	3,441,483	(1,028,208)	-	-	-
General revenues:						
Member town assessments (net)	41,496,392	40,553,509	942,883	-	-	-
Unrestricted investment earnings	88,271	19,215	69,056	3,351	135	3,216
Total revenues	<u>44,622,216</u>	<u>44,496,062</u>	<u>126,154</u>	<u>533,232</u>	<u>542,565</u>	<u>(9,333)</u>
Program expenses (net):						
Instructional, support services, insurance and benefits	26,786,826	26,092,578	694,248	-	-	-
Library and audio visual	621,881	631,128	(9,247)	-	-	-
Information systems	817,298	816,395	903	-	-	-
Administrative	3,678,075	3,139,340	538,735	-	-	-
Property maintenance	6,242,000	7,246,579	(1,004,579)	-	-	-
Transportation	3,399,132	3,702,411	(303,279)	-	-	-
Student activity	1,206,699	976,448	230,251	-	-	-
Special education	2,322,348	2,354,413	(32,065)	-	-	-
Food service	677,405	650,635	26,770	-	-	-
Interest expense	296,253	349,473	(53,220)	-	-	-
H-K Cubs daycare	-	-	-	540,155	586,206	(46,051)
Total program expenses	<u>46,047,917</u>	<u>45,959,400</u>	<u>88,517</u>	<u>540,155</u>	<u>586,206</u>	<u>(46,051)</u>
Change in net position	<u>(\$ 1,425,701)</u>	<u>(\$ 1,463,338)</u>	<u>\$ 37,637</u>	<u>(\$ 6,923)</u>	<u>(\$ 43,641)</u>	<u>\$ 36,718</u>

- A variety of factors influenced the \$1,425.701 decrease in governmental activities net position. The material contributing factors to the change was a \$182,446 rise in total government fund balances and less an excess of depreciation and capital asset disposal of \$1,286,225 over capital outlays. Unreported revenues in the statement of activities represent a \$1,897,293 reduction in net position. Net debt transactions of \$1,464,900 and a net combination of debt and OPEB entries of \$279,191 were a positive input to net position. Deferred outflows and inflows of resources resulting from changes in the components of the total OPEB liability are amortized as components of OPEB expense in the statement of activities contributed a further negative \$168,720.
- Net member town assessments increased by \$942,883 (2.33%) from the prior fiscal year but operating grants and contributions fell by \$1,028,208 (29.9%) as a result of reductions in federal funding for meals and other COVID funding.
- Instructional costs, comprising instructional, support services, and insurance and benefits increased \$694,248 (2.59%) due to general wage and benefit increases.

On July 1, 2018 (FY 2019), the District switched from a self-insured health insurance plan to the State of Connecticut Partnership Plan for health insurance, a fully insured program, resulting in the considerable drop in health insurance costs. The self-insurance fund has been closed out now that any remaining claims have been disbursed.

Chart 1 presents the costs of our five largest programs as well as each program's net cost (total cost less revenues generated by the activities). The Net Cost shows the financial burden that was placed on our member town taxpayers by each of these functions.

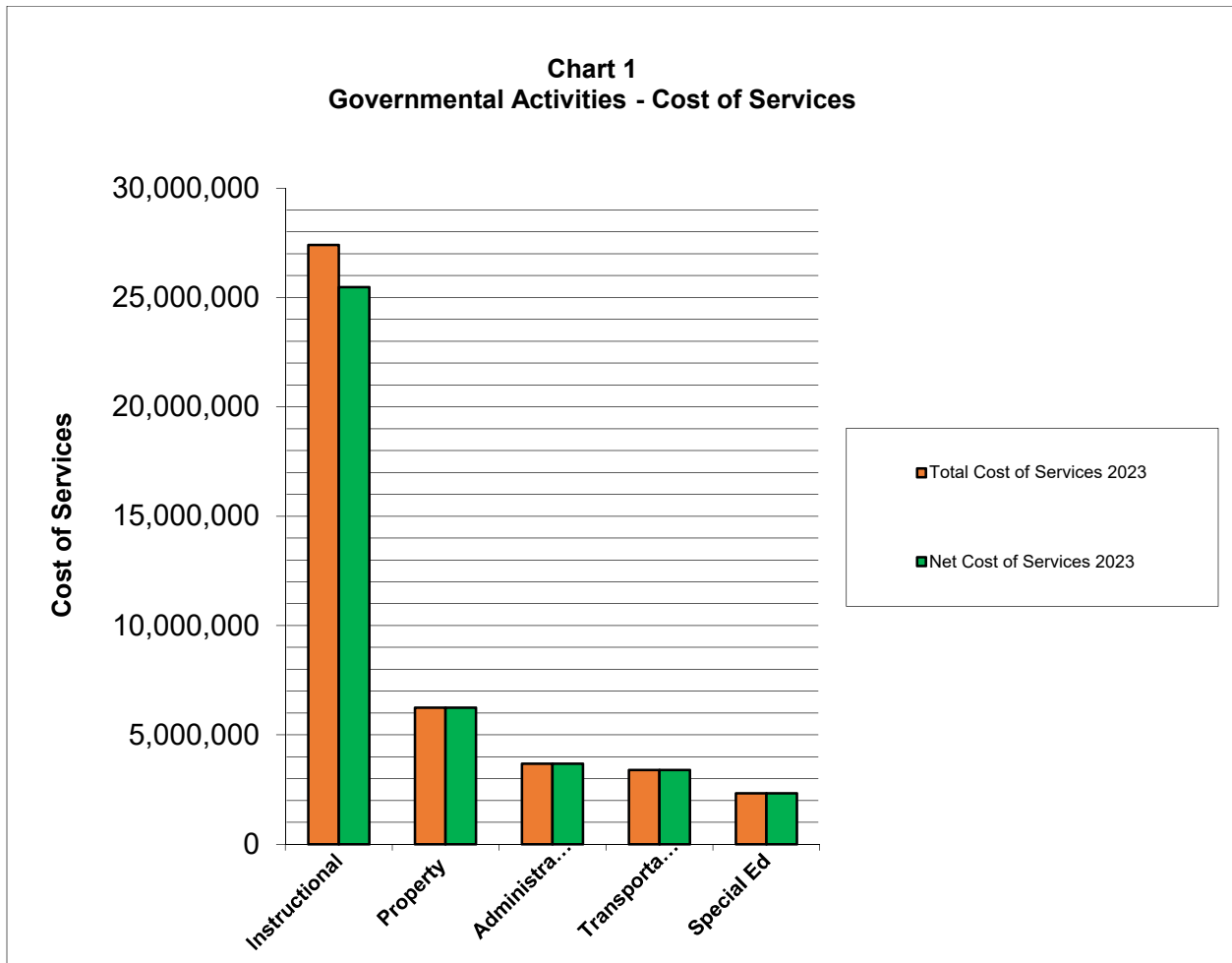
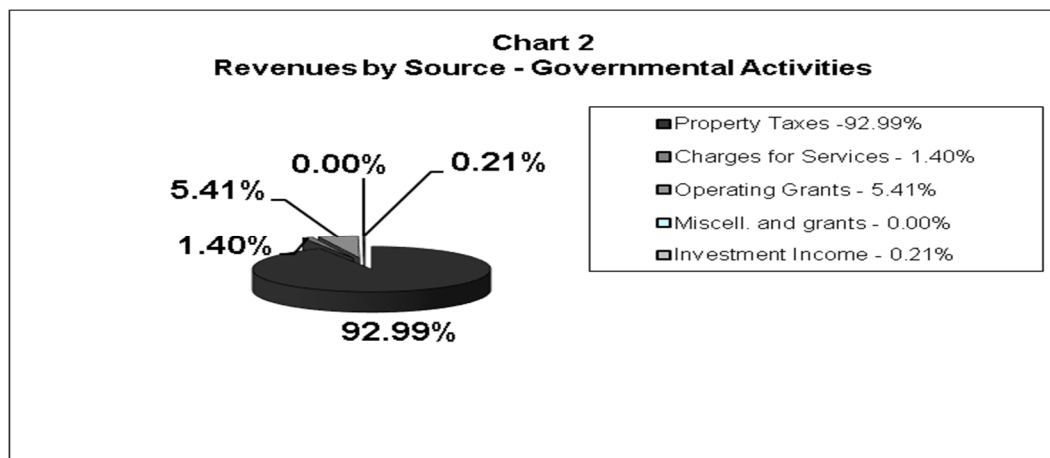


Chart 2 reflects the sources of all our revenues. The district is funded primarily by assessments levied on the member towns of Haddam (\$25,387,181) and Killingworth (\$16,109,211) based on the level of student attendance as of 10/1/22 (after refunds).



Financial Analysis of the District's Funds

As noted earlier, we use fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, our district governmental funds reported combined ending fund balances of \$2,784,806, an increase of \$182,446 from FY 2022. Our net budget variances from the final budget were positive for revenues, \$143,970 and positive for expenditures, \$192,948 for a total favorable budgetary variance of \$336,918.

Fund balance is divided into four categories: restricted, committed, assigned, and unassigned. The precise definition of each category is presented in Note D and Note 6, Fund Balance of the Notes to the Financial Statements following herein. *Restricted* fund balance of \$256,799 consists of \$15,182 for special school grants, \$15,114 for bonded capital projects, and \$226,503 for student activities. *Committed* fund balance of \$177,996 is comprised of \$131,000 for member town refunds, and \$46,996 for accrued sick leave and severance. *Assigned* fund balance of \$1,289,554 represents \$929,021 for capital projects and \$360,533 for food service. *Unassigned* fund balance (net) for the general operations is \$1,060,457 and will be returned to the member towns as a credit against future assessments.

The **general fund** is our chief operating fund. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$1,060,457 while total general fund balance closed out at \$1,238,453. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund revenues. Unassigned general fund balance of \$1,060,457 represents 2.05% of total general fund revenues of \$51,502,908. Total general fund balance of \$1,238,453 amounted to 2.40% of general fund revenues.

Our general fund balance decreased by \$345,667 during the current fiscal year with expenditures of \$51,310,410 exceeding revenues of \$51,502,908 for a closing fund balance of \$1,238,453. We finished with an operating surplus of \$192,498. Note Payable proceeds of \$362,449 only partially offset transfers out to capital projects of \$900,614 reducing net negative other uses to \$538,165.

The bonded capital projects fund reflects our debt activity which for fiscal 2023 reported debt service of \$406,124 and no capital outlays. Total revenues consisted of \$1,149 of interest. There was a net operating loss of \$404,975 which reduced fund balance from \$420,089 to \$15,114.

The special school grants fund tracks grant proceeds from the Federal government and State of Connecticut which amounted to \$701,802 for the year. This was applied to instructional use and the fund closed out with a positive fund balance of \$15,182.

The capital non-recurring fund accounts for budgeted capital expenditures which amounted to \$137,763 was funded in part by revenues totaling \$150,294 for an operating surplus of \$12,531. A transfer in of \$900,614 resulted in a fund balance rise of \$913,145 to a final \$929,021.

The school cafeteria fund accounts for transaction in connection with food service provided to the students. Total revenues of \$731,904 were derived from \$614,389 in federal and state grants, \$1,607 in investment income, and \$115,908 in charges for services. Expenditure outlays amounted to \$698,202 for an operating surplus of \$33,702 which, when added to the prior year fund balance of \$326,831, closed out the year end fund balance at \$360,533.

Other governmental funds posted \$366,008 in charges for service and \$379,905 in expenditures consisting of support for student activity resulting in a negative operating result of \$13,897 and a final fund balance of \$226,503.

Proprietary Funds - Regional School District No. 17's proprietary fund, the H-K Cubs Daycare Fund, provides the same type of information found in the district-wide financial statements, but in more detail. We use this fund to record payments and expenditures relating to maintaining an on-site day care facility for the children of staff.

Unrestricted net position of the daycare fund was \$38,550, a decrease of \$6,923 over the prior year. Total operating revenues of \$529,881 and investment income of \$3,351 fell \$10,274 short of operating expenditures of \$540,155.

Pension Plans

Defined Contribution Plan

The District provides pension plan benefits for all noncertified employees working 20 hours per week or more through a defined contribution plan (Regional School District No. 17 Money Purchase Pension Plan). The plan is considered to be part of the District's financial reporting entity and is included in the District's basic financial statements as a pension trust fund. The plan does not issue separate, stand-alone, financial reports. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

The District's total payroll for the year ended June 30, 2023, was approximately \$20,386,258. The District's contribution amounted to \$183,081, which is equivalent to 5% of the annual active participants' eligible payroll of approximately \$3,661,600. Enrollment in the plan now totals 125 participants.

Connecticut State Teachers' Retirement Systems

Through the Connecticut Teachers' Retirement System, teachers, principals, superintendents or supervisors engaged in service of public schools are provided with retirement benefits, sharing a multi-employer defined benefit pension plan administered by the Teachers' Retirement Board (TRB). Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. Teachers are required to contribute 7% of pensionable salary. The District is not required to contribute to the Plan. The State annually makes an on-behalf-of contribution to the plan that we recognize as both a revenue and expenditure. The TRB issues a publicly available financial report that can be obtained at www.ct.gov.

General Fund Budgetary Highlights

Both the original \$45,030,679 revenue budget and \$45,030,679 expenditure remained unchanged.

Our net budget variance for revenues was a positive \$143,970 over budget and expenditure variance was positive with \$192,948 under budget for an overall positive budget variance of \$336,918. Significant variances are detailed below.

Revenues

- Intergovernmental - \$52,128 over budget mainly from Medicaid reimbursements
- Investment income - \$81,080 over budget due to rising interest rates

Expenditures

- Instructional - \$681,902 over budget with \$722,929 attributable to added special education costs
- Insurance and Benefits - \$176,978 under budget
- Operation of plant - \$132,884 over budget
- Transportation - \$128,239 under budget
- Special Education Tuition - \$649,841 under budget

Capital Asset and Debt Administration

Capital Assets - Regional School District No. 17's investment in capital assets includes land, school buildings and systems, improvements, machinery and equipment, athletic fields, and vehicles. We experienced a net increase in capital assets (before depreciation) of \$726,076.

While we undertook no major capital projects in fiscal 2023, some of the more significant projects are detailed below:

Land Improvements - \$310,149

New parking lot/sidewalk Burr Elementary School - \$285,969

Building Improvements - \$281,396

Upgrade fire alarm system HKHS - \$151,730

Flooring installation/upgrade HKHS - \$75,591

Equipment - \$129,868

Bobcat Toolcat UW56 - \$76,150

Projector screen HKMS - \$16,428

Table 3. Capital Assets, Net of Depreciation

	Governmental Activities	
	2023	2022
Land ¹	\$ 3,143,207	\$ 3,143,207
Land Improvements	7,111,573	7,133,741
Buildings	33,280,933	34,573,044
Equipment	903,788	911,595
Vehicles	110,699	74,838
	<u>\$ 44,550,200</u>	<u>\$ 45,836,425</u>

¹ Assets not being depreciated

Additional information on Regional School District No. 17's capital assets can be found in Note 5, Capital Assets, of this report.

Long-term Debt - At the end of the current fiscal year, the District had \$5,380,000 of long-term general obligation bonded debt outstanding and \$412,344 of notes payable, generally considered leases. One hundred percent of our bonded debt is general obligation and backed by the full faith and credit of the District and its member towns of Haddam and Killingworth.

Table 4. Long-Term Debt

<u>Bonds</u>					
<u>Date</u>	<u>Purpose</u>	<u>% Rate</u>	<u>Original Issue</u>	<u>Current Balance</u>	<u>Date of Fiscal Year Maturity</u>
2/28/2012	School - Refunding	2.0 - 4.0	\$ 9,450,000	\$ 285,000	2024
10/24/2019	School	5.0	<u>7,270,000</u>	<u>5,095,000</u>	2030
			<u>\$ 16,720,000</u>	<u>\$ 5,380,000</u>	

Our total bonded debt decreased by \$1,585,000 and our notes payable increased a net \$120,100 during the current fiscal year. In October of 2019, we competitively sold \$7,270,000 of 10-year bank qualified general obligation bonds to Fidelity Capital Markets at a true interest cost (TIC) of 1.2399%. We currently have \$70,729 authorized but unissued debt.

The annual debt service requirements to maturity at June 30, 2023 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>
2024	\$ 1,015,000	\$ 242,913
2025	730,000	200,000
2026	730,000	163,500
2027	730,000	127,000
2028-2031	<u>2,175,000</u>	<u>163,125</u>
Total	<u>\$ 5,380,000</u>	<u>\$ 896,538</u>

Moody's Investors Service, Inc. (Moody's) has placed an "Aa3" credit rating on our general obligation debt. Moody's rates the member town of Haddam as "Aa3. The town of Killingworth, previously rated "Aa2", had its credit rating withdrawn in 2016 with the defeasing of its outstanding publicly traded securities through a bank loan refunding.

The Connecticut General Statutes provide that the aggregate indebtedness of a regional school district not exceed: (1) for a district providing a K - 12 program, 4.5 times the "annual receipts from taxation" of its member towns for the prior fiscal year. As an alternative to the above options, a regional school district may issue debt in an amount not to exceed 3.5 times its member towns' annual receipts from taxation less the member towns' aggregate indebtedness. In computing the aggregate indebtedness of a regional school district, excluded is debt issued in anticipation of the receipt of: (1) State or member town payments for the operation of the district's schools, (2) State or federal grant proceeds for which the district has received a written commitment or for which an allocation has been approved by the State Bond Commission, and (3) the proceeds from contracts with the State, a State agency, or another municipality providing for the reimbursement of capital costs, but only to the extent such debt can be paid from such proceeds.

For June 30, 2023, the maximum amount of borrowing permitted under the formula would be \$226,195,677. Our outstanding general obligation debt of \$5,450,729 (as determined for the purposes of the debt limit calculation) is \$220,744,948 below the maximum debt limitation as defined by the statutes.

Economic Factors and Next Year's Budget

The Board of Education's Adopted Gross Operating Expense Budget for fiscal year 2023-2024 is \$47,655,708, a gross increase of \$2,625,029 or 5.83%. The Board of Education's Adopted Gross Operating Revenue Budget for fiscal year 2023-2024 is \$1,254,078, a gross increase of \$73,559 or 6.23%. The Net Budget Increase (Budget Expense less Budget Revenue) is \$2,551,470 or 5.82%. Factoring in an estimated fund balance being returned to member towns of \$131,000, Net Town Assessments increased by \$4,774,253, or 11.51%. Haddam will pay \$28,439,380 (61.182376%) and Killingworth \$17,831,251 (38.817624%).

The budget was developed based, in part, on the following considerations:

The June 2023 unemployment rate for the town of Haddam was 2.8% (down from June 2022 at 2.9%) and Killingworth 2.6% (holding from June 2022 at 2.6%). The current figures compare favorably to the state's average unemployment rate of 4.0% and to the national average rate of 3.8% (none seasonally adjusted) for the same period.

The major components of the 2023 - 2024 budget were as follows:

Revenue Budget

- The Town of Haddam assessment increased by \$1,979,193 and the Town of Killingworth by \$1,041,277.
- Special Education Excess Cost Revenue increased by \$36,507 to a total of \$1,064,987 and is by far the largest contributor to the adopted revenue of \$1,254,078 in the 2023-2024 budget (excluding assessments). The Revenue projected for Special Education Excess Cost uses a 70% reimbursement from the State of CT for any expense above four point five (4.5) times per pupil cost.

Expense Budget

- \$18,011,320 certified salaries up \$237,168
- \$6,999,725 health insurance, an increase of \$607,926
- \$204,407 professional development up \$139,074
- \$946,981 professional service up \$111,495
- \$786,036 purchased service up \$161,518
- \$3,841,442 transportation up \$580,039
- \$2,052,337 tuition nonpublic up \$145,417
- \$928,192 electricity up \$123,721
- \$893,800 heating oil up \$190,724
- \$271,472 textbooks up \$163,204
- \$1,015,000 bond principal down \$436,751
- \$242,913 bond interest up \$217,151

All of these factors were considered in preparing Regional School District No. 17's budget for FY 2024.

The FY 2024 budget contemplates using none of the general fund balance since, per state statute, this amount will be credited to future member town assessments.

Requests for Information

This financial report is designed to provide a general overview of Regional School District No. 17's finances for all those with an interest in the District's fiscal operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Director of Fiscal Operations, 57 Little City Road, Higganum, CT 06441-2817.

REGIONAL SCHOOL DISTRICT NO. 17
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash	\$ 2,684,226	\$ 163,944	\$ 2,848,170
Investments	345,162	-	345,162
Receivables:			
Intergovernmental	308,108	-	308,108
Other, net of allowance for doubtful accounts of \$14,983	30,863	32,619	63,482
Internal balances	188,692	144	188,836
Total current assets	3,557,051	196,707	3,753,758
Capital assets (net of accumulated depreciation):			
Land	3,143,207	-	3,143,207
Land improvements	7,111,573	-	7,111,573
Buildings and improvements	33,280,933	-	33,280,933
Equipment	903,788	32,058	935,846
Vehicles	110,699	-	110,699
Total capital assets (net of accumulated depreciation)	44,550,200	32,058	44,582,258
Total assets	48,107,251	228,765	48,336,016
DEFERRED OUTFLOWS OF RESOURCES			
Deferred credits related to OPEB	1,331,887	-	1,331,887
Deferred charge on refunding	2,197	-	2,197
Total deferred outflows of resources	1,334,084	-	1,334,084
LIABILITIES			
Accounts payable	553,788	1,523	555,311
Internal balances	144	188,692	188,836
Accrued interest payable	62,908	-	62,908
Unearned revenue	218,313	-	218,313
Noncurrent liabilities:			
Due within one year	1,223,506	-	1,223,506
Due in more than one year	12,335,786	-	12,335,786
Total liabilities	14,394,445	190,215	14,584,660
DEFERRED INFLOWS OF RESOURCES			
Deferred charge related to OPEB	2,061,669	-	2,061,669
Total deferred inflows of resources	2,061,669	-	2,061,669
NET POSITION			
Net investment in capital assets	37,851,700	32,058	37,883,758
Unrestricted	(4,866,479)	6,492	(4,859,987)
Total net position	\$ 32,985,221	\$ 38,550	\$ 33,023,771

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

**REGIONAL SCHOOL DISTRICT NO. 17
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
Instructional	\$ 17,099,854	\$ 142,362	\$ 1,798,748	\$ -	(\$ 15,158,744)	\$ -	(\$ 15,158,744)
Support services	1,931,763	-	-	-	(1,931,763)	-	(1,931,763)
Insurance and benefits	7,755,209	-	-	-	(7,755,209)	-	(7,755,209)
Library and audio visual	621,881	-	-	-	(621,881)	-	(621,881)
Information systems	817,298	-	-	-	(817,298)	-	(817,298)
Administrative	3,678,075	-	-	-	(3,678,075)	-	(3,678,075)
Property maintenance	6,242,000	-	-	-	(6,242,000)	-	(6,242,000)
Transportation	3,399,132	-	-	-	(3,399,132)	-	(3,399,132)
Student activity	1,206,699	366,008	138	-	(840,553)	-	(840,553)
Special education	2,322,348	-	-	-	(2,322,348)	-	(2,322,348)
Food service	677,405	115,908	614,389	-	52,892	-	52,892
Interest expense	296,253	-	-	-	(296,253)	-	(296,253)
Total Governmental Activities	46,047,917	624,278	2,413,275	-	(43,010,364)	-	(43,010,364)
Business-Type Activities:							
H-K Cubs Daycare	540,155	529,881	-	-	-	(10,274)	(10,274)
Total Business-Type Activities	540,155	529,881	-	-	-	(10,274)	(10,274)
Total Primary Government	<u>\$ 46,588,072</u>	<u>\$ 1,154,159</u>	<u>\$ 2,413,275</u>	<u>\$ -</u>	<u>(43,010,364)</u>	<u>(10,274)</u>	<u>(43,020,638)</u>
General Revenues:							
Member Town Assessments, net of credit of \$2,353,768					41,496,392	-	41,496,392
Investment Earnings					88,271	3,351	91,622
Total General Revenues					41,584,663	3,351	41,588,014
Change in Net Position					(1,425,701)	(6,923)	(1,432,624)
Net Position - July 1, 2022, as restated					34,410,922	45,473	34,456,395
Net Position - June 30, 2023					<u>\$ 32,985,221</u>	<u>\$ 38,550</u>	<u>\$ 33,023,771</u>

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

REGIONAL SCHOOL DISTRICT NO. 17
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Bonded Capital Projects	Special School Grants	Capital Non- Recurring	School Cafeteria	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash	\$ 1,268,325	\$ 46,364	\$ 138,608	\$ 145,721	\$ 858,705	\$ 226,503	\$ 2,684,226
Investments	345,162	-	-	-	-	-	345,162
Receivables:							
Intergovernmental	-	-	261,530	-	46,578	-	308,108
Accounts	30,863	-	-	-	-	-	30,863
Due from other funds	902,805	13,836	196	1,050,614	-	-	1,967,451
Total assets	<u>\$ 2,547,155</u>	<u>\$ 60,200</u>	<u>\$ 400,334</u>	<u>\$ 1,196,335</u>	<u>\$ 905,283</u>	<u>\$ 226,503</u>	<u>\$ 5,335,810</u>
LIABILITIES							
Accounts payable	\$ 516,419	\$ -	\$ 14,818	\$ 11,400	\$ 11,151	\$ -	\$ 553,788
Due to other funds	792,283	45,086	152,021	255,914	533,599	-	1,778,903
Unearned revenue	-	-	218,313	-	-	-	218,313
Total liabilities	<u>1,308,702</u>	<u>45,086</u>	<u>385,152</u>	<u>267,314</u>	<u>544,750</u>	<u>-</u>	<u>2,551,004</u>
FUND BALANCE							
Restricted	-	15,114	15,182	-	-	226,503	256,799
Committed	177,996	-	-	-	-	-	177,996
Assigned	-	-	-	929,021	360,533	-	1,289,554
Unassigned	1,060,457	-	-	-	-	-	1,060,457
Total fund balances	<u>1,238,453</u>	<u>15,114</u>	<u>15,182</u>	<u>929,021</u>	<u>360,533</u>	<u>226,503</u>	<u>2,784,806</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 2,547,155</u>	<u>\$ 60,200</u>	<u>\$ 400,334</u>	<u>\$ 1,196,335</u>	<u>\$ 905,283</u>	<u>\$ 226,503</u>	<u>\$ 5,335,810</u>

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

REGIONAL SCHOOL DISTRICT NO. 17
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2023

Total fund balance - governmental funds	\$ 2,784,806
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	44,550,200
Deferred outflows of resources resulting from changes in the components of the District's total OPEB liability are reported in the statement of net position	1,331,887
Deferred inflows of resources resulting from changes in the components of the District's total OPEB liability are reported in the statement of net position	(2,061,669)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds payable	(5,380,000)
Unamortized bond premium	(954,717)
Deferred charge on refunding	2,197
Notes payable-direct borrowings	(412,344)
Total OPEB liability	(6,337,865)
Compensated absences	(474,366)
Accrued interest payable	(62,908)
Net position of governmental activities	<u>\$ 32,985,221</u>

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

REGIONAL SCHOOL DISTRICT NO. 17
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General	Bonded Capital Projects	Special School Grants	Capital Non- Recurring	School Cafeteria	Other Governmental Funds	Total Governmental Funds
REVENUES							
Member town assessments, net of credit of \$606,476	\$ 43,243,685	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,243,685
Intergovernmental	8,031,640	-	701,802	-	614,389	-	9,347,831
Investment income	85,221	1,149	-	294	1,607	-	88,271
Charges for services	142,362	-	138	150,000	115,908	366,008	774,416
Total revenues	<u>51,502,908</u>	<u>1,149</u>	<u>701,940</u>	<u>150,294</u>	<u>731,904</u>	<u>366,008</u>	<u>53,454,203</u>
EXPENDITURES							
Current:							
Instructional	16,426,055	-	701,802	-	-	-	17,127,857
Support services	1,931,763	-	-	-	-	-	1,931,763
Insurance and benefits	14,554,303	-	-	-	-	-	14,554,303
Library and audio visual	621,881	-	-	-	-	-	621,881
Information systems	1,059,647	-	-	-	-	-	1,059,647
Administrative	3,678,075	-	-	-	-	-	3,678,075
Property maintenance	4,819,289	-	-	-	-	-	4,819,289
Transportation	3,377,058	-	-	-	-	-	3,377,058
Student activity	826,794	-	-	-	-	379,905	1,206,699
Tuition	2,538,031	-	-	-	-	-	2,538,031
Food service	-	-	-	-	698,202	-	698,202
Debt service	1,477,514	406,124	-	-	-	-	1,883,638
Capital outlay	-	-	-	137,763	-	-	137,763
Total expenditures	<u>51,310,410</u>	<u>406,124</u>	<u>701,802</u>	<u>137,763</u>	<u>698,202</u>	<u>379,905</u>	<u>53,634,206</u>
Excess (deficiency) of revenues over expenditures	<u>192,498</u>	<u>(404,975)</u>	<u>138</u>	<u>12,531</u>	<u>33,702</u>	<u>(13,897)</u>	<u>(180,003)</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from notes payable-direct borrowings	362,449	-	-	-	-	-	362,449
Transfers in	-	-	-	900,614	-	-	900,614
Transfers out	(900,614)	-	-	-	-	-	(900,614)
Total other financing sources (uses)	<u>(538,165)</u>	<u>-</u>	<u>-</u>	<u>900,614</u>	<u>-</u>	<u>-</u>	<u>362,449</u>
Net change in fund balances	(345,667)	(404,975)	138	913,145	33,702	(13,897)	182,446
Fund balances - July 1, 2022, as restated	<u>1,584,120</u>	<u>420,089</u>	<u>15,044</u>	<u>15,876</u>	<u>326,831</u>	<u>240,400</u>	<u>2,602,360</u>
Fund balances - June 30, 2023	<u>\$ 1,238,453</u>	<u>\$ 15,114</u>	<u>\$ 15,182</u>	<u>\$ 929,021</u>	<u>\$ 360,533</u>	<u>\$ 226,503</u>	<u>\$ 2,784,806</u>

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

REGIONAL SCHOOL DISTRICT NO. 17
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds	\$	182,446
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Total change in net position reported for governmental activities in the statement of activities is different because:

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

Capital outlay		779,348
Depreciation expense	(	<u>2,065,573)</u>
Total	(	<u>1,286,225)</u>

Revenues recognized in the funds are not reported in the statement of activities.

Note receivable	(	150,000)
Health insurance fund transfer	(	<u>1,747,293)</u>

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.

Debt issued:		
Notes payable-direct borrowings	(	362,449)
Principal repayments:		
General obligation bonds		1,585,000
Notes payable-direct borrowings		<u>242,349</u>
Total		<u>1,464,900</u>

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

Decrease in total OPEB liability		33,120
Decrease in compensated absences		28,003
Amortization of bond premium		224,515
Amortization of deferred amount on refunding	(	8,832)
Decrease in accrued interest payable		<u>2,385</u>
Total		<u>279,191</u>

Deferred outflows and inflows of resources resulting from changes in the components of the total OPEB liability are amortized as components of OPEB expense in the statement of activities.

	(	<u>168,720)</u>
Change in net position of governmental activities	(\$	<u><u>1,425,701)</u></u>

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

REGIONAL SCHOOL DISTRICT NO. 17
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Member town assessments	\$ 43,850,161	\$ 43,850,161	\$ 43,850,161	\$ -
Intergovernmental	1,044,818	1,044,818	1,096,946	52,128
Investment income	4,100	4,100	85,180	81,080
Charges for services	131,600	131,600	142,362	10,762
Total revenues	45,030,679	45,030,679	45,174,649	143,970
EXPENDITURES				
Current:				
Instructional	16,378,059	15,744,153	16,426,055	(681,902)
Support services	1,896,815	1,928,639	1,931,763	(3,124)
Insurance and benefits	7,818,124	7,796,587	7,619,609	176,978
Library and audio visual	616,781	616,781	621,881	(5,100)
Information systems	730,063	719,237	697,198	22,039
Administrative	3,240,662	3,689,182	3,678,075	11,107
Property maintenance	5,306,684	5,510,869	5,643,753	(132,884)
Transportation	3,527,687	3,505,297	3,377,058	128,239
Student activity	830,910	853,090	826,794	26,296
Tuition	3,207,380	3,189,330	2,538,031	651,299
Debt service	1,477,514	1,477,514	1,477,514	-
Total Expenditures	45,030,679	45,030,679	44,837,731	192,948
Excess of revenues over expenditures	-	-	336,918	336,918
Other financing sources (uses):				
Lapsed encumbrances	-	-	674,850	674,850
Net other financing sources (uses)	-	-	674,850	674,850
Net change in fund balance	\$ -	\$ -	1,011,768	\$ 1,011,768
Budgetary fund balance - July 1, 2022			179,689	
Budgetary fund balance - June 30, 2023			1,191,457	
Less, credited to member towns for year ending June 30, 2024			(131,000)	
Unassigned fund balance - June 30, 2023			\$ 1,060,457	

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

REGIONAL SCHOOL DISTRICT NO. 17
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	<u>Business-Type Activities H-K Cubs Daycare Fund</u>
ASSETS	
Current assets:	
Cash	\$ 163,944
Accounts receivable, net of allowance for doubtful accounts of \$14,983	32,619
Due from other funds	<u>144</u>
Total current assets	<u>196,707</u>
Capital assets (net of accumulated depreciation):	
Equipment	<u>32,058</u>
Total assets	<u>228,765</u>
LIABILITIES	
Current liability:	
Due to other funds	188,692
Accounts payable	<u>1,523</u>
Total liabilities	<u>190,215</u>
NET POSITION	
Unrestricted	<u><u>\$ 38,550</u></u>

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

REGIONAL SCHOOL DISTRICT NO. 17
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Business-Type Activities H-K Cubs Daycare Fund</u>
OPERATING REVENUES	
Charges for services	\$ 529,881
Total operating revenue	<u>529,881</u>
OPERATING EXPENSES	
Daycare expenses	<u>540,155</u>
Total operating expenses	<u>540,155</u>
Operating loss	<u>(10,274)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	<u>3,351</u>
Total nonoperating revenues	<u>3,351</u>
Change in net position	(6,923)
Net position - July 1, 2022	<u>45,473</u>
Net position - June 30, 2023	<u><u>\$ 38,550</u></u>

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

REGIONAL SCHOOL DISTRICT NO. 17
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Business-Type Activities
	H-K Cubs Daycare Fund
Cash Flows from Operating Activities	
Receipts from customers	\$ 522,986
Payments to employees	(467,806)
Payments to suppliers	(88,339)
Net cash used by operating activities	(33,159)
Cash Flows from Investing Activities	
Investment income	3,351
Net cash provided by investing activities	3,351
Net change in cash	(29,808)
Cash - July 1, 2022	193,752
Cash - June 30, 2023	<u>\$ 163,944</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	(\$ 10,274)
Depreciation	2,170
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Increase in:	
Accounts receivable	(6,895)
Decrease in:	
Due to other funds	(6,708)
Accounts payable	(11,452)
Net cash used by operating activities	<u>(\$ 33,159)</u>

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

REGIONAL SCHOOL DISTRICT NO. 17
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	Pension Trust Fund
ASSETS	
Contribution receivable	\$ 183,081
Investments	5,296,071
Total assets	5,479,152
NET POSITION	
Restricted for pensions	\$ 5,479,152

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

REGIONAL SCHOOL DISTRICT NO. 17
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 183,081
Employee	2,230
Investment return:	
Net appreciation in fair value of investments	<u>563,217</u>
Total additions	<u>748,528</u>
DEDUCTIONS	
Benefits	320,779
Administrative expense	<u>111</u>
Total deductions	<u>320,890</u>
Change in net position	427,638
Net position restricted for pensions - July 1, 2022	<u>5,051,514</u>
Net position restricted for pensions - June 30, 2023	<u><u>\$ 5,479,152</u></u>

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

REGIONAL SCHOOL DISTRICT NO. 17
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

Regional School District No. 17 (the "District") was organized under the provisions of the Connecticut General Statutes, after approval by the member towns of Haddam and Killingworth, Connecticut, for the purpose of providing education for grades K through 12. The District provides a full range of educational services to its member districts. The District consists of three elementary schools, one middle school and one high school.

The District is governed by a Regional Board of Education consisting of six members from Haddam and five members from Killingworth. The members of the Board serve two-year or four-year terms. The Superintendent of Schools, selected by the Board of Education, manages the day-to-day affairs of the District.

The District's operating and debt service expenses are paid by the member towns in proportion to the number of attending pupils. The current year assessment percentages are 61.2% for Haddam and 38.8% for Killingworth.

The financial reporting entity consists of 1) the primary government, 2) organizations for which the primary government is financially accountable and 3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by the Government Accounting Standards Board.

In evaluating how to define the financial reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in this reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. The criterion has been considered and there are no agencies or entities which should be presented with this government.

B. Basis of Presentation

The financial statements of the District have been prepared in conformity with U.S. generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies used by the District:

REGIONAL SCHOOL DISTRICT NO. 17
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023
...Continued...

Government-wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. As a general rule, the effect of interfund balances and activity has been eliminated in preparation of these statements. Exceptions to this rule are services provided by one fund used by another fund. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned. Governmental activities, which are normally supported by member town assessments and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the financial position of the District at the end of its fiscal year. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Member town assessments and other items, which are properly not included among program revenues, are reported instead as general revenues. The District does not allocate indirect expenses to functions in the Statement of Activities.

Fund Financial Statements

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

The District reports the following major governmental funds:

The General Fund is the government'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 Bonded Capital Project Fund is a capital projects fund and accounts for the financial revenue and resources to be used for major capital outlays funded mainly through the issuance of debt.

REGIONAL SCHOOL DISTRICT NO. 17
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023
...Continued...

The Special School Grants Fund is a special revenue fund and accounts for federal, state and local education grants awarded to the District.

The Capital Nonrecurring Fund is a capital projects fund and accounts for the financial revenues to be used for major capital asset construction, maintenance, repair and/or purchases.

The School Cafeteria Fund is a special revenue fund and accounts for the operations of each schools' cafeteria operation and accounts for federal and state grants awarded for use in its operations.

The District reports the following major enterprise fund:

The H-K Cubs Daycare Fund accounts for the operating revenues and expenses of the daycare center operated by the District.

Additionally, the District reports the following fund types:

The Pension Trust Fund accounts for the activities of the District's pension plan, which accumulates resources for pension benefit payments to qualified employees

During the course of operations, the District may have activity between funds for various purposes. Any residual balances outstanding at year end are reported as due to/from other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported as gross amounts as transfers in/out. Certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

REGIONAL SCHOOL DISTRICT NO. 17
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023
...Continued...

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary 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. Member town assessments are recognized as revenues in the year for which they are assessed. Net budget surpluses are credited to member Towns in the following budget year. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Member town assessments 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. Entitlements are recorded as revenue when all eligibility requirements are met, including any time requirements and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

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. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Like the government-wide statements, all proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

REGIONAL SCHOOL DISTRICT NO. 17
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023
...Continued...

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenue of the District's proprietary fund is charges to customers for services. Operating expenses for the District's proprietary fund include personnel and operating costs. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses. Proprietary fund reporting focuses on changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

The enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs.

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

Cash and Cash Equivalents

The District considers cash and cash equivalents as cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments for the District are reported at fair value, based on quoted market prices.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

REGIONAL SCHOOL DISTRICT NO. 17
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023
...Continued...

Governmental grants are considered to be fully collectable and no allowance for collection losses has been applied. Other receivables are reviewed for collectability, and as of June 30, 2023, the allowance for doubtful accounts is \$14,983.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method in both government-wide and fund financial statements. At June 30, 2023, the District had no prepaid items.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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.

Capital assets are reported as expenditures and no depreciation is reported in the governmental fund financial statements.

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

<u>Assets</u>	<u>Years</u>
Land improvements	40
Building and improvements	20-60
Equipment and vehicles	10

Unearned Revenues

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

REGIONAL SCHOOL DISTRICT NO. 17
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023
...Continued...

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources related to OPEB in the government-wide statement of net position. A deferred outflow of resources related to OPEB results from differences between expected and actual experience and changes in assumptions. This amount is deferred and included in OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active and inactive employees). The District also reports a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

Compensated Absences

Compensated absences of the District consist of sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at June 30, 2023 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

REGIONAL SCHOOL DISTRICT NO. 17
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023
...Continued...

The total liability for sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments. District employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation at various rates.

Net Other Postemployment Benefit (OPEB) Liability

The net OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the OPEB plan's fiduciary net position. The District does not currently have funds set aside in an OPEB Trust. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the 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.

Net Position/Fund Balance

Government-wide Statements

Equity in the government-wide financial statements is defined as "net position" and is classified in the following categories:

- a. Net investment in capital assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

REGIONAL SCHOOL DISTRICT NO. 17
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023
...Continued...

- b. Restricted - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

- c. Unrestricted - Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Net Position Flow Assumption - Sometimes the government will fund outlays for a particular purpose from both restricted (i.e. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund Financial Statements

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

- a. Nonspendable Fund Balance - represents amounts that cannot be spent because they are either (a) not in spendable form (e.g., inventories and prepaid amounts) or (b) legally or contractually required to be maintained intact.

- b. Restricted Fund Balance - represents amounts that are constrained for a specific purpose by either (a) external parties, such as grantors, creditors, contributors, or laws and regulation of their governments or (b) imposed by law through constitutional provisions or enabling legislation.

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

- d. Assigned Fund Balance - represents amounts that are constrained by the government's intent to be used for specific purposes, but are not restricted or committed. Amounts may be constrained to be used for a specific purpose by the Board of Education or Department Head that has been delegated authority to assign amounts by the Board of Education.

REGIONAL SCHOOL DISTRICT NO. 17
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023
...Continued...

- e. Unassigned Fund Balance - represents fund balance in the General Fund in excess of no spendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

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

It is the government'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, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

E. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues, expenses and expenditures. Actual results could differ from those estimates.

F. Subsequent Events

Management has evaluated subsequent events through February 7, 2024, the date the financial statements were available to be issued.

2. Stewardship, Compliance and Accountability

Budget and Budgetary Accounting

General Fund

The District adheres to the following procedures in establishing the budgetary data included in the general fund financial statements. A budget for the general fund is authorized annually by the Board of Education.

REGIONAL SCHOOL DISTRICT NO. 17
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023
...Continued...

- The citizens of the Towns of Haddam and Killingworth vote on the recommended budget.
- All budget transfers over \$5,000 between established line items must be approved by the Board of Education.
- Formal budgetary integration is employed as a management control device during the year for the general fund.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the total expenditure level for the general fund.
- The Board of Education is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education approval and be approved at member districts' meetings. There were no additional appropriations during the year.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in budgetary reports as expenditures in the current year.
- The District does not budget for revenue or expenditures for pension and OPEB contributions made by the State of Connecticut for District teachers. The amount recognized as pension and OPEB expense was \$6,513,708 and \$420,986, respectively.
- The Accrued Sick and Severance Fund is combined for financial reporting purposes and is not budgeted within the General Fund.

Capital Projects

The District does establish project-length budgets for its capital projects fund, which continue until the completion of applicable projects, even when projects extend more than one fiscal year.

REGIONAL SCHOOL DISTRICT NO. 17
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023
...Continued...

Budget - GAAP Reconciliation

A reconciliation of revenues, expenditures, and fund balance between the accounting treatment required by GAAP, and budgetary requirements is as follows:

	Revenue and Operating Transfers In	Expenditures and Operating Transfers Out	Fund Balance
Balance, Budgetary Basis	\$ 45,174,649	\$ 44,837,731	\$ 1,060,457
Encumbrances:			
Prior year encumbrances liquidated	-	76,150	-
On-behalf payments - State Teachers Retirement System - Pension and OPEB	6,934,694	6,934,694	-
Credit due to Member Towns	-	-	131,000
Refund to Member Towns	(606,476)	-	-
Notes payable-direct borrowings	362,449	362,449	-
Accrued sick and severance fund	41	-	46,996
Balance, GAAP Basis	<u>\$ 51,865,357</u>	<u>\$ 52,211,024</u>	<u>\$ 1,238,453</u>

3. Cash, Cash Equivalents and Investments

Cash and Cash Equivalents

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

REGIONAL SCHOOL DISTRICT NO. 17
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023
...Continued...

As of June 30, 2023, \$2,875,444 of the District's bank balance of \$3,375,444 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 2,587,900
Uninsured and collateral held by the pledging bank's trust department, not in District's name	<u>287,544</u>
Total amount subject to custodial credit risk	<u><u>\$ 2,875,444</u></u>

Investments

In general, State of Connecticut General Statutes allow the District 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; 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 or its agencies, and repurchase agreements fully collateralized by such obligations.

The Statutes also provide for investment in shares of the State Treasurer's Short-Term Investment Fund (STIF). This investment pool is managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares. The pool is rated AAAm by Standard & Poor's.

The Pension Trust Fund is also authorized to invest in corporate bonds, common stocks and mutual funds.

Type of Investment	Credit Rating	Fair Value	Investment Maturities		
			N/A	Less Than 1 Year	1-5 Years
Pension Trust Fund:					
Equity mutual funds	N/A	\$ 2,542,895	\$ 2,542,895	\$ -	\$ -
Bond mutual funds	N/A	124,799	124,799	-	-
Money market mutual funds	N/A	2,628,377	2,628,377	-	-
Pooled fixed income	AAAm	<u>345,162</u>	<u>345,162</u>	<u>-</u>	<u>-</u>
Totals		<u><u>\$ 5,641,233</u></u>	<u><u>\$ 5,641,233</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

At June 30, 2023, the District's investments consisted of pooled fixed income of \$345,162 which was invested in STIF.

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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023
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Interest rate risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - The District does not have a formal investment policy that limits its investment choices due to credit risk other than policies set forth by State of Connecticut statutes.

Concentration of credit risk - The District does not have a formal investment policy that restricts investments in any one issuer that is in excess of 5% of the District's total investments.

Custodial credit risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the District or that sells investments to or buys them from the District), the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk.

Fair Value Measures - The District utilizes the market approach as the valuation technique to measure fair value of its financial assets. U.S. generally accepted accounting principles establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value of financial instruments into three levels.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities where the organization has the ability to access at the measurement date;

Level 2 - Significant other observable inputs other than quoted prices included in Level 1, which are observable for the asset or liability, either directly or indirectly (i.e. quoted prices in inactive markets, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency);

Level 3 - Unobservable inputs are used to the extent that observable inputs are unavailable due to little, if any, market activity for the asset or liability. Unobservable inputs are developed based on the best information available, which might include the organization's own data that reflects assumptions that market participants would use in pricing the asset or liability.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The District's investments are measured on a recurring basis using Level 1 information (market quotations for investments that have quoted prices in active markets). The District has no financial assets measured using Level 2 or Level 3 at June 30, 2023.

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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023
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4. Interfund Transactions

Interfund Balances

Interfund balances consisted of the following at June 30, 2023, as reported in the fund financial statements:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 902,805	\$ 792,283
Major Funds:		
Bonded capital projects	13,836	45,086
Special school grants	196	152,021
Capital nonrecurring	1,050,614	255,914
School cafeteria	-	533,599
H-K Cubs Daycare	144	188,692
	<u>\$ 1,967,595</u>	<u>\$ 1,967,595</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not yet received. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund Transfers

Interfund transfers for the year ended June 30, 2023, consisted of the following, as reported in the fund financial statements:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Capital Nonrecurring	General Fund	<u>\$ 900,614</u>

Transfers are to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023
...Continued...

5. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 3,143,207	\$ -	\$ -	\$ 3,143,207
Total capital assets, not being depreciated	3,143,207	-	-	3,143,207
Capital assets, being depreciated:				
Land improvements	11,939,296	310,149	-	12,249,445
Buildings and improvements	63,400,613	281,396	-	63,682,009
Equipment	2,228,897	129,868	14,116	2,344,649
Vehicles	290,293	57,935	39,156	309,072
Total capital assets, being depreciated:	77,859,099	779,348	53,272	78,585,175
Total capital assets	81,002,306	779,348	53,272	81,728,382
Less, accumulated depreciation for:				
Land improvements	4,805,555	332,317	-	5,137,872
Buildings and improvements	28,827,569	1,573,507	-	30,401,076
Equipment	1,317,302	137,675	14,116	1,440,861
Vehicles	215,455	22,074	39,156	198,373
Total accumulated depreciation	35,165,881	2,065,573	53,272	37,178,182
Total capital assets, being depreciated, net	42,693,218	(1,286,225)	-	41,406,993
Governmental activities capital assets, net	\$ 45,836,425	(\$ 1,286,225)	\$ -	\$ 44,550,200

Depreciation expense was charged to programs of the District, as follows:

Property maintenance	\$ 2,043,499
Transportation	22,074
Total depreciation expense	\$ 2,065,573

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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023
...Continued...

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Business-Type Activities:				
Capital assets, being depreciated:				
Equipment	\$ 43,400	\$ -	\$ -	\$ 43,400
Total capital assets, being depreciated:	43,400	-	-	43,400
Less, accumulated depreciation for:				
Equipment	9,172	2,170	-	11,342
Total accumulated depreciation	9,172	2,170	-	11,342
Total capital assets, being depreciated, net	34,228	(2,170)	-	32,058
Business-Type activities capital assets, net	<u>\$ 34,228</u>	<u>(\$ 2,170)</u>	<u>\$ -</u>	<u>\$ 32,058</u>

Depreciation expense was charged to programs of the District, as follows:

H-K Cubs Daycare	<u>\$ 2,170</u>
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Long-Term Obligations

During the year ended June 30, 2023, the following changes occurred in long-term liabilities:

Description	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Current Portion
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 6,965,000	\$ -	\$ 1,585,000	\$ 5,380,000	\$ 1,015,000
Unamortized bond premiums	1,179,232	-	224,515	954,717	-
Total Bonds Payable	8,144,232	-	1,809,515	6,334,717	1,015,000
Notes payable - direct borrowings	292,244	362,449	242,349	412,344	180,044
Compensated absences	502,369	-	28,003	474,366	28,462
Total OPEB liability	6,370,985	-	33,120	6,337,865	-
Governmental activities Long-term liabilities	<u>\$ 15,309,830</u>	<u>\$ 362,449</u>	<u>\$ 2,112,987</u>	<u>\$ 13,559,292</u>	<u>\$ 1,223,506</u>

Bonds payable and other liabilities are generally liquidated by the General Fund.

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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023
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General Obligation Bonds

A summary of general obligations bonds outstanding at June 30, 2023 is as follows:

Purpose of Bonds	Final Maturity Date	Interest Rates	Amount Outstanding
Governmental Activities			
General obligation refunding bonds issued 2/28/12, original amount \$9,450,000	5/15/2024	2.0%-4.0%	\$ 285,000
General obligation bonds issued 10/24/19, original amount \$7,270,000	10/1/2029	5.0%	<u>5,095,000</u>
			<u>\$ 5,380,000</u>

The annual debt service requirements to maturity at June 30, 2023 are as follows:

Fiscal Year Ended June 30,	Principal Payments	Interest Payments
2024	\$ 1,015,000	\$ 242,913
2025	730,000	200,000
2026	730,000	163,500
2027	730,000	127,000
2028	725,000	90,625
2029-2031	<u>1,450,000</u>	<u>72,500</u>
Total	<u>\$ 5,380,000</u>	<u>\$ 896,538</u>

Notes Payable – Direct Borrowings

At June 30, 2023, the District is committed under finance agreements for the acquisition of technology used in schools. These agreements qualify as notes payable for accounting purposes (titles transfer at the end of the term) and, therefore, have been recorded at the lower of the present value of the future minimum payments.

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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023
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The annual future minimum payments as of June 30, 2023 are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>
2024	\$ 180,044	\$ 21,675
2025	138,560	13,209
2026	<u>93,740</u>	<u>6,030</u>
Total	<u>\$ 412,344</u>	<u>\$ 40,914</u>

Authorized/Unissued Bonds

At June 30, 2023, the District had \$70,729 authorized but unissued debt.

Statutory Debt Limitations

The District's indebtedness does not exceed the legal debt limitations as required by Connecticut General Statutes. The statutes allow for debt up to 4.5 times the annual receipts of taxation of the member towns. The District's debt limitation is as follows:

<u>Category</u>	<u>Debt Limit</u>	<u>Total Indebtedness June 30, 2023</u>	<u>Balance</u>
Schools	\$ 226,195,677	\$ 5,450,729	\$ 220,744,948

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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023
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6. Fund Balance

	General Fund	Bonded Capital Projects	Special School Grants	Capital Nonrecurring	School Cafeteria	Non-major Governmental Funds	Total
Fund balances:							
Restricted for:							
Instruction	\$ -	\$ -	\$15,182	\$ -	\$ -	\$ -	\$ 15,182
Capital projects	-	15,114	-	-	-	-	15,114
Student activities	-	-	-	-	-	226,503	226,503
Committed to:							
Member towns	131,000	-	-	-	-	-	131,000
Accrued sick and severance	46,996	-	-	-	-	-	46,996
Assigned to:							
Capital projects	-	-	-	929,021	-	-	929,021
Food service	-	-	-	-	360,533	-	360,533
Unassigned:							
General operations	1,060,457	-	-	-	-	-	1,060,457
Total fund balances	<u>\$1,238,453</u>	<u>\$ 15,114</u>	<u>\$15,182</u>	<u>\$ 929,021</u>	<u>\$360,533</u>	<u>\$ 226,503</u>	<u>\$2,784,806</u>

7. Pension Plans

Defined Contribution Plan

The District provides pension plan benefits for all noncertified employees working 20 hours per week or more through a defined contribution plan (Regional School District No. 17 Money Purchase Pension Plan). The plan is considered to be part of the District's financial reporting entity and is included in the District's basic financial statements as a pension trust fund. The plan does not issue separate, stand-alone, financial reports. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

Employees are eligible to participate upon attaining age 21 or after completing one year of service. The District's contributions for each employee (and related earnings allocated to the employer contributions account) become fully vested at the earlier of the following dates: (a) the date of the participant's death; (b) the date the participant incurs total disability; (c) the date the participant attains the normal retirement age; (d) the date of termination of this plan or the date of the complete cessation of employer contributions hereunder; or (e) the date the participant becomes 100% vested.

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NOTES TO BASIC FINANCIAL STATEMENTS
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Prior to becoming fully vested, the participant shall earn a vested interest in his employer contributions account in accordance with the following schedule:

<u>Vesting Service</u>	<u>Vested Interest</u>
Less than 3 years	0%
At least 3 years	20%
At least 4 years	40%
At least 5 years	60%
At least 6 years	80%
7 or more years	100%

Administration costs

Administration costs are financed by the General Fund.

Benefit Provisions

Participants are always fully vested in their own contributions (and related earnings allocated to the participant contribution account). Plan members may make voluntary contributions ranging from 1% to 10% of their compensation. The Board of Education has authority over how the plan is established, maintained and amended.

Employer Contributions

The District's total payroll for the year ended June 30, 2023, was approximately \$20,386,000. The District's contribution amounted to \$183,081, net of forfeiture amounts, which is equivalent to 5% of the annual active participants' eligible payroll of approximately \$3,661,600. Enrollment in the plan now totals 125 participants.

Connecticut State Teachers' Retirement System

Plan Description

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

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NOTES TO BASIC FINANCIAL STATEMENTS
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TRS is a multi-employer pension plan with a special funding situation administered by the TRB. The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

Benefit Provisions

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

Normal Retirement: Retirement benefits for the employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary). In addition, amounts derived from the accumulation of the 6% contributions made prior to July 1, 1989 and voluntary contributions are payable.

Early Retirement: Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement.

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

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for nonservice-related disability. 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. In addition, disability benefits under this Plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 50% of average annual salary.

A plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

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

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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023
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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 is amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The Statutes require the State of Connecticut to contribute 100% of each school districts' contributions, which are actuarially determined as an amount that, when combined with employee contributions and investment earning, 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.

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

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

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

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

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

District's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the District	<u>67,394,027</u>
Total	<u><u>\$ 67,394,027</u></u>

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

For the year ended June 30, 2023, the District recognized pension expense and revenue of \$6,513,708 for on-behalf amounts for the benefits provided by the State.

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NOTES TO BASIC FINANCIAL STATEMENTS
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...Continued...

Actuarial Assumptions

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

Inflation	2.50%
Salary increases	3.00 - 6.50%, including inflation
Investment rate of return	6.90%, net of pension 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, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

Future cost-of-living increases for members vary depending on year of retirement.

The long-term expected rate of return on pension 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 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.

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NOTES TO BASIC FINANCIAL STATEMENTS
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The current capital market assumptions and the target asset allocation as provided by the Treasurer's Office as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity Fund	20.0 %	5.4 %
Developed Market International Stock Fund	11.0	6.4
Emerging Market International Stock Fund	9.0	8.6
Core Fixed Income Fund	13.0	0.8
Inflation Linked Bond Fund	5.0	3.8
Emerging Market Debt Fund	3.0	3.4
High Yield Bond Fund	19.0	5.2
Real Estate Fund	10.0	9.4
Private Equity	5.0	6.5
Alternative Investments	3.0	3.1
Liquidity Fund	2.0	(0.4)

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

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NOTES TO BASIC FINANCIAL STATEMENTS
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8. Other Post-Employment Benefits (OPEB)

District Plan

Plan Description

The District provides post-retirement medical benefits to eligible retirees and their spouses through a single-employer, contributory, defined benefit OPEB plan. The District does not issue stand-alone financial statements for this program. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefit Provisions

Administrators and teachers are eligible for medical coverage upon meeting one of the following criteria:

1. Normal retirement at age 60 with 20 years of service or any age with 35 years of service or
2. Early retirement at age 60 with 10 years of service, age 55 with 20 years of service or any age with 25 years of service.

Support services employees and school nurses are eligible for medical coverage upon retiring at age 60 with at least 15 years of service.

Plan Membership

Membership in the plan consisted of the following at June 30, 2022, the date of the last actuarial valuation:

Inactive employees or beneficiaries currently receiving benefit payments	15
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>281</u>
Total	<u><u>296</u></u>

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NOTES TO BASIC FINANCIAL STATEMENTS
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Funding Policy

The District funding and payment of postemployment benefits are accounted for in the General Fund. The District has not established a trust fund to segregate assets to fund the liability associated with postemployment benefits. The District does not currently have a funding strategy to provide for normal cost and the amortization of the accrued liability. The District currently contributes enough money to the plan to satisfy the current obligations on a pay-as-you go basis.

The contribution requirement of plan members and the District are negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums as follows:

Retirees and spouses pay 100% of the premium, less the \$1,320 annual CT Teachers' Retirement Board subsidy for certified employees.

Total OPEB Liability

The District's total OPEB liability of \$6,337,865 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022 and projected forward to June 30, 2023.

Actuarial assumptions and other inputs - The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Salary increases	Graded by service for teachers and administrators; 3.5% for all others
Discount rate	3.54%
Healthcare cost trend rates	6.40% - 4.00% over 51 years

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Mortality rates for teachers and administrators were based on PubT-2010 Mortality Table for Employees and Healthy Annuitants (adjusted 105% for males and 103% for females at ages 82 and above) with generational projection of future improvements per the MP-2019 Ultimate scale. Mortality rates for all others were based on the PubT-2010 Contingent Survivor Table projected generationally per the MP-2021 Ultimate scale and set forward 1 year for both males and females.

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NOTES TO BASIC FINANCIAL STATEMENTS
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Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2022	\$ 6,370,985
Changes for the year:	
Service cost	230,082
Interest	230,292
Effect of economic/demographic gains or losses	(162,531)
Effect of changes in assumptions or inputs	(138,010)
Benefit payments	(192,953)
Net changes	(33,120)
Balance, June 30, 2023	\$ 6,337,865

Changes in assumptions and other inputs reflect a change in the discount rate from 3.54% in 2022 to 3.65% in 2023.

Sensitivity of the total OPEB liability to changes in the discount rate - the following presents the total OPEB liability of the District, calculated using the discount rate of 3.65%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	\$ 7,217,861	\$ 6,337,865	\$ 5,609,725

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Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates - the following presents the total OPEB liability of the District, calculated using the healthcare cost trend rate of 6.40%, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (5.40%) or 1-percentage-point higher (7.4%) than the current rate:

	1% Decrease (5.40% decreasing 3.00%)	Healthcare Cost Trend Rates (6.40% decreasing 4.00%)	1% Increase (7.40% decreasing 5.00%)
Total OPEB liability	\$ 5,430,083	\$ 6,337,865	\$ 7,483,964

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$328,553. At June 30, 2023, the District reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	(\$ 706,246)	\$ 611,470
Changes of assumptions	<u>(1,355,423)</u>	<u>720,417</u>
	<u>(\$ 2,061,669)</u>	<u>\$ 1,331,887</u>

The difference between expected and actual experience and the changes in assumptions are being amortized over 9.6 years.

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

<u>Year ending June 30</u>	
2024	(\$ 131,821)
2025	(131,821)
2026	(131,824)
2027	(105,410)
2028	(85,865)
Thereafter	(143,041)

Connecticut State Teachers' Retirement System

Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP) - a cost sharing multi-employer defined benefit OPEB plan administered by the TRB. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

TRS is a multi-employer defined benefit OPEB plan with a special funding situation administered by the TRB. The State Treasurer is responsible for investing TRS-RHIP funds for the exclusive benefit of TRS members.

Benefit Provisions

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

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

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

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplement Plans. Effective July 1, 2018, the TRB added a Medicare Advantage Plan. 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 Supplement Plan are responsible for the full difference in the premium cost of the two plans. In addition, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a TRB sponsored health care coverage option, must wait two years to re-enroll.

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

Contributions

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

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

The 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.

REGIONAL SCHOOL DISTRICT NO. 17
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023
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Administrative costs of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

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

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

District's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the District	<u>5,902,171</u>
Total	<u><u>\$ 5,902,171</u></u>

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

For the year ended June 30, 2023, the District recognized pension expense and revenue of \$420,986 for on-behalf amounts for the benefits provided by the State.

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%
Real wage growth	0.50%
Wage inflation	3.00%
Salary increases	3.00 - 6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Municipal Bond Index Rate	3.54%
Healthcare cost trend rates	
Medicare	Known increases until calendar year 2024, then general trend decreasing to an ultimate rate of 4.50% by 2031

REGIONAL SCHOOL DISTRICT NO. 17
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023
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Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

The demographic actuarial assumptions for retirement, disability incidence, and withdrawal used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

The target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Standard Deviation</u>
U.S. Treasuries	100.0 %	(1.0) %	
Price Inflation	-	2.5	1.12
Expected Rate of Return	-	1.5	

Discount Rate: The discount rate used to measure the total pension liability was 3.53%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The basis for this projection was the actuarial valuation performed as of June 30, 2022.

In addition to the actuarial methods and assumptions of the June 30, 2022 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

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

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

REGIONAL SCHOOL DISTRICT NO. 17
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023
...Continued...

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

9. Risk Management

The District is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions for public officials, injuries to employees and natural disasters. The District purchases commercial insurance for all risks of loss, including blanket and umbrella policies. Settled claims have not needed commercial coverage in any of the past three years, and there have not been any significant reductions in insurance coverage from amounts held in prior year.

10. Contingencies and Uncertainties

There are various suits and claims pending against the District, none of which, individually or in the aggregate, is believed by legal counsel to be likely to result in a judgment or judgments, which would materially affect the District's financial position.

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

11. Prior Period Adjustment

During the year ended June 30, 2023, it was determined that accounts payable recorded in the General Fund were overstated. Beginning fund balance of the General Fund has been increased and accounts payable reduced by \$674,835.

REQUIRED SUPPLEMENTARY INFORMATION

REGIONAL SCHOOL DISTRICT NO. 17
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM
LAST NINE FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	<u>67,394,027</u>	<u>56,242,308</u>	<u>71,012,256</u>	<u>66,501,471</u>	<u>51,276,498</u>	<u>53,632,120</u>	<u>56,582,297</u>	<u>47,430,645</u>	<u>43,840,126</u>
Total	<u>\$ 67,394,027</u>	<u>\$ 56,242,308</u>	<u>\$ 71,012,256</u>	<u>\$ 66,501,471</u>	<u>\$ 51,276,498</u>	<u>\$ 53,632,120</u>	<u>\$ 56,582,297</u>	<u>\$ 47,430,645</u>	<u>\$ 43,840,126</u>
District's covered payroll	<u>\$ 15,426,421</u>	<u>\$ 15,328,180</u>	<u>\$ 14,385,082</u>	<u>\$ 12,824,579</u>	<u>\$ 16,679,424</u>	<u>\$ 16,226,002</u>	<u>\$ 16,162,830</u>	<u>\$ 15,938,000</u>	<u>\$ 16,114,000</u>
District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>0.00 %</u>	<u>0.00 %</u>	<u>0.00 %</u>	<u>0.00 %</u>	<u>0.00 %</u>	<u>0.00 %</u>	<u>0.00 %</u>	<u>0.00 %</u>	<u>0.00 %</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>54.06 %</u>	<u>60.77 %</u>	<u>49.24 %</u>	<u>52.00 %</u>	<u>57.69 %</u>	<u>55.93 %</u>	<u>52.26 %</u>	<u>59.50 %</u>	<u>61.51 %</u>

Notes to Schedule

Change in Benefit Terms: Legislation was passed restoring the 25% wear down of Plan N benefits to vested members as of June 30, 2019.

Change of Assumptions: None

Methods and Assumptions used in Calculations of the Net Pension Liability

Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed, grading to a level dollar amortization method for the June 30, 2024 valuation
Single equivalent amortization period	27.8 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increases	3.00-6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Mortality	PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019

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

**REGIONAL SCHOOL DISTRICT NO. 17
SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST SIX FISCAL YEARS**

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 230,082	\$ 323,393	\$ 327,342	\$ 193,408	\$ 188,246	\$ 234,922
Interest	230,292	165,035	136,358	175,066	239,603	223,753
Effect of economic/demographic gains or (losses)	(162,531)	-	889,411	-	(1,146,151)	-
Effect of assumptions changes or inputs	(138,010)	(1,316,075)	348,690	873,097	(292,302)	(237,702)
Benefit payments, including refunds of member contributions	(192,953)	(235,720)	(219,163)	(195,005)	(172,967)	(292,262)
Net change in total OPEB liability	(33,120)	(1,063,367)	1,482,638	1,046,566	(1,183,571)	(71,289)
Total OPEB liability - beginning	6,370,985	7,434,352	5,951,714	4,905,148	6,088,719	6,160,008
Total OPEB liability - ending	<u>\$ 6,337,865</u>	<u>\$ 6,370,985</u>	<u>\$ 7,434,352</u>	<u>\$ 5,951,714</u>	<u>\$ 4,905,148</u>	<u>\$ 6,088,719</u>
Covered payroll	<u>\$ 17,822,878</u>	<u>\$ 17,115,750</u>	<u>\$ 17,115,750</u>	<u>\$ 17,194,735</u>	<u>\$ 17,194,735</u>	<u>\$ 16,580,089</u>
Net OPEB liability as a percentage of covered payroll	35.56 %	37.22 %	43.44 %	34.61 %	28.53 %	36.72 %

Notes to Schedule

Change in benefits terms	None
Change of assumptions	Change in the discount rate from 3.54% to 3.65% to reflect the change in the Municipal Bond Index Rate

Methods and Assumptions used in Calculations of the Net OPEB Liability

Actuarial cost method	Entry age
Amortization method	Level of percent of pay, open
Single equivalent amortization period	30 years
Inflation	2.60%
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation

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

REGIONAL SCHOOL DISTRICT NO. 17
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM
LAST SIX FISCAL YEARS

	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	5,902,171	6,127,496	10,591,480	10,371,280	10,250,477	13,804,310
Total	<u>\$ 5,902,171</u>	<u>\$ 6,127,496</u>	<u>\$ 10,591,480</u>	<u>\$ 10,371,280</u>	<u>\$ 10,250,477</u>	<u>\$ 13,804,310</u>
District's covered payroll	<u>\$ 15,426,421</u>	<u>\$ 15,328,180</u>	<u>\$ 14,385,082</u>	<u>\$ 12,824,579</u>	<u>\$ 16,679,424</u>	<u>\$ 16,226,002</u>
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	<u>0.00 %</u>	<u>0.00 %</u>	<u>0.00 %</u>	<u>0.00 %</u>	<u>0.00 %</u>	<u>0.00 %</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>9.46 %</u>	<u>6.11 %</u>	<u>2.50 %</u>	<u>2.08 %</u>	<u>1.49 %</u>	<u>1.79 %</u>

Notes to Schedule

Change in Benefit Terms: There was a change in the maximum monthly subsidy amounts offered to retirees and their dependents from \$110/\$220 to \$220/\$440.

Change of Assumptions: Change in the discount rate from 2.16% to 3.54%.
Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience
The assumed age-related annual percentage increases in expected annual per capita health care claims costs were updated
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 to better reflect anticipated plan experience

Methods and Assumptions used in Calculations of the Net OPEB Liability

Actuarial cost method	Entry age
Amortization method	Level of percent of pay, open
Single equivalent amortization period	30 years
Asset valuation method	Market value of assets
Price inflation	2.75%
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation

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

SUPPLEMENTARY INFORMATION

GENERAL FUND

The general fund is the principal fund of the District and is used to account for all activities of the District, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the District (i.e., general government, public safety, public works, health, social services, recreation, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.

REGIONAL SCHOOL DISTRICT NO. 17
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget
Member town assessments:				
Town of Haddam	\$ 26,828,570	\$ 26,828,570	\$ 26,828,570	\$ -
Town of Killingworth	17,021,591	17,021,591	17,021,591	-
Total member town assessments	43,850,161	43,850,161	43,850,161	-
Intergovernmental:				
Excess cost grant	1,028,480	1,028,480	1,028,480	-
Medicaid reimbursement	11,500	11,500	59,449	47,949
Adult education	4,838	4,838	9,017	4,179
Total intergovernmental	1,044,818	1,044,818	1,096,946	52,128
Investment income:				
Interest income	4,100	4,100	85,180	81,080
Charges for services:				
E-Rate reimbursement	36,000	36,000	33,144	(2,856)
Preschool tuition, peer models	15,000	15,000	27,150	12,150
Classroom rental	32,600	32,600	32,600	-
ZREC revenue	48,000	48,000	39,195	(8,805)
Other	-	-	10,273	10,273
Total charges for services	131,600	131,600	142,362	10,762
Total revenues	<u>\$ 45,030,679</u>	<u>\$ 45,030,679</u>	<u>\$ 45,174,649</u>	<u>\$ 143,970</u>

REGIONAL SCHOOL DISTRICT NO. 17
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget
Instructional:				
Art education	\$ 496,956	\$ 500,596	\$ 493,681	\$ 6,915
English	824,934	824,489	830,309	(5,820)
Health education	157,313	157,733	160,005	(2,272)
World language	688,690	687,554	687,208	346
General instruction	5,948,300	5,183,681	5,140,489	43,192
Practical arts	258,152	260,802	265,818	(5,016)
Industrial arts	393,648	393,648	393,156	492
Math	820,295	871,662	880,339	(8,677)
Music	511,717	512,876	492,760	20,116
Physical education	460,471	460,471	458,511	1,960
Project Lead the Way	9,275	9,275	9,334	(59)
Science	742,064	667,674	682,269	(14,595)
Social studies	753,329	753,379	751,241	2,138
Computer education	360	360	335	25
Band	9,940	9,291	8,493	798
Special education	3,377,231	3,232,503	3,955,432	(722,929)
Homebound	4,500	41,139	41,139	-
Remedial education	736,348	992,484	991,000	1,484
TAG	184,536	184,536	184,536	-
Total Instructional	16,378,059	15,744,153	16,426,055	(681,902)
Support services				
Adult education	40,000	40,000	37,853	2,147
Social workers	24,782	24,782	60,418	(35,636)
Guidance	569,471	601,295	620,812	(19,517)
Testing	15,500	15,500	16,240	(740)
Nurses	261,250	261,250	231,697	29,553
Board certified behavior analyst	69,957	69,957	71,705	(1,748)
Psychologists	421,597	421,597	404,419	17,178
Speech and language	379,060	379,060	388,000	(8,940)
OT/PT	70,117	70,117	71,050	(933)
Student intervention	6,068	6,068	1,046	5,022
Instructional improvement	39,013	39,013	28,523	10,490
Total Support services	1,896,815	1,928,639	1,931,763	(3,124)
Insurance and benefits				
Benefits	7,792,124	7,770,587	7,599,609	170,978
Instructional staff training	26,000	26,000	20,000	6,000
Total Insurance and benefits	7,818,124	7,796,587	7,619,609	176,978
Library and audio visual				
Library	474,508	474,508	463,014	11,494
Audio visual	142,273	142,273	158,867	(16,594)
Total Library and audio visual	616,781	616,781	621,881	(5,100)

. . . Continued . . .

REGIONAL SCHOOL DISTRICT NO. 17
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023
. . . continued . . .

	Original Budget	Final Budget	Actual	Variance With Final Budget
Information systems	\$ 730,063	\$ 719,237	697,198	\$ 22,039
Administrative				
Board of education	56,957	113,935	122,677	(8,742)
Legal fees	77,800	77,800	92,319	(14,519)
Audit	47,500	47,500	43,500	4,000
Assistant Superintendent	-	162,667	178,410	(15,743)
Superintendent	408,689	450,644	407,199	43,445
Principals	2,149,003	2,334,907	2,299,760	35,147
Business office	500,713	501,729	534,210	(32,481)
Total Administrative	3,240,662	3,689,182	3,678,075	11,107
Property maintenance:				
Operation of plant	5,306,684	5,510,869	5,643,753	(132,884)
Transportation:				
Student transportation services	3,261,404	3,129,692	2,979,938	149,754
Vehicle operation	266,283	375,605	397,120	(21,515)
Total Transportation	3,527,687	3,505,297	3,377,058	128,239
Student activities:				
Student activity	830,910	853,090	826,794	26,296
Tuition:				
Special education tuition	3,126,666	3,156,159	2,506,318	649,841
Vo-Ag tuition	80,714	33,171	31,713	1,458
Total Tuition	3,207,380	3,189,330	2,538,031	651,299
Debt service	1,477,514	1,477,514	1,477,514	-
Total expenditures	\$ 45,030,679	\$ 45,030,679	\$ 44,837,731	\$ 192,948

REGIONAL SCHOOL DISTRICT NO. 17
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023

	<u>Special Revenue Funds</u>	
	<u>Student Activities</u>	<u>Total</u>
ASSETS		
Cash	<u>\$ 226,503</u>	<u>\$ 226,503</u>
Total assets	<u><u>\$ 226,503</u></u>	<u><u>\$ 226,503</u></u>
LIABILITIES AND FUND BALANCE		
Fund balances:		
Restricted	<u>\$ 226,503</u>	<u>\$ 226,503</u>
Total fund balances	<u>226,503</u>	<u>226,503</u>
Total liabilities and fund balances	<u><u>\$ 226,503</u></u>	<u><u>\$ 226,503</u></u>

**REGIONAL SCHOOL DISTRICT NO. 17
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Special Revenue Funds</u>	
	<u>Student Activities</u>	<u>Total</u>
REVENUES		
Charges for services	<u>\$ 366,008</u>	<u>\$ 366,008</u>
Total revenues	<u>366,008</u>	<u>366,008</u>
EXPENDITURES		
Student activities	<u>379,905</u>	<u>379,905</u>
Total expenditures	<u>379,905</u>	<u>379,905</u>
Net changes in fund balances	(13,897)	(13,897)
Fund balances, July 1, 2022	<u>240,400</u>	<u>240,400</u>
Fund balances, June 30, 2023	<u><u>\$ 226,503</u></u>	<u><u>\$ 226,503</u></u>

REGIONAL SCHOOL DISTRICT NO. 17
SCHEDULE OF DEBT LIMITATION
JUNE 30, 2023

	Town of		
	Haddam	Killingworth	Total
Total Fiscal Year 2022-2023			
Annual receipts from taxation for immediate preceding fiscal year	\$ 31,134,179	\$ 19,131,527	\$ 50,265,706
Base for establishing debt limit	\$ 31,134,179	\$ 19,131,527	\$ 50,265,706
Debt Limit:			
Limit for school building purposes (4.5 times base)			\$ 226,195,677
Indebtedness:			
General obligation bonds outstanding			5,380,000
Bonds authorized but unissued			70,729
Total Indebtedness			5,450,729
Debt limitation in excess of net indebtedness			\$ 220,744,948