

**REGIONAL SCHOOL DISTRICT NO. 13**  
**Durham and Middlefield, Connecticut**

**FINANCIAL STATEMENTS**

**JUNE 30, 2013**

**REGIONAL SCHOOL DISTRICT NO. 13**

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**REGIONAL SCHOOL DISTRICT NO. 13**

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## Independent Auditors' Report

To the Board of Education  
Regional School District No. 13

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Regional School District No. 13, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Regional School District No. 13's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditors' Responsibility*

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Regional School District No. 13, as of June 30, 2013 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and the budgetary comparison information on pages 39 through 41 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional School District No. 13's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, and debt limitation schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2013 on our consideration of the Regional School District No. 13's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Regional School District No. 13's internal control over financial reporting and compliance.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
November 26, 2013

**REGIONAL SCHOOL DISTRICT NO. 13**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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Management of Regional School District No. 13 (the Region) offers readers of these financial statements this narrative overview and analysis of the financial activities of the Region for the fiscal year ended June 30, 2013.

**Financial Highlights**

- The assets of the Region exceeded its liabilities at the close of the most recent fiscal year by \$27,952,171 (net position).
- The Region's total net position decreased by \$639,333, resulting from a decrease in cash and accounts receivable, and an increase in accumulated depreciation.
- As of the close of the current fiscal year, the Region's governmental funds reported a combined ending fund balance of \$2,436,255, a decrease of \$438,096 in comparison with the prior year.
- At the end of the current fiscal year, the fund balance for the general fund was \$2,019,978, which is designated for subsequent year's budget.
- Long-term bonds decreased by \$1,775,000 due to the principal payments.

**Overview of the Basic Financial Statements**

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

**Government-Wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Region's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the Region's assets and liabilities, with the difference between the two 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 Region is improving or deteriorating.

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

The government-wide financial statements present the functions of the Region, which are principally supported by assessments to member towns and intergovernmental revenues. The governmental activities of the Region include general instruction, special education, student services, administration, buildings and transportation.

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

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

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

The Region maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Special School Grants and Programs Fund, the Capital Projects Fund and the Capital Reserve Fund, all of which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Region adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

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

**Notes to the Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found in Exhibits A-1 and A-2.



## Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Region, assets exceeded liabilities by \$27,952,171 at the close of the most recent fiscal year.

By far, the largest portion of the Region's net position reflects its investment in capital assets (e.g., land, buildings and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Region uses these capital assets to provide public education to eligible citizens living within the district; consequently, these assets are not available for future spending. Although the Region'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. The remaining balance of unrestricted net position is \$1,177,993.

### REGIONAL SCHOOL DISTRICT NO. 13 NET POSITION

	Governmental Activities	
	2013	2012
Current and other assets	\$ 3,734,199	\$ 4,396,526
Capital assets, net of accumulated depreciation	41,414,702	42,952,472
Total assets	<u>45,148,901</u>	<u>47,348,998</u>
Long-term liabilities outstanding	16,599,542	18,134,787
Other liabilities	597,188	622,707
Total liabilities	<u>17,196,730</u>	<u>18,757,494</u>
Net Position:		
Net investment in capital assets	26,743,460	26,463,775
Restricted	30,718	31,784
Unrestricted	<u>1,177,993</u>	<u>2,095,945</u>
Total Net Position	<u>\$ 27,952,171</u>	<u>\$ 28,591,504</u>

**Governmental Activities.** The Region's net position decreased by \$639,333 during the current fiscal year. The decrease is due to the use of accrual accounting at the government-wide financial statement level where capital expenditures are capitalized and debt service principal payments are not expensed, combined with the write-off of certain assets.

**REGIONAL SCHOOL DISTRICT NO. 13  
CHANGES IN NET POSITION**

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
Revenues:		
Program revenues:		
Charges for services:		
General instruction	\$ 255	\$ 7,346
Special education	655,864	765,644
Student services	534,170	515,485
Buildings	41,595	45,199
Operating grants and contributions	4,251,034	4,557,061
Capital grants and contributions	129,331	209,393
General revenues:		
Assessments from member towns	34,089,930	33,009,935
Investment income	12,414	8,247
Miscellaneous	103,740	95,143
Total revenues	39,818,333	39,213,453
Expenses:		
General instruction	17,778,999	17,654,798
Special education	8,059,346	7,757,975
Student services	2,727,003	2,579,513
Administration	5,514,459	4,988,195
Buildings	4,927,004	4,177,048
Transportation	1,400,004	1,404,473
Interest expense	50,851	197,334
Total expenses	40,457,666	38,759,336
Change in net position	(639,333)	454,117
Net Position at Beginning of Year	28,591,504	28,137,387
Net Position at End of Year	\$ 27,952,171	\$ 28,591,504

- Special Education and operating grant revenues decreased significantly.
- Increases in expenses closely paralleled inflation and growth.

## **Financial Analysis of the Region's Funds**

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

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

As of the end of the current fiscal year, the Region's governmental funds reported a combined ending fund balance of \$2,436,255, a decrease of \$438,096 in comparison with the prior year. Of that balance, \$2,019,978 constitutes funds designated for subsequent year's budgets. The remaining \$416,277 of fund balance is reserved to indicate that it is not available for new spending because it has already been committed as capital reserves and other governmental projects or funds.

The Region's General Fund's fund balance increased by \$78,189 during the current fiscal year. The increase was a result of savings in budgetary items such as salaries due to unplanned changes in faculty, heating oil and tuition expenditures, along with increased revenues from the District's Special Education program.

### **General Fund Budgetary Highlights**

There were several differences between the original budget and the final amended budget of revenues and expenditures. Significant budgetary variances can be briefly summarized as follows:

#### Final Budget to Actual

- Salary expense was under budget by \$346,511, or 1.7%.
- We saw positive variances (under budget) of \$387,807 in employee benefits expenditures, due to health insurance and unemployment, \$127,358 in tuition expenditures, and \$105,637 in tuition.
- We saw negative variances (over budget) in the areas of snow removal for \$38,433, heating oil for \$67,609, and technical services for \$40,423.

### **Capital Assets and Debt Administration**

**Capital Assets.** The Region's investment in capital assets for its governmental activities as of June 30, 2013 amounts to \$41,414,702 (net of accumulated depreciation). This investment in capital assets includes land, buildings and machinery and equipment. The net decrease of \$1,537,770 in the Region's capital assets for the current fiscal year is a result of adjustments for normal depreciation.

**REGIONAL SCHOOL DISTRICT NO. 13  
CAPITAL ASSETS  
(NET OF DEPRECIATION)**

	<b>Governmental Activities</b>	
	<u>2013</u>	<u>2012</u>
Land	\$ 200,000	\$ 200,000
Construction in progress		
Buildings and improvements	34,781,409	35,369,772
Land improvements	4,618,824	4,688,266
Equipment	564,369	1,242,841
Vehicles	<u>1,250,100</u>	<u>1,451,593</u>
 Total	 <u>\$ 41,414,702</u>	 <u>\$ 42,952,472</u>

Additional information on the Region’s capital assets can be found in Note 3C of this report.

**Long-Term Debt.** At the end of the current fiscal year, the Region had total bonded debt outstanding of \$12,935,000. All of this debt comprises debt backed by the full faith and credit of the Region.

**REGIONAL SCHOOL DISTRICT NO. 13  
OUTSTANDING DEBT  
GENERAL OBLIGATION BONDS**

	<b>Governmental Activities</b>	
	<u>2013</u>	<u>2012</u>
General obligation bonds	\$ <u>12,935,000</u>	\$ <u>14,710,000</u>

The Region’s total debt decreased by \$1,775,000 during the current fiscal year. The Region maintains an “A2” rating from Moody’s for general obligation debt.

State Statutes limit the amount of general obligation debt a regional school district may issue to 4.5 times total tax collections including interest and lien fees and the tax relief for elderly freeze grant of the member towns. The current debt limitation for the Region is \$151,583,296, which is significantly in excess of the Region’s outstanding general obligation debt.

A portion of the Region’s debt is allocated to each member town and is included in the town’s debt limitation. Additional information on the Region’s long-term debt can be found in Note 3E of this report.

## **Requests for Information**

This financial report is designed to provide a general overview of the Region's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ronald Melnik, Business Manager, Regional School District No. 13, 135A Pickett Lane, Durham, Connecticut 06422.

## REGIONAL SCHOOL DISTRICT NO. 13

## STATEMENT OF NET POSITION

JUNE 30, 2013

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 2,765,126
Accounts receivable	49,879
Intergovernmental receivable	590,486
Bond issue costs	93,359
Other assets	14,167
Net pension asset	190,464
Restricted assets:	
Temporarily restricted:	
Investments	18,185
Permanently restricted:	
Investments	12,533
Capital assets not being depreciated	200,000
Capital assets net of accumulated depreciation	41,214,702
Total assets	<u>45,148,901</u>
Liabilities:	
Accounts and other payables	376,588
Accrued interest payable	150,667
Unearned revenue	69,933
Noncurrent liabilities:	
Due within one year	2,205,965
Due in more than one year	14,393,577
Total liabilities	<u>17,196,730</u>
Net Position:	
Net investment in capital assets	26,743,460
Restricted for:	
Textbooks:	
Expendable	3,378
Nonexpendable	2,533
Library materials:	
Expendable	14,807
Nonexpendable	10,000
Unrestricted	<u>1,177,993</u>
Total Net Position	<u>\$ 27,952,171</u>

The accompanying notes are an integral part of the financial statements

## REGIONAL SCHOOL DISTRICT NO. 13

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
					<u>Governmental Activities</u>
Governmental activities:					
General instruction	\$ 17,778,999	\$ 255	\$ 3,290,972	\$	\$ (14,487,772)
Special education	8,059,346	655,864	700,430		(6,703,052)
Student services	2,727,003	534,170	122,381		(2,070,452)
Administration	5,514,459				(5,514,459)
Buildings	4,927,004	41,595		119,553	(4,765,856)
Transportation	1,400,004		137,251		(1,262,753)
Interest	50,851			9,778	(41,073)
Total	<u>\$ 40,457,666</u>	<u>\$ 1,231,884</u>	<u>\$ 4,251,034</u>	<u>\$ 129,331</u>	<u>(34,845,417)</u>
General revenues:					
Assessments from district member towns					34,089,930
Investment income					12,414
Miscellaneous					103,740
Total general revenues					<u>34,206,084</u>
Change in Net Position					(639,333)
Net Position at Beginning of Year					<u>28,591,504</u>
Net Position at End of Year					<u>\$ 27,952,171</u>

The accompanying notes are an integral part of the financial statements

**REGIONAL SCHOOL DISTRICT NO. 13**

**GOVERNMENTAL FUNDS**

**BALANCE SHEET**

**JUNE 30, 2013**

13

	<u>General</u>	<u>Bonded Capital Projects Fund</u>	<u>Special School Grants and Programs</u>	<u>Capital Reserve Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,240,784	\$ 49,625	\$ 104,116	\$ 186,017	\$ 184,584	\$ 2,765,126
Investments					30,718	30,718
Accounts receivable	49,879					49,879
Intergovernmental receivable			4,920		17,966	22,886
Other assets					14,167	14,167
Total Assets	<u>\$ 2,290,663</u>	<u>\$ 49,625</u>	<u>\$ 109,036</u>	<u>\$ 186,017</u>	<u>\$ 247,435</u>	<u>\$ 2,882,776</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts and other payables	\$ 270,685	\$ 28,734	\$ 53,363	\$ 20,850	\$ 2,956	\$ 376,588
Deferred revenue			55,673		14,260	69,933
Total liabilities	<u>270,685</u>	<u>28,734</u>	<u>109,036</u>	<u>20,850</u>	<u>17,216</u>	<u>446,521</u>
Fund balances:						
Nonspendable					26,700	26,700
Restricted	2,019,978	20,891			36,151	2,077,020
Committed				165,167	167,368	332,535
Total fund balances	<u>2,019,978</u>	<u>20,891</u>	<u>-</u>	<u>165,167</u>	<u>230,219</u>	<u>2,436,255</u>
Total Liabilities and Fund Balances	<u>\$ 2,290,663</u>	<u>\$ 49,625</u>	<u>\$ 109,036</u>	<u>\$ 186,017</u>	<u>\$ 247,435</u>	<u>\$ 2,882,776</u>

(Continued on next page)



## REGIONAL SCHOOL DISTRICT NO. 13

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2013

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

Amounts reported for governmental activities in the statement of net position (Exhibit I) are different from the governmental fund balance sheet. The details of this difference are as follows:

Total fund balances (Exhibit III)	\$ 2,436,255
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	60,403,170
Less accumulated depreciation	(18,988,468)

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

School building receivable	567,600
Bond issue costs	93,359
Net pension asset	190,464

Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(12,935,000)
Bond premium	(426,047)
Deferred charge on refunding	394,030
Compensated absences	(47,125)
Net OPEB obligation	(1,881,175)
Capital leases	(1,704,225)
Accrued interest payable	<u>(150,667)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 27,952,171</u>
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The accompanying notes are an integral part of the financial statements

## REGIONAL SCHOOL DISTRICT NO. 13

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	<u>General</u>	<u>Bonded Capital Projects Fund</u>	<u>Special School Grants and Programs</u>	<u>Capital Reserve Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Assessments from district member towns	\$ 34,089,930					\$ 34,089,930
Intergovernmental	3,781,800	97,716	574,625		122,381	4,576,522
Charges for services	41,595				1,190,289	1,231,884
Local sources	11,691	840		767	(884)	12,414
Miscellaneous	102,989				751	103,740
Total revenues	<u>38,028,005</u>	<u>98,556</u>	<u>574,625</u>	<u>767</u>	<u>1,312,537</u>	<u>40,014,490</u>
Expenditures:						
Current:						
Salaries	20,270,184				700,786	20,970,970
Employee benefits	9,151,582				84,369	9,235,951
Purchased services	802,767		574,625		113,030	1,490,422
Property services	844,260					844,260
Operational services	2,826,286				37,633	2,863,919
Supplies	1,650,313				340,950	1,991,263
Capital outlay	547,849	446,551		194,023		1,188,423
Debt service	2,253,641					2,253,641
Total expenditures	<u>38,346,882</u>	<u>446,551</u>	<u>574,625</u>	<u>194,023</u>	<u>1,276,768</u>	<u>40,838,849</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(318,877)</u>	<u>(347,995)</u>	<u>-</u>	<u>(193,256)</u>	<u>35,769</u>	<u>(824,359)</u>
Other Financing Sources (Uses):						
Transfers in	170,803			150,000	10,000	330,803
Transfers out	(160,000)	(70,803)			(100,000)	(330,803)
Issuance of capital leases	386,263					386,263
Total other financing sources (uses)	<u>397,066</u>	<u>(70,803)</u>	<u>-</u>	<u>150,000</u>	<u>(90,000)</u>	<u>386,263</u>
Net Change in Fund Balances	78,189	(418,798)	-	(43,256)	(54,231)	(438,096)
Fund Balances at Beginning of Year	<u>1,941,789</u>	<u>439,689</u>	<u>-</u>	<u>208,423</u>	<u>284,450</u>	<u>2,874,351</u>
Fund Balances at End of Year	<u>\$ 2,019,978</u>	<u>\$ 20,891</u>	<u>\$ -</u>	<u>\$ 165,167</u>	<u>\$ 230,219</u>	<u>\$ 2,436,255</u>

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**REGIONAL SCHOOL DISTRICT NO. 13**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (438,096)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The capital outlay and depreciation expense are as follows for the current period:

Capital outlay	689,590
Depreciation expense	(1,750,636)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net assets. In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.	(476,724)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

School building grant receipts	(196,157)
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The issuance of long-term debt (e.g., bonds, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Payments on general obligation bonds	1,775,000
Issuance of capital leases	(386,263)
Payments on capital leases	453,914

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

Net pension asset	(1,627)
Net OPEB obligation	(341,506)
Bond issuance costs	(13,692)
Accrued interest payable	12,764
Compensated absences	59,296
Bond premium	50,515
Deferred amount on refunding	(75,711)

Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>(639,333)</u>
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The accompanying notes are an integral part of the financial statements

## REGIONAL SCHOOL DISTRICT NO. 13

## STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2013

	<u>Pension Trust Funds</u>	<u>Private- Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets:			
Cash and cash equivalents	\$ 286,299	\$ 2,756	\$ 292,873
Investments, at fair value:			
Proprietary mutual funds	328,386		
Corporate bonds	79,708		
U.S. Government obligations	581,323		
Common stocks	4,221,733		
Accrued interest	3,006		
Total investments, at fair value	<u>5,214,156</u>	<u>-</u>	<u>-</u>
Total assets	<u>5,500,455</u>	<u>2,756</u>	<u>\$ 292,873</u>
Liabilities:			
Due to student groups and others			<u>\$ 292,873</u>
Net Position:			
Held in trust for pension benefits and individuals	<u>\$ 5,500,455</u>	<u>\$ 2,756</u>	

The accompanying notes are an integral part of the financial statements

## REGIONAL SCHOOL DISTRICT NO. 13

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PENSION TRUST FUNDS  
AND PRIVATE-PURPOSE TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	<b>Pension Trust Funds</b>	<b>Private- Purpose Trust Funds</b>
	<u>          </u>	<u>          </u>
Additions:		
Contributions:		
Employer	\$ 289,746	\$
Employee	175,719	
Total contributions	<u>465,465</u>	<u>-</u>
Investment income:		
Net appreciation in fair value of investments	529,477	
Interest and dividends	124,124	1
Net investment income	<u>653,601</u>	<u>1</u>
Total additions	<u>1,119,066</u>	<u>1</u>
Deductions:		
Benefits	226,172	
Other disbursements	54,432	
Total deductions	<u>280,604</u>	<u>-</u>
Change in net position	838,462	1
Net Position Beginning of Year	<u>4,661,993</u>	<u>2,755</u>
Net Position End of Year	<u>\$ 5,500,455</u>	<u>\$ 2,756</u>

The accompanying notes are an integral part of the financial statements

## REGIONAL SCHOOL DISTRICT NO. 13

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Regional School District No. 13 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the District are described below.

##### A. Reporting Entity

The District was organized under provisions of the Connecticut General Statutes in 1970 for the purpose of providing education for grades 1 through 12 to the residents of the towns of Durham and Middlefield, Connecticut. The District consists of three elementary schools, two middle schools and one high school.

The District is governed by a Regional Board of Education consisting of six members from Durham and four members from Middlefield. The members of the Board serve three-year terms. The Superintendent of Schools, selected by the Board of Education, manages the day-to-day affairs of the District and the schools of Durham and Middlefield.

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 66.12% for Durham and 33.88% for Middlefield.

##### B. Government-Wide and Fund Financial Statements

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

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 expenses 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 not properly included among program revenues are reported instead as general revenues.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Agency funds do not have a measurement focus but are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Member town assessments, expenditure reimbursement type grants, and certain intergovernmental revenues, transfers and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items, including the state interest and bond subsidy grant, are considered to be measurable and available only when cash is received by the District.

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 resources required to be accounted for in another fund.

The *Bonded Capital Projects Fund* is used to account for resources used for capital expenditures relating to new school building construction. Capital outlays are financed by the issuance of general obligation bonds and capital grants. The major sources of revenue for this fund are bond proceeds and construction grants.

The *Special School Grants and Programs Fund* accounts for the revenues and expenditures relating to Federal and State education grants. The major sources of revenue for this fund are Federal and State grants.

The *Capital Reserve Fund* accounts for monies accumulated for capital purposes.

Additionally, the District reports the following fund types:

The *Private-Purpose Trust Funds* are used to account for resources legally held in trust for scholarships. Resources of the fund, including any earnings on invested resources, may be used for student scholarships.

The *Pension Trust Funds* account for the activities of the Regional School District No. 13 Employees' Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The *Agency Funds* account for monies held on behalf of students in a custodial capacity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements, except for any interfund services provided by one fund used by another fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

#### **D. Assets, Liabilities and Net Position or Equity**

##### **Deposits and Investments**

**Deposits** - The District considers 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.

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

**Investments** - Investments are reported at fair value.

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies; 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

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



**Receivables**

Intergovernmental and member town assessment receivables are considered to be fully collectible, and no allowance has been recorded.

**Interfund Activity**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans).

**Inventories**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed, rather than when purchased.

**Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment and vehicles and \$20,000 for buildings and improvements, land and land 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.

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>
Buildings	45-50
Building improvements	45-50
Land improvements	20-25
Vehicles	5-15
Office equipment	5-15
Computer equipment	5-7

**Restricted Assets**

Certain donations received by the District have been classified as restricted assets because their use is limited by the donors.

## **Unearned Revenues**

Unearned revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received before the District has legal claim to them, as when grant monies are received prior to the issuance of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has legal claim to the resource, the liability for deferred revenues is removed from the balance sheet, and revenue is recognized.

## **Compensated Absences**

Sick leave and vacation leave expenditures are recognized in the governmental funds in the current year to the extent that they are paid during the year. Unpaid benefits lapse at year end, and any amounts payable during an employee's active term cannot exceed a full year's budgeted payroll and, as such, no liability is accrued.

All vacation and sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

## **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, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

## **Fund Equity and Net Position**

In the fund financial statements, fund balance is classified into the following categories:

*Nonspendable Fund Balance* - This category presents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

*Restricted Fund Balance* - This category presents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of their governments.

*Committed Fund Balance* - This category presents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Regional School District No. 13 Board of Education).

*Assigned Fund Balance* - This category presents, for all governmental funds other than the General Fund, any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, this category includes amounts constrained for the intent to be used for a specific purpose by the Board of Education or the Business Manager who has been delegated authority to assign amounts by the District Charter.

*Unassigned Fund Balance* - This category presents fund balance in the General Fund in excess of nonspendable, 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.

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

*Net Investment in Capital Assets* - This category presents the net position that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for noncapital purposes is excluded.

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

*Unrestricted Net Position* - This category presents the net position of the District that is not restricted.

## **Estimates**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year.

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgets and Budgetary Accounting**

The District establishes its General Fund budget in accordance with provisions of the Connecticut General Statutes.

A budget for the General Fund is authorized annually by the Board of Education. The Board of Education follows these procedures in establishing the budgetary data reflected in the financial statements:

- The citizens of the District vote on the recommended budget.
- All budget transfers 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.
- All unencumbered appropriations of the General Fund lapse at year end.
- The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is at the total expenditure level for the General Fund.

- Additional appropriations may be made during the year by the Board of Education. An additional appropriation requires approval at a District meeting if it exceeds \$50,000 or is a second request. There were no additional appropriations made during the year ended June 30, 2013.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and, accordingly, encumbrances outstanding at year end are reported in budgetary reports as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those appropriated for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

## B. Capital Projects Authorizations

The following is a summary of capital projects at June 30, 2013:

<u>Capital Project</u>	<u>Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2013</u>
2008 Project	\$ 900,000	\$ -	\$ 476,985	\$ 423,015
School Building Projects	<u>6,336,685</u>	<u>-</u>	<u>6,866,102</u>	<u>(529,417)</u>
Total	\$ <u>7,236,685</u>	\$ <u>-</u>	\$ <u>7,343,087</u>	\$ <u>(106,402)</u>

The District has not authorized an additional appropriation for the School Building Project. However, the District will receive additional funds from the Bureau of School Facilities to help ease the effect of the overage, and will fund the remainder through transfers from other funds, including the Capital Reserve.

## D. Donor-Restricted Endowments

The District has received certain endowments for textbooks and library materials. The amounts are reflected in net position as restricted for expendable purposes. Net cumulative interest earnings on endowments have amounted to \$18,185 and make up a portion of the restricted fund balance.

## 3. DETAILED NOTES

### A. Cash and Investments

#### Deposits

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the District and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$2,376,470 of the District's bank balance of \$3,185,375 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 2,113,823
Uninsured and collateral held by the pledging bank's trust department, not in the District's name	<u>262,647</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 2,376,470</u>

### Cash Equivalents

At June 30, 2013, the District's cash equivalents amounted to \$510,915. The following table provides a summary of the District's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

Bank of America Money Market\*  
Merrill Lynch Money Market \*  
Webster Bank Money Market\*  
Liberty Bank Money Market\*

\*Not rated; some money markets also subject to custodial risk above

### Investments

The investments in the Pension Fund are covered by the Securities Investor Protection Corporation (SIPC) up to \$500,000, including \$100,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as money market funds.

As of June 30, 2013, the District had the following investments:

Investment Type	Credit Rating Moody's/S&P	Fair Value	Not Applicable	Not Available	Investment Maturities (Years)		
					Less Than 1	1-10	More Than 10
US Treasury Obligations	n/a	\$ 370,948	\$	\$ 272,628	\$ 23,206	\$ 75,114	\$
U.S. Asset and Mortgage Backed	n/a	210,375		203,521		6,854	
Corporate Bonds	A1	6,624	3,006			3,618	
Corporate Bonds	AA2	2,058				2,058	
Corporate Bonds	BAA1	3,402				3,402	
Corporate Bonds	BAA3	4,439				4,439	
Corporate Bonds	N/Avail	66,191				66,191	
Mutual Funds	n/a	353,193	353,193				
Common Stock	n/a	4,221,733	4,221,733				
CD*	n/a	<u>5,911</u>				5,911	
Total		<u>\$ 5,244,874</u>	<u>\$ 4,577,932</u>	<u>\$ 476,149</u>	<u>\$ 23,206</u>	<u>\$ 167,587</u>	<u>\$ -</u>

\* Also subject to custodial risk in deposit footnote above.

*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 - Investments* - The District has no formal investment policy that would limit its investment choices with respect to credit risk other than State Statutes governing investments in obligations of any State or political subdivision.

*Concentration of Credit Risk* - The District does not have a formalized 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 for the District), the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk.

## **B. Deferred Revenue**

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

	<u><b>Unearned</b></u>
Advanced lunch collections	\$ 14,260
Education grants	<u>55,673</u>
Total	<u><u>\$ 69,933</u></u>

### C. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 200,000	\$	\$	\$	\$ 200,000
Construction in progress		303,327	303,327		-
Total capital assets not being depreciated	<u>200,000</u>	<u>303,327</u>	<u>303,327</u>	<u>-</u>	<u>200,000</u>
Capital assets being depreciated:					
Buildings and improvements	50,043,453	332,790	8,603	104,822	50,472,462
Land improvements	5,629,043	157,525	68,507	12,705	5,730,766
Equipment	3,486,718	199,275	1,800,523	(157,793)	1,727,677
Vehicles	2,243,488		11,489	40,266	2,272,265
Total capital assets being depreciated	<u>61,402,702</u>	<u>689,590</u>	<u>1,889,122</u>	<u>-</u>	<u>60,203,170</u>
Less accumulated depreciation for:					
Buildings	14,673,681	1,017,597	4,900	4,675	15,691,053
Land improvements	940,777	273,274	47,494	(54,615)	1,111,942
Equipment	2,243,877	240,878	1,348,515	27,068	1,163,308
Vehicles	791,895	218,887	11,489	22,872	1,022,165
Total accumulated depreciation	<u>18,650,230</u>	<u>1,750,636</u>	<u>1,412,398</u>	<u>-</u>	<u>18,988,468</u>
Total capital assets being depreciated, net	<u>42,752,472</u>	<u>(1,061,046)</u>	<u>476,724</u>	<u>-</u>	<u>41,214,702</u>
Governmental Activities Capital Assets, Net	\$ <u>42,952,472</u>	\$ <u>(757,719)</u>	\$ <u>780,051</u>	\$ <u>-</u>	\$ <u>41,414,702</u>

Depreciation expense was charged as follows:

Administration	\$ 240,878
Buildings	1,290,871
Transportation	<u>218,887</u>
Total	\$ <u>1,750,636</u>

### D. Interfund Transfers

A summary of interfund transfers as of June 30, 2013 is as follows:

	<u>Transfers In</u>			<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Nonmajor Government Funds</u>	
Transfers out:				
General Fund	\$	\$ 150,000	\$ 10,000	\$ 160,000
Bonded Capital Projects Fund	70,803			70,803
Nonmajor Governmental Funds	<u>100,000</u>			<u>100,000</u>
Total Transfers In	\$ <u>170,803</u>	\$ <u>150,000</u>	\$ <u>10,000</u>	\$ <u>330,803</u>

Transfers are used to account for the financing by the General Fund of various programs and activities in other funds.

## E. Changes in Long-Term Obligations

### Summary of Changes

The following is a summary of changes in long-term obligations during the fiscal year:

	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:									
Bonds payable:									
Improvement bond	6,885,000	3/15/04	12/15/15	2.00-3.50	\$ 2,110,000	\$	\$ 540,000	\$ 1,570,000	\$ 530,000
Improvement bond	4,995,000	7/15/09	7/15/24	2.50-4.50	4,325,000		335,000	3,990,000	335,000
Improvement bond	9,185,000	10/14/10	3/1/23	2.00-4.00	<u>8,275,000</u>		<u>900,000</u>	<u>7,375,000</u>	<u>880,000</u>
					14,710,000	-	1,775,000	12,935,000	1,745,000
Plus deferred amounts:									
Bond premium					476,562		50,515	426,047	
Deferred charges in refunding					<u>(469,741)</u>		<u>(75,711)</u>	<u>(394,030)</u>	
Total bonds payable					14,716,821	-	1,749,804	12,967,017	1,745,000
Obligations under capital leases					1,771,876	386,263	453,914	1,704,225	456,379
Compensated absences					106,421	209,359	268,655	47,125	4,586
Net OPEB obligation					<u>1,539,669</u>	<u>341,506</u>		<u>1,881,175</u>	
Total Governmental Activities					\$ 18,134,787	\$ 937,128	\$ 2,472,373	\$ 16,599,542	\$ 2,205,965
Long-Term Liabilities									

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

The annual requirements to amortize all bonds payable as of June 30, 2013 and the amounts to be provided by the State of Connecticut for the retirement of school bonds and of debt principal and interest maturities are as follows:

<u>Year Ending June 30,</u>	<u>To Be Provided by State</u>		<u>Bond Principal</u>	<u>Bond Interest</u>
	<u>For Principal</u>	<u>For Interest</u>		
2014	\$ 191,983	\$ 7,105	\$ 1,745,000	\$ 433,174
2015	189,896	4,315	1,720,000	388,602
2016	185,721	1,444	1,705,000	334,043
2017			1,170,000	288,075
2018			1,160,000	250,462
2019-2023			4,775,000	587,062
2024-2025			<u>660,000</u>	<u>13,614</u>
Total	\$ <u>567,600</u>	\$ <u>12,864</u>	\$ <u>12,935,000</u>	\$ <u>2,295,032</u>



## Capital Leases

At June 30, 2013, the District is committed under lease agreements for the acquisition of office equipment, business equipment, and school buses and other vehicles. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease term) and, therefore, have been recorded at the lower of the present value of the future minimum lease payments or the fair value of the leased assets at the date of their inception.

The annual requirements to amortize the capital leases as of June 30, 2013 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2014	\$ 532,109
2015	471,804
2016	822,440
2017	<u>42,795</u>
Total minimum lease payments	1,869,148
Less amount representing interest	<u>164,923</u>
Total	<u>\$ 1,704,225</u>

The assets acquired through the capital lease are as follows:

	<u>Governmental Activities</u>
Assets:	
Buildings	\$ 186,988
Equipment	937,001
Vehicles	<u>2,133,281</u>
	3,257,270
Less accumulated depreciation	<u>1,483,564</u>
Total	<u>\$ 1,773,706</u>

## Operating Leases

The District leases space under a noncancelable operating lease. The total cost for this lease was \$24,000 for the year ended June 30, 2013. The future minimum lease payments for this lease are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 24,000

## 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>Net Indebtedness</u>	<u>Balance</u>
Schools	\$ 163,950,696	\$ 12,367,400	\$ 151,583,296

## F. Fund Balance

The components of fund balance for the governmental funds at June 30, 2013 are as follows:

	<u>General Fund</u>	<u>Bonded Capital Project Funds</u>	<u>Capital Reserve Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Inventory	\$	\$	\$	\$ 14,167	\$ 14,167
Endowment				12,533	12,533
Restricted for:					
Grants				17,966	17,966
Capital projects		20,891			20,891
Library materials				18,185	18,185
Enabling legislation	2,019,978				2,019,978
Committed to:					
Adult Education				67	67
Middlesex Transition Academy				142,140	142,140
Capital projects			165,167		165,167
School cafeteria				25,161	25,161
Total Fund Balances	<u>\$ 2,019,978</u>	<u>\$ 20,891</u>	<u>\$ 165,167</u>	<u>\$ 230,219</u>	<u>\$ 2,436,255</u>

There are no significant encumbrances at June 30, 2013. As such, no amounts are contained in the above table in either the assigned or committed categories of the General Fund.

#### **4. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; thefts of, damage to or destruction of assets; errors or omissions; injuries to employees or natural disasters.

The District is currently a member in the Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. seq. of Connecticut General Statutes, for workers' compensation and employer liability coverage. CIRMA currently has 223 members in the workers' compensation pool. The District pays an annual premium for its coverage. CIRMA is to be self-sustaining through members' premiums but reinsures in excess of \$1,000,000 for each insured occurrence. Members may be subject to supplemental assessment in the event of deficiencies; however, potential assessments are limited pursuant to the by-laws.

The District purchases commercial insurance for all other risks of loss, including blanket and umbrella policies.

Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

#### **5. PENSION PLANS**

##### **Regional School District No. 13 Employee Retirement Plan**

##### **Plan Description**

The District is the administrator of a single-employer pension employee retirement system (PERS) established and administered by the District to provide pension benefits for its employees. The Pension Committee, consisting of employees from the District, makes recommendations for plan provisions. The recommendations are then approved by the Board of Education. The PERS is considered to be part of the District's financial reporting entity and is included in the District's financial statements as a pension trust fund.

##### **Summary of Significant Accounting Policies and Plan Asset Matters**

##### Basis of Accounting

The pension trust fund's financial statements are prepared using the accrual basis of accounting. Revenues (contributions and investment income) are recognized when they are earned, and expenses (benefits) are recognized when they are due and payable in accordance with the terms of the plan.

##### Valuation of Investments

Investments are valued at fair value based upon quoted market prices.

## Classes of Employees Covered

As of July 1, 2012, the date of the last actuarial valuation, the plan's membership consisted of the following:

Retirees, disabled and beneficiaries currently receiving benefits	14
Terminated employees entitled to benefits but not yet receiving them	17
Current plan members	<u>89</u>
Total	<u><u>120</u></u>

## Benefit Provisions

The plan covers substantially all regularly employed, permanent noncertified employees of the District. In order to be eligible for the plan, the employee must complete 1 year of service and attain a minimum age of 21.

The death benefit for the plan is the present value of accrued benefits.

Participants are vested after ten years of service.

## Contributions

Contribution requirements of the plan members and the District are established and may be amended by the Board of Education. Plan members are required to contribute 5% of their earnings to the plan. The District is required to contribute at an actuarially determined rate. The District's contribution for the year ended June 30, 2013 represented 8.7% of covered payroll. Administrative costs of the plan are financed through investment earnings of the plan's assets.

## **Schedule of Employer Contributions and Net Pension Asset**

<u>Year Ended</u>	<u>Actual Contribution</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
2011	\$ 258,312	\$ 258,312	100 %	\$ 259,967	99 %	\$ 193,732
2012	263,788	263,788	100	265,429	99	192,091
2013	289,746	289,746	100	291,373	99	190,464

## Actuarial Assumptions

The annual required contribution for the current year was determined as part of the July 1, 2011 actuarial valuation using the entry age normal cost method. The actuarial assumptions included:

Remaining Amortization Period	25 years closed
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Projected Salary Increases	4.50%
Cost of Living Adjustment	none

## Annual Pension Cost and Net Pension Asset (NPA)

The District's annual pension cost and net pension asset for the current year were as follows:

Annual required contribution	\$ 289,746
Interest on net pension obligation	(14,407)
Adjustment to annual required contribution	<u>16,034</u>
Annual pension cost	291,373
Contribution made	<u>289,746</u>
Decrease in net pension asset	1,627
Net pension asset - beginning of year	<u>192,091</u>
Net Pension Asset - End of Year	<u><u>\$ 190,464</u></u>

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Estimated Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
July 1, 2007	\$ 895,706	\$ 1,180,150	\$ 284,444	75.9 %	\$ 2,412,654	11.8
July 1, 2008	977,639	1,386,735	409,096	70.5	2,542,758	16.1
July 1, 2009	3,595,708	4,866,800	1,271,092	73.9	2,747,081	46.3
July 1, 2010	4,027,650	5,426,875	1,399,225	74.2	2,770,762	50.5
July 1, 2011	4,513,092	5,905,999	1,392,907	76.4	3,032,044	45.9
July 1, 2012	4,775,052	6,385,936	1,610,884	74.8	3,188,263	50.5

## Teacher Retirement

All Regional School District 13 teachers participate in the State of Connecticut Teacher's Retirement System, a cost sharing plan with a special funding situation, under Section 10.183 of the General Statutes of the State of Connecticut. This is a multiple employer PERS. A teacher is eligible to receive a normal retirement benefit if he or she has:

- Attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or;
- Attained any age and has accumulated 35 years of credited service, at least 25 of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teacher's Retirement Board. Teacher payroll subject to retirement amounted to \$14,867,585 or 71% of the total Board of Education payroll of \$21,086,038.

The retirement system for teachers is funded by the State based upon the recommendation of the Teacher's Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. For the year ended June 30, 2013, the District has recorded in the General Fund (Exhibit IV) intergovernmental school revenue and school expenditures in the amount of \$3,106,042 as payments made by the State of Connecticut on behalf of the District. The District does not have any liability for teacher pensions.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

## 6. RETIREE HEALTH PLAN

### Plan Description

The Region 13 Retiree Health Plan (RHP) is a single-employer defined benefit healthcare plan administered by the Region. The RHP provides medical and life insurance benefits to eligible retirees and their spouses. All employees of the Region are eligible to participate in the plan. Benefit provisions are established through negotiations between the Region and the various unions representing the employees.

There is no trust created for this plan. The benefits are paid directly out of the General Fund on a pay-as-you-go basis.

At July 1, 2012, plan membership consisted of the following:

	<u>Retiree Health Plan</u>
Retired members	26 *
Active plan members	<u>367</u>
Total Participants	<u><u>393</u></u>

\*Includes spouses of retirees

## Funding Policy

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

### Retirees Pre 65

Teachers/Administrators pay 100% of active premium. Superintendent pays 5% of active premium. Business assistant to superintendent pays 20% of active premium. Board of Education employees pay 100% of active premium. The active premium for the year ended June 30, 2013 was \$9,382 per member and \$9,382 per spouse.

### Retirees Post 65

Teachers and administrators may continue their coverage post 65 if they are eligible for Medicare. The superintendent receives TRB Medicare supplemental coverage between the ages of 65 and 75. All others are not covered post 65.

### Contributions

Employer contributions to the plan of \$262,255 were made in accordance with actuarially determined requirements. Of this amount, \$262,255 represents premium payments. There was no amount contributed to prefund benefits.

Regional School District 13's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution (ARC)	\$	627,806
Interest on net OPEB obligation		61,587
Adjustment to annual required contribution		<u>(85,632)</u>
Annual OPEB cost (AOC)		603,761
Contribution made		<u>262,255</u>
Increase in net OPEB obligation		341,506
Net OPEB obligation - beginning of year		<u>1,539,669</u>
Net OPEB Obligation - End of Year	\$	<u><u>1,881,175</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2013 are presented below.

<u>Year Ended</u>	<u>Actual Contribution</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
2011	\$ 168,447	\$ 604,596	28 %	\$ 595,855	28 %	\$ 1,158,389
2012	220,786	615,918	36	602,066	37	1,539,669
2013	262,255	627,806	42	603,761	43	1,881,175

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Estimated Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
July 1, 2010	\$ -	\$ 5,955,023	\$ 5,955,023	- %	\$ 20,530,438	29 %
July 1, 2012	-	6,552,896	6,552,896	-	20,270,180	32

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include 5.0% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual medical cost trend rate is 10% initially, graded to 5% over 5 years. Projected salary increases and general inflation were not factors in the calculation. The determination of the actuarial value of assets was not applicable. The UAAL is being amortized at a level payments method. The remaining amortization period at July 1, 2012 was 30 years.



## **7. CONTINGENT LIABILITIES**

There are various lawsuits and claims pending against the District, the ultimate effect of which, if any, cannot presently be determined; however, the ultimate resolution of these matters is not expected to have a material adverse effect on the financial condition of the District.

State and Federal grants received by the District are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditures disallowed under terms of the grant. The amount, if any, of expenditures that may be disallowed cannot be determined at this time, although the District's management believes such disallowance, if any, will be immaterial.

The District may owe rebate payments to the Federal Government of arbitrage earnings (if there were any) on investment of the proceeds of certain borrowings, or a penalty in lieu of rebate, unless an exemption applies. The District would have to provide the factual information to determine whether there were any arbitrage earnings and whether it qualified for an exemption from rebate (or from a penalty in lieu of rebate).

## REGIONAL SCHOOL DISTRICT NO. 13

## GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Assessments from District Member Towns	\$ 34,089,930	\$ 34,089,930	\$ 34,089,930	\$ -
Local Sources:				
Interest income	18,000	18,000	11,691	(6,309)
Intergovernmental:				
State receipts building grants	205,935	205,935	205,935	-
Transportation	282,257	282,257	137,251	(145,006)
Special education	234,780	234,780	161,597	(73,183)
Student-based supplement			115,675	115,675
Adult education			11,936	11,936
Medicaid			30,869	30,869
Magnet			9,100	9,100
Health services			3,395	3,395
Total intergovernmental	<u>722,972</u>	<u>722,972</u>	<u>675,758</u>	<u>(47,214)</u>
Charges for Services:				
Buildings/grounds rentals	48,000	48,000	41,595	(6,405)
Other Revenue:				
Miscellaneous	18,750	18,750	102,989	84,239
Total revenues	<u>34,897,652</u>	<u>34,897,652</u>	<u>34,921,963</u>	<u>24,311</u>
Other Financing Sources:				
Transfer in	170,803	170,803	170,803	-
Appropriation of fund balance	913,364	913,364		(913,364)
Total other financing sources	<u>1,084,167</u>	<u>1,084,167</u>	<u>170,803</u>	<u>(913,364)</u>
Total Revenues and Other Financing Sources	\$ <u>35,981,819</u>	\$ <u>35,981,819</u>	35,092,766	\$ <u>(889,053)</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			3,106,042	
Issuance of capital lease			<u>386,263</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>38,585,071</u>	

## REGIONAL SCHOOL DISTRICT NO. 13

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Salaries:				
Certified personnel	\$ 15,850,362	\$ 15,850,362	\$ 15,454,833	\$ 395,529
Support personnel	4,766,333	4,766,333	4,815,351	(49,018)
Total salaries	<u>20,616,695</u>	<u>20,616,695</u>	<u>20,270,184</u>	<u>346,511</u>
Employee Benefits:				
Employee benefits	<u>6,433,347</u>	<u>6,433,347</u>	<u>6,045,540</u>	<u>387,807</u>
Purchased Services:				
Education	478,636	478,636	351,278	127,358
Conferences	26,075	26,075	26,336	(261)
Professional	226,945	226,945	199,868	27,077
Technical	184,662	184,662	225,285	(40,623)
Total purchased services	<u>916,318</u>	<u>916,318</u>	<u>802,767</u>	<u>113,551</u>
Property Services:				
Disposal services	34,000	34,000	31,565	2,435
Snow removal	50,000	50,000	88,433	(38,433)
Lawn service	108,000	108,000	115,937	(7,937)
Repairs and maintenance	224,002	224,002	231,536	(7,534)
Rentals and leases	418,687	418,687	386,789	31,898
Total property services	<u>834,689</u>	<u>834,689</u>	<u>854,260</u>	<u>(19,571)</u>
Operational Services:				
Pupil transportation	1,506,400	1,506,400	1,471,811	34,589
Field trips/athletics	257,663	257,663	269,100	(11,437)
Liability insurance	118,250	118,250	110,626	7,624
Dues and fees	43,841	43,841	37,563	6,278
Communication	94,996	94,996	85,290	9,706
Advertising	6,000	6,000	1,809	4,191
Tuition	922,989	922,989	817,352	105,637
Travel	33,220	33,220	32,735	485
Total operational services	<u>2,983,359</u>	<u>2,983,359</u>	<u>2,826,286</u>	<u>157,073</u>
Supplies:				
Supplies	537,106	537,106	498,247	38,859
Books/resource materials	202,071	202,071	183,103	18,968
Electricity	558,948	558,948	564,105	(5,157)
Bottled gas	10,000	10,000	10,648	(648)
Heating oil	317,502	317,502	385,111	(67,609)
Gasoline and oil vehicles	8,000	8,000	9,099	(1,099)
Total supplies	<u>1,633,627</u>	<u>1,633,627</u>	<u>1,650,313</u>	<u>(16,686)</u>
Capital Improvements/Equipment:				
Buildings			150,000	(150,000)
Equipment	310,142	310,142	161,586	148,556
Total capital improvements/equipment	<u>310,142</u>	<u>310,142</u>	<u>311,586</u>	<u>(1,444)</u>

(Continued on next page)

## REGIONAL SCHOOL DISTRICT NO. 13

## GENERAL FUND

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Debt Service:				
Principal	\$ 1,775,000	\$ 1,775,000	\$ 1,775,000	\$ -
Interest	<u>478,642</u>	<u>478,642</u>	<u>478,641</u>	<u>1</u>
Total debt service	<u>2,253,642</u>	<u>2,253,642</u>	<u>2,253,641</u>	<u>1</u>
 Total Expenditures	 \$ <u>35,981,819</u>	 \$ <u>35,981,819</u>	 35,014,577	 \$ <u>967,242</u>
 Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			3,106,042	
Issuance of capital lease			<u>386,263</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>38,506,882</u>	

**REGIONAL SCHOOL DISTRICT NO. 13**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2013**

	<u>Special Revenue Funds</u>			<u>Permanent Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>School Cafeteria Fund</u>	<u>Adult Education</u>	<u>Middlesex Transition Academy</u>	<u>A. Smith</u>	<u>Haake Science and History</u>	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 42,377	\$ 67	\$ 142,140	\$	\$	\$ 184,584
Investments				5,911	24,807	30,718
Intergovernmental receivable	17,966					17,966
Other assets	14,167					14,167
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	\$ <u>74,510</u>	\$ <u>67</u>	\$ <u>142,140</u>	\$ <u>5,911</u>	\$ <u>24,807</u>	\$ <u>247,435</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued items	\$ 2,956	\$	\$	\$	\$	\$ 2,956
Deferred revenue	14,260					14,260
Total liabilities	<u>17,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,216</u>
Fund Balances:						
Nonspendable	14,167			2,533	10,000	26,700
Restricted	17,966			3,378	14,807	36,151
Committed	25,161	67	142,140			167,368
Total fund balances	<u>57,294</u>	<u>67</u>	<u>142,140</u>	<u>5,911</u>	<u>24,807</u>	<u>230,219</u>
Total Liabilities and Fund Balances	\$ <u>74,510</u>	\$ <u>67</u>	\$ <u>142,140</u>	\$ <u>5,911</u>	\$ <u>24,807</u>	\$ <u>247,435</u>

## REGIONAL SCHOOL DISTRICT NO. 13

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds			Permanent Funds		Total Nonmajor Governmental Funds
	School Cafeteria Fund	Adult Education	Middlesex Transition Academy	A. Smith	Haake Science and History	
Revenues:						
Local sources	\$ 182	\$	\$	\$ 30	\$ (1,096)	\$ (884)
Intergovernmental	122,381					122,381
Charges for services	534,170	255	655,864			1,190,289
Miscellaneous	751					751
Total revenues	<u>657,484</u>	<u>255</u>	<u>655,864</u>	<u>30</u>	<u>(1,096)</u>	<u>1,312,537</u>
Expenditures:						
Salaries	340,720	1,480	358,586			700,786
Employee benefits			84,369			84,369
Purchased services	14,879		98,151			113,030
Operational services			37,633			37,633
Supplies	319,526	30	21,394			340,950
Total expenditures	<u>675,125</u>	<u>1,510</u>	<u>600,133</u>	<u>-</u>	<u>-</u>	<u>1,276,768</u>
Excess (Deficiency) of Revenues over Expenditures	(17,641)	(1,255)	55,731	30	(1,096)	35,769
Other Financing Sources (Uses):						
Transfers in	10,000					10,000
Transfers out			(100,000)			(100,000)
Net Change in Fund Balances	(7,641)	(1,255)	(44,269)	30	(1,096)	(54,231)
Fund Balances at Beginning of Year	<u>64,935</u>	<u>1,322</u>	<u>186,409</u>	<u>5,881</u>	<u>25,903</u>	<u>284,450</u>
Fund Balances at End of Year	<u>\$ 57,294</u>	<u>\$ 67</u>	<u>\$ 142,140</u>	<u>\$ 5,911</u>	<u>\$ 24,807</u>	<u>\$ 230,219</u>

## REGIONAL SCHOOL DISTRICT NO. 13

COMBINING STATEMENT OF FIDUCIARY NET POSITION -  
PRIVATE-PURPOSE TRUST FUNDS

JUNE 30, 2013

	<u>Moeller</u>	<u>P. Lyman</u>	<u>Total Private- Purpose Trust Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ <u>504</u>	\$ <u>2,252</u>	\$ <u>2,756</u>
<b>NET POSITION</b>			
Net Position Held in Trust for Individuals	\$ <u>504</u>	\$ <u>2,252</u>	\$ <u>2,756</u>

## REGIONAL SCHOOL DISTRICT NO. 13

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
PRIVATE-PURPOSE TRUST FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Moeller</u>	<u>P. Lyman</u>	<u>Total Private- Purpose Trust Funds</u>
Additions:			
Investment income:			
Interest and dividends	\$ _____	\$ _____ 1	\$ _____ 1
Change in net position	-	1	1
Net Position Beginning of Year	<u>504</u>	<u>2,251</u>	<u>2,755</u>
Net Position End of Year	<u>\$ 504</u>	<u>\$ 2,252</u>	<u>\$ 2,756</u>



## REGIONAL SCHOOL DISTRICT NO. 13

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

## FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Student Activity Fund</b>				
Assets:				
Cash	\$ 243,221	\$ 609,829	\$ 604,155	\$ 248,895
	<u>\$ 243,221</u>	<u>\$ 609,829</u>	<u>\$ 604,155</u>	<u>\$ 248,895</u>
Liabilities:				
Due to student groups	\$ 243,221	\$ 609,829	\$ 604,155	\$ 248,895
	<u>\$ 243,221</u>	<u>\$ 609,829</u>	<u>\$ 604,155</u>	<u>\$ 248,895</u>
<b>Middlesex Consortium</b>				
Assets:				
Cash	\$ 62,409	\$ 88,032	\$ 106,463	\$ 43,978
	<u>\$ 62,409</u>	<u>\$ 88,032</u>	<u>\$ 106,463</u>	<u>\$ 43,978</u>
Liabilities:				
Due to others	\$ 62,409	\$ 88,032	\$ 106,463	\$ 43,978
	<u>\$ 62,409</u>	<u>\$ 88,032</u>	<u>\$ 106,463</u>	<u>\$ 43,978</u>
<b>Total All Funds</b>				
Assets:				
Cash	\$ 305,630	\$ 697,861	\$ 710,618	\$ 292,873
	<u>\$ 305,630</u>	<u>\$ 697,861</u>	<u>\$ 710,618</u>	<u>\$ 292,873</u>
Liabilities:				
Due to student groups and others	\$ 305,630	\$ 697,861	\$ 710,618	\$ 292,873
	<u>\$ 305,630</u>	<u>\$ 697,861</u>	<u>\$ 710,618</u>	<u>\$ 292,873</u>

## REGIONAL SCHOOL DISTRICT NO. 13

## SCHEDULE OF DEBT LIMITATION - THE DISTRICT

JUNE 30, 2013

	<b>Town of</b>		<b>Total</b>
	<b><u>Durham</u></b>	<b><u>Middlefield</u></b>	
Total tax collections (including interest and lien fees)	\$ 23,502,249	\$ 12,889,795	\$ 36,392,044
Property tax relief elderly	<u>-</u>	<u>41,444</u>	<u>41,444</u>
Base	<u>\$ 23,502,249</u>	<u>\$ 12,931,239</u>	<u>\$ 36,433,488</u>
Debt Limitation:			
Limit for School Building Purposes (4.5 times base)			<u>\$ 163,950,696</u>
Indebtedness:			
Bonds outstanding			12,935,000
Less: State Grants Receivable			
Region 13			<u>(567,600)</u>
Net Indebtedness			<u>12,367,400</u>
Debt Limitation in Excess of Net Indebtedness			<u>\$ 151,583,296</u>