

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

**JUNE 30, 2008**

**REGIONAL SCHOOL DISTRICT NO. 13**

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## Independent Auditors' Report

To the Board of Education  
Regional School District No. 13  
Durham, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Regional School District No. 13 as of and for the year ended June 30, 2008 which collectively comprise Regional School District No. 13's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Regional School District No. 13 as of June 30, 2008 and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 9 and the budgetary information on pages 41 through 43 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2008 on our consideration of Regional School District No. 13's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

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

December 12, 2008

## REGIONAL SCHOOL DISTRICT NO. 13

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2008

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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, 2008.

#### **Financial Highlights**

- The assets of the Region exceeded its liabilities at the close of the most recent fiscal year by \$29,010,257 (net assets).
- The Region's total net assets increased by \$1,558,393. The increase resulted from charges for services, operating grants and other revenues exceeding expenses.
- As of the close of the current fiscal year, the Region's governmental funds reported a combined ending fund balance of \$3,214,483, an increase of \$1,160,589 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,025,670.
- Long-term bonds decreased by \$1,825,000 due to scheduled 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 assets presents information on all of the Region's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Cafeteria Fund and the Capital Projects Fund, all of which are considered to be major funds. Data from the other two 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.

**Proprietary Funds.** The Region maintains one proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Region's various functions. The Region uses an internal service fund to account for its self-insured medical benefits.

**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 B-1 and B-2.

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the Region, assets exceeded liabilities by \$29,010,257 at the close of the most recent fiscal year.

By far, the largest portion of the Region’s net assets 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 assets is \$5,147,374.

**REGIONAL SCHOOL DISTRICT NO. 13  
NET ASSETS**

	<b>Governmental Activities</b>	
	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 5,657,475	\$ 5,018,729
Capital assets, net of accumulated depreciation	40,965,080	42,325,940
Total Assets	<u>46,622,555</u>	<u>47,344,669</u>
Long-term liabilities outstanding	17,256,706	17,206,300
Other liabilities	355,592	2,686,505
Total liabilities	<u>17,612,298</u>	<u>19,892,805</u>
Net Assets:		
Invested in capital assets, net of related debt	23,821,621	23,007,267
Restricted	41,262	34,523
Unrestricted	<u>5,147,374</u>	<u>4,410,074</u>
Total Net Assets	<u>\$ 29,010,257</u>	<u>\$ 27,451,864</u>

**Governmental Activities.** The Region’s net assets increased by \$1,558,393 during the current fiscal year. The increase 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.



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

	<b>Governmental Activities</b>	
	<u><b>2008</b></u>	<u><b>2007</b></u>
Revenues:		
Program revenues:		
Charges for services:	\$	\$
Salaries	21,736	32,789
Operational services	839,079	714,796
Operating grants and contributions	11,032,547	2,762,019
Capital grants and contributions	739,749	219,435
General revenues:		
Assesments from member towns	29,568,559	28,122,480
Investment income	136,924	146,025
Miscellaneous	59,616	
Total revenues	<u>42,398,210</u>	<u>31,997,544</u>
Expenses:		
Salaries	17,990,727	16,917,628
Employee benefits	13,775,527	4,665,353
Purchased services	1,492,538	1,476,905
Property services	1,965,738	1,229,133
Operational services	3,118,552	3,087,618
Supplies	1,766,925	1,851,799
Interest expense	729,810	876,692
Total expenses	<u>40,839,817</u>	<u>30,105,128</u>
Change in net assets	1,558,393	1,892,416
Net Assets at Beginning of Year	<u>27,451,864</u>	<u>25,559,448</u>
Net Assets at End of Year	<u>\$ 29,010,257</u>	<u>\$ 27,451,864</u>

- Assessments from member towns increased by \$1,446,079 substantially due to the overall increase in operating expenditures, which are primarily funded through the assessments from the two towns.
- For the most part, increases in expenses closely paralleled inflation and growth.
- The reported increase in the grant revenue and employee benefits cost represents the impact of the funded of TRB, or the Teachers Retirement Board.

## **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 \$3,214,483, an increase of \$1,160,589 in comparison with the prior year. Of that balance, \$2,025,670 constitutes unreserved fund balance. The remaining \$1,188,813 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 \$652,714 during the current fiscal year. Key factors in the General Fund are as follows:

An increase in the assessment from member towns increased revenues by \$1,446,079. This increase in assessments was due to a similar increase in the expenditures in the fiscal year 2007-2008 General Fund budget.

### **General Fund Budgetary Highlights**

There were several differences between the original budget and the final amended budget of revenues and expenditures due to the significant increases in the cost of utilities, primarily heating oil and electricity. Significant budgetary variances can be briefly summarized as follows:

#### Final Budget to Actual

- \$134,086 excess expenditures over the final budget in the operations and maintenance of the buildings and computer repair are the result of several emergency repairs and a greater than expected repair need in technology infrastructure.
- The variance of \$90,512 in administration expenditures was due to an increase in legal fees incurred.
- We experienced higher energy costs that caused a \$74,914 variance to budget.

**Capital Assets and Debt Administration**

**Capital Assets.** The Region’s investment in capital assets for its governmental activities as of June 30, 2008 amounts to \$40,965,080 (net of accumulated depreciation). This investment in capital assets includes land, buildings and machinery and equipment. The net decrease in the Region’s capital assets for the current fiscal year was \$1,360,860 as a result of depreciation expense.

Major capital asset events during the current fiscal year included the following:

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

	<b>Governmental Activities</b>	
	<b>2008</b>	<b>2007</b>
Land	\$ 200,000	\$ 200,000
Construction in progress	1,128,000	1,128,000
Buildings and improvements	37,228,866	38,194,324
Land improvements	481,742	517,212
Equipment	767,934	945,796
Vehicles	1,158,538	1,340,608
Total	<u>\$ 40,965,080</u>	<u>\$ 42,325,940</u>

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

**Long-Term Debt.** At the end of the current fiscal year, the Region had total bonded debt outstanding of \$16,845,000. 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>	
	<b>2008</b>	<b>2007</b>
General obligation bonds	<u>\$ 16,845,000</u>	<u>\$ 18,670,000</u>

The Region’s total debt decreased by \$1,825,000 (9.8%) during the current fiscal year. The Region maintains an “Aa2” rating from Moody’s and an AAA from Standard and Poor and Fitch 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 \$137,510,307, 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 3.F 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, 139A Pickett Lane, Durham, Connecticut 06422.

## REGIONAL SCHOOL DISTRICT NO. 13

## STATEMENT OF NET ASSETS

JUNE 30, 2008

	<u>Governmental Activities</u>
Assets:	
Cash	\$ 2,705,312
Investments	614,073
Accounts receivable	29,366
Intergovernmental receivable	2,024,876
Bond issue costs	32,866
Other assets	11,166
Net pension asset	198,554
Restricted assets:	
Temporarily restricted:	
Investments	28,729
Permanently restricted:	
Investments	12,533
Capital assets not being depreciated	1,328,000
Capital assets net of accumulated depreciation	<u>39,637,080</u>
Total assets	<u>46,622,555</u>
Liabilities:	
Accounts and other payables	187,597
Accrued interest payable	141,456
Unearned revenue	26,539
Noncurrent liabilities:	
Due within one year	2,219,410
Due in more than one year	15,037,296
Total liabilities	<u>17,612,298</u>
Net Assets:	
Invested in capital assets, net of related debt	23,821,621
Restricted for:	
Textbooks:	
Expendable	2,782
Nonexpendable	2,533
Library materials:	
Expendable	25,947
Nonexpendable	10,000
Unrestricted	<u>5,147,374</u>
Total Net Assets	<u>\$ 29,010,257</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, 2008

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		
Governmental activities:					
Salaries	\$ 17,990,727	\$ 21,736	\$ 11,075	\$	\$ (17,957,916)
Employee benefits	13,775,527		9,907,251		(3,868,276)
Purchased services	1,492,538		530,156		(962,382)
Property services	1,965,738			739,749	(1,225,989)
Operational services	3,118,552	839,079	555,759		(1,723,714)
Supplies	1,766,925		28,306		(1,738,619)
Interest	729,810				(729,810)
Total	\$ <u>40,839,817</u>	\$ <u>860,815</u>	\$ <u>11,032,547</u>	\$ <u>739,749</u>	<u>(28,206,706)</u>
General revenues:					
Assessments from district member towns					29,568,559
Investment income					136,924
Miscellaneous					59,616
Total general revenues					<u>29,765,099</u>
Change in Net Assets					1,558,393
Net Assets at Beginning of Year					<u>27,451,864</u>
Net Assets at End of Year					\$ <u>29,010,257</u>

The accompanying notes are an integral part of the financial statements

## REGIONAL SCHOOL DISTRICT NO. 13

## GOVERNMENTAL FUNDS

## BALANCE SHEET

JUNE 30, 2008

	<u>General</u>	<u>Bonded Capital Projects Fund</u>	<u>Special School Grants and Programs</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash	\$ 1,607,578	\$ 927,900	\$ 25,477	\$ 144,357	\$ 2,705,312
Investments	554,039			101,296	655,335
Accounts receivable	29,366				29,366
Intergovernmental receivable			13,169	14,271	27,440
Other assets				11,166	11,166
Total Assets	<u>\$ 2,190,983</u>	<u>\$ 927,900</u>	<u>\$ 38,646</u>	<u>\$ 271,090</u>	<u>\$ 3,428,619</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts and other payables	\$ 165,313		\$ 12,107	\$ 10,177	\$ 187,597
Deferred revenue			26,539		26,539
Total liabilities	<u>165,313</u>	<u>-</u>	<u>38,646</u>	<u>10,177</u>	<u>214,136</u>
Fund balances:					
Reserved for endowments				12,533	12,533
Unreserved, designated for subsequent years' budget	2,025,670				2,025,670
Unreserved, undesignated, reported in:					
Special Revenue Funds				219,651	219,651
Permanent Funds				28,729	28,729
Capital Project Funds		927,900			927,900
Total fund balances	<u>2,025,670</u>	<u>927,900</u>	<u>-</u>	<u>260,913</u>	<u>3,214,483</u>
Total Liabilities and Fund Balances	<u>\$ 2,190,983</u>	<u>\$ 927,900</u>	<u>\$ 38,646</u>	<u>\$ 271,090</u>	<u>\$ 3,428,619</u>

The accompanying notes are an integral part of the financial statements

## REGIONAL SCHOOL DISTRICT NO. 13

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2008

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

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

Total fund balances (Exhibit III)	\$ 3,214,483
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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	55,451,679
Less accumulated depreciation	(14,486,599)

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

School building receivable	1,997,436
Bond issue costs	32,866
Net pension asset	198,554

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

Bonds payable	(16,845,000)
Bond premium	(43,367)
Deferred charge on refunding	298,400
Compensated absences	(113,247)
Capital leases	(553,492)
Accrued interest payable	(141,456)

Net Assets of Governmental Activities (Exhibit I)	<u>\$ 29,010,257</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, 2008

	<u>General</u>	<u>Bonded Capital Projects Fund</u>	<u>Special School Grants and Programs</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Assessments from district member towns	\$ 29,568,559	\$	\$	\$	\$ 29,568,559
Intergovernmental	11,272,701	273,956	569,477	77,691	12,193,825
Charges for services	162,063			698,752	860,815
Local sources	117,685	6,072		13,167	136,924
Contributions				2,000	2,000
Miscellaneous	59,616				59,616
Total revenues	<u>41,180,624</u>	<u>280,028</u>	<u>569,477</u>	<u>791,610</u>	<u>42,821,739</u>
Expenditures:					
Current:					
Salaries	17,491,629			507,577	17,999,206
Employee benefits	13,745,157				13,745,157
Purchased services	908,711		569,477	14,350	1,492,538
Property services	905,404				905,404
Operational services	3,118,552				3,118,552
Supplies	1,487,284			279,641	1,766,925
Capital outlay	45,695	77,988			123,683
Debt service	2,526,680				2,526,680
Total expenditures	<u>40,229,112</u>	<u>77,988</u>	<u>569,477</u>	<u>801,568</u>	<u>41,678,145</u>
Excess (Deficiency) of Revenues over Expenditures	<u>951,512</u>	<u>202,040</u>	<u>-</u>	<u>(9,958)</u>	<u>1,143,594</u>
Other Financing Sources (Uses):					
Transfers in	16,995	315,793			332,788
Transfers out	<u>(315,793)</u>				<u>(315,793)</u>
Total other financing sources (uses)	<u>(298,798)</u>	<u>315,793</u>	<u>-</u>	<u>-</u>	<u>16,995</u>
Net Change in Fund Balances	652,714	517,833	-	(9,958)	1,160,589
Fund Balances at Beginning of Year	<u>1,372,956</u>	<u>410,067</u>	<u>-</u>	<u>270,871</u>	<u>2,053,894</u>
Fund Balances at End of Year	<u>\$ 2,025,670</u>	<u>\$ 927,900</u>	<u>\$ -</u>	<u>\$ 260,913</u>	<u>\$ 3,214,483</u>

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 (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2008**

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)	\$ 1,160,589
<p>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:</p>	
Capital outlay	46,032
Depreciation expense	(1,406,517)
<p>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 assets differs from the change in fund balance by the cost of the capital assets sold.</p>	
	(375)
<p>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:</p>	
School building grant receipts	(423,529)
<p>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 assets. 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:</p>	
Payments on general obligation bonds	1,825,000
Payments on capital leases	424,209
<p>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:</p>	
Net pension asset	(2,833)
Bond issuance costs	(4,695)
Accrued interest payable	12,999
Compensated absences	11,312
Bond premium	6,195
Deferred charges on refunding of bonds	(42,629)
<p>Internal service funds are used by management to charge costs of medical insurance premiums to individual departments. The net revenue of the activities of the internal service fund is reported with governmental activities.</p>	
	(47,365)
Change in Net Assets of Governmental Activities (Exhibit II)	\$ 1,558,393

The accompanying notes are an integral part of the financial statements

## REGIONAL SCHOOL DISTRICT NO. 13

## STATEMENT OF NET ASSETS

## PROPRIETARY FUNDS

JUNE 30, 2008

	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
Assets:	
Cash	\$ -
Investments	-
Total assets	<u>-</u>
Liabilities:	
Claims payable	-
Total liabilities	<u>-</u>
Net Assets:	
Unrestricted	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

## REGIONAL SCHOOL DISTRICT NO. 13

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

## PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
Operating Revenue:	
Charges for services	\$ <u>-</u>
Operating Expenses:	
Claims	-
Administration	30,370
Total operating expenses	<u>30,370</u>
Operating Loss	(30,370)
Nonoperating Revenue:	
Investment income	<u>-</u>
Loss Before Transfer	(30,370)
Transfer out	<u>(16,995)</u>
Change in Net Assets	(47,365)
Net Assets at Beginning of Year	<u>47,365</u>
Net Assets at End of Year	\$ <u><u>-</u></u>

The accompanying notes are an integral part of the financial statements

## REGIONAL SCHOOL DISTRICT NO. 13

## STATEMENT OF CASH FLOWS

## PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
Cash Flows from Operating Activities:	
Claims and administrative expenses paid	\$ <u>(55,670)</u>
Cash Flows from Noncapital Financing Activities:	
Transfers out	<u>(16,995)</u>
Net Decrease in Cash	(72,665)
Cash and Cash Equivalents at Beginning of Year	<u>72,665</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>-</u></u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating loss	\$ (30,370)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Decrease:	
Claims payable	<u>(25,300)</u>
Net Cash Used in Operating Activities	\$ <u><u>(55,670)</u></u>

The accompanying notes are an integral part of the financial statements

## REGIONAL SCHOOL DISTRICT NO. 13

## STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2008

	<u>Pension Trust Funds</u>	<u>Private- Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets:			
Cash and cash equivalents	\$ <u>231,876</u>	\$ <u>7,764</u>	\$ <u>193,853</u>
Investments, at fair value:			
Certificates of deposit			93,657
Proprietary mutual funds	1,145,386		
Corporate bonds	285,802		
U.S. Government obligations	566,340		
Common stocks	1,528,386		
Accrued interest	10,674		
Total investments, at fair value	<u>3,536,588</u>	<u>-</u>	<u>93,657</u>
Accounts receivable	<u>3,219</u>		
Total assets	3,771,683	7,764	\$ <u><u>287,510</u></u>
Liabilities:			
Accounts payable			\$ <u><u>287,510</u></u>
Net Assets:			
Held in trust for:			
Town of Durham employees pension benefits	317,701		
Regional School District No. 13 employees pension benefits	<u>3,453,982</u>		
Held in trust for pension benefits	<u><u>\$ 3,771,683</u></u>	<u><u>\$ 7,764</u></u>	

The accompanying notes are an integral part of the financial statements

## REGIONAL SCHOOL DISTRICT NO. 13

## STATEMENT OF CHANGES IN PLAN NET ASSETS - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	<b>Pension Trust Funds</b>	<b>Private- Purpose Trust Funds</b>
	<u>                    </u>	<u>                    </u>
Additions:		
Contributions:		
Employer	\$ 190,377	\$
Employee	90,329	
Total contributions	<u>280,706</u>	<u>-</u>
Investment income:		
Net depreciation in fair value of investments	(344,760)	
Interest and dividends	149,858	24
Total investment income	<u>(194,902)</u>	<u>24</u>
Total additions	85,804	24
Deductions:		
Benefits	<u>335,323</u>	
Change in net assets	(249,519)	24
Net Assets Beginning of Year	<u>4,021,202</u>	<u>7,740</u>
Net Assets End of Year	<u>\$ 3,771,683</u>	<u>\$ 7,764</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, 2008

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the 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 65.97% for Durham and 34.03% for Middlefield.

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

The government-wide financial statements (i.e., the statement of net assets 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 is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. 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, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.



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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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 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 generally are 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 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.

The *Special School Grants and Programs Fund* accounts for the revenues and expenditures relating to federal and state education grants.

Additionally, the District reports the following fund types:

The *Internal Service Fund* accounts for risk financing activities for dental insurance benefits as allowed by GASB Statement No. 10. This fund was closed during the fiscal year.

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 and the Town of Durham's Employees' Retirement System, which both accumulate resources for pension benefit payments to qualified employees.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in the government-wide and the internal service fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The District has elected not to follow subsequent private-sector guidance.

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.

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

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.

#### **D. Assets, Liabilities and Net Assets 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 the Statutes, 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 assessments from member town receivables are considered to be fully collectible and no allowance has been recorded.

### **Interfund Activity**

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

### **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
Building improvements	45
Land improvements	20
Vehicles	7-10
Office equipment	7-10
Computer equipment	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 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 assets. 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 Assets**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

In the government-wide financial statements, net assets are classified into the following categories:

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

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

*Unrestricted Net Assets* - This category presents the net assets of the District which are not restricted.

## **Estimates**

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

## **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, 2008.

- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and, accordingly, encumbrances outstanding at year end are reported in budgetary reports as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

**B. Budget to GAAP Reconciliation**

A reconciliation of revenues and expenditures between the accounting treatment required by GAAP (Exhibit IV), and budgetary requirements (RSI-1 and RSI-2), at June 30, 2008 is as follows:

	<u>Revenues</u>	<u>Expenditures</u>
Balance, budgetary basis, RSI-1 and RSI-2	\$ 31,284,593	\$ 30,333,081
State contributions to Teachers' Retirement System	<u>9,896,031</u>	<u>9,896,031</u>
Balance, GAAP Basis, Exhibit IV	<u>\$ 41,180,624</u>	<u>\$ 40,229,112</u>

**C. Capital Projects Authorizations**

The following is a summary of Capital Projects at June 30, 2008:

<u>Capital Project</u>	<u>Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance - June 30, 2008</u>
School Building Projects	\$ <u>33,989,593</u>	\$ <u>31,328</u>	\$ <u>33,982,193</u>	\$ <u>7,400</u>

**D. Donor-Restricted Endowments**

The District has received certain endowments for textbooks and library materials. The amounts are reflected in net assets as restricted for expendable purposes. Cumulative interest earnings on endowments have amounted to \$28,729 and make up the unreserved 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. Of the June 30, 2008 balance, \$416,410 of the District's bank balance of \$624,115 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 354,769
Uninsured and collateral held by the pledging bank's trust department, not in the District's name	<u>61,641</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 416,410</u></u>

##### 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, 2008, the District had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)			
			N/A	Less Than 1	1-10	More Than 10
U.S. Treasury obligations	Aaa	\$ 293,106	\$	\$	\$ 293,106	\$
U.S. asset and mortgage-backed	AA2/AA-	74,439			74,439	
U.S. asset and mortgage-backed	AAA/AAA	113,341			113,341	
Mortgage-backed	n/a	90,352				90,352
Domestic corporate bonds - BOA	AA2AA	28,004			28,004	
Global corporate bonds - Verizon	BAA1/A	17,795			17,795	
Global corporate bonds - Goldman Sachs	AA3/AA-	16,936			16,936	
Global corporate bonds - Eksportfinans	AAA	26,232			26,232	
Global corporate bonds - Vodafone	BAA1	17,373			17,373	
Global corporate bonds - Walt Disney	A2/A	17,357			17,357	
Global corporate bonds - Honeywell	A2/A	16,892			16,892	
Global corporate bonds - Morgan Stanley	AA3/A+	18,641			18,641	
Domestic corporate bonds - CSX Corp	BAA3/BBB-	12,961			12,961	
Domestic corporate bonds - JPMorgan Chase	AA2/AA-	27,441			27,441	
Domestic corporate bonds - United Tech	A2/A	18,026			18,026	
Global corporate bonds - GE Cap	AAA/AAA	26,402			26,402	
Domestic corporate bonds - Pepsico	AA2/A+	27,442			27,442	
Foreign corporate bonds - Glaxosmithkline	A1	18,064			18,064	
Reich & Tang	AAAm	493,448	493,448			
Certificates of deposit	n/a	624,703		624,703		
Mutual funds	n/a	1,317,531	1,317,531			
Money market funds	n/a	2,289,246	2,289,246			
Common stock	n/a	1,528,431	1,528,431			
<b>Total</b>		<b>\$ 7,114,163</b>	<b>\$ 5,628,656</b>	<b>\$ 624,703</b>	<b>\$ 770,452</b>	<b>\$ 90,352</b>

*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. At June 30, 2008, the District had money market funds of \$2,289,246 that were held by the counterparty or by its trust department or agent that were not in the District's name, of which \$1,789,246 was subject to custodial credit risk.

### **Subsequent Event**

Due to an economic downturn in the stock market which occurred subsequent to year end, the value of the District's investments has declined. As of November 30, 2008, the decline was approximately \$815 thousand or 21.6%. These results could differ between November 30, 2008 and the date of this report.

### **C. 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>Unearned</u>
Education grants	\$ 26,539

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 200,000	\$	\$	\$ 200,000
Construction in progress	1,128,000			1,128,000
Total capital assets not being depreciated	<u>1,328,000</u>	<u>-</u>	<u>-</u>	<u>1,328,000</u>
Capital assets being depreciated:				
Buildings and improvements	47,941,375			47,941,375
Land improvements	969,840			969,840
Equipment	3,345,944	46,032	12,750	3,379,226
Vehicles	1,833,238			1,833,238
Total capital assets being depreciated	<u>54,090,397</u>	<u>46,032</u>	<u>12,750</u>	<u>54,123,679</u>
Less accumulated depreciation for:				
Buildings	9,747,051	965,458		10,712,509
Land improvements	452,628	35,470		488,098
Equipment	2,400,148	223,519	12,375	2,611,292
Vehicles	492,630	182,070		674,700
Total accumulated depreciation	<u>13,092,457</u>	<u>1,406,517</u>	<u>12,375</u>	<u>14,486,599</u>
Total capital assets being depreciated, net	<u>40,997,940</u>	<u>(1,360,485)</u>	<u>375</u>	<u>39,637,080</u>
Governmental Activities Capital Assets, Net	<u>\$ 42,325,940</u>	<u>\$ (1,360,485)</u>	<u>\$ 375</u>	<u>\$ 40,965,080</u>

Depreciation expense of \$1,406,517 was charged to property services.

**E. Interfund Transfers**

A summary of interfund transfers as of June 30, 2008 is as follows:

	<u>Transfer In</u>		
	<u>General Fund</u>	<u>Bonded Capital Projects Fund</u>	<u>Total Transfers Out</u>
Transfers out:			
General Fund	\$	\$ 315,793	\$ 315,793
Internal Service Fund	16,995		16,995
Total Transfers In	<u>\$ 16,995</u>	<u>\$ 315,793</u>	<u>\$ 332,788</u>

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

## F. 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	\$ 2,720,000	01/01/98	09/15/09	4.00-4.70	\$ 765,000	\$	\$ 260,000	505,000	\$ 255,000
Improvement bond	9,000,000	04/15/01	04/15/21	4.25-5.00	6,625,000		475,000	6,150,000	475,000
Improvement bond	7,300,000	03/01/03	03/01/23	2.50-4.30	6,055,000		415,000	5,640,000	415,000
Improvement bond	6,885,000	03/15/04	12/15/15	2.00-3.50	5,225,000		675,000	4,550,000	660,000
					<u>18,670,000</u>	<u>-</u>	<u>1,825,000</u>	<u>16,845,000</u>	<u>1,805,000</u>
Plus deferred amounts:									
Bond premium					49,562		6,195	43,367	
Deferred charges in refunding					(341,029)		(42,629)	(298,400)	
Total bonds payable					<u>18,378,533</u>	<u>-</u>	<u>1,788,566</u>	<u>16,589,967</u>	<u>1,805,000</u>
Obligations under capital leases					977,701		424,209	553,492	414,410
Compensated absences					<u>124,559</u>		<u>11,312</u>	<u>113,247</u>	
Total Governmental Activities									
Long-Term Liabilities					<u>\$ 19,480,793</u>	<u>\$ -</u>	<u>\$ 2,224,087</u>	<u>\$ 17,256,706</u>	<u>\$ 2,219,410</u>

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

The annual requirements to amortize all bonds payable as of June 30, 2008 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>		
2009	\$ 413,980	\$ 31,340	\$ 1,805,000	\$ 643,754
2010	398,171	21,562	1,730,000	581,195
2011	212,851	15,289	1,430,000	527,116
2012	208,677	12,478	1,420,000	475,272
2013	196,157	9,778	1,390,000	432,310
2014-2018	567,600	12,864	5,810,000	1,376,088
2019-2023			<u>3,260,000</u>	<u>375,764</u>
Total	<u>\$ 1,997,436</u>	<u>\$ 103,311</u>	<u>\$ 16,845,000</u>	<u>\$ 4,411,499</u>

### State Reimbursement

Amounts in the State reimbursement columns are projected school construction grants to be received the years subsequent to June 30, 2008 and represent principal and interest subsidies from the State of Connecticut.

## Capital Leases

At June 30, 2008, the District is committed under lease agreements for the acquisition of office equipment, business equipment and school buses. 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, 2008 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2009	\$ 431,033
2010	130,485
2011	11,193
Total minimum lease payments	<u>572,711</u>
Less amount representing interest	<u>19,219</u>
Total	<u>\$ 553,492</u>

The assets acquired through the capital lease is as follows:

	<u>Governmental Activities</u>
Assets:	
Equipment	\$ 148,836
Vehicles	<u>1,727,118</u>
	1,875,954
Less accumulated depreciation	<u>602,680</u>
Total	<u>\$ 1,273,274</u>

## 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	\$ 137,510,307	\$ 14,847,564	\$ 122,622,743

## Authorized/Unissued Bonds

At June 30, 2008, there were bonds authorized but unissued of \$4,995,000 for school purposes.

#### **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 and the Town of Durham 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. Included within the fund is \$317,701 of assets, which belong to the Town of Durham employees. This amount is shown as a separate reservation of net assets.

##### **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. Investment in the Columbia Core Bond Fund of \$214,784 represents more than 5% of net assets at June 30, 2008.

## Classes of Employees Covered

As of July 1, 2007, the date of the last actuarial valuation, the plan's membership consisted of the following:

Retirees, disabled and beneficiaries currently receiving benefits	80
Terminated employees entitled to benefits but not yet receiving them	22
Current plan members	<u>8</u>
<b>Total</b>	<b><u><u>110</u></u></b>

## Benefit Provisions

### 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 12 months of service, attain a minimum age of 20 and participate in the money accumulation pension plan.

Normal retirement date is at age 65 on completion of 5 years of service. The annual benefit is based upon 70% of average compensation less 100% of the Social Security reduced proportionately for each year of service less than 25, less the projected benefit provided by the money accumulation pension plan. The plan does not contain a provision for early retirement. 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 1% 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, 2008 represented 2.89% 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>
2003	\$ 70,177	\$ 52,977	132%	\$ 52,977	132%	\$ 147,766
2004	113,923	90,932	125%	90,932	125%	170,542
2005	109,936	91,021	120%	91,021	120%	188,214
2006	98,183	82,734	119%	87,830	112%	198,567
2007	87,129	76,255	114%	84,309	104%	201,387
2008	69,692	63,307	110%	72,525	96%	198,554

## Actuarial Assumptions

The annual required contribution for the current year was determined as part of the July 1, 2007 actuarial valuation using the entry age normal cost method. The actuarial assumptions included:

Remaining Amortization Period	13 years closed
Actuarial Assumptions:	
Investment Rate of Return	8.25%
Projected Salary Increases	5.00%
Inflation Rate	2.50%
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	\$ 63,307
Interest on net pension obligation	(16,614)
Adjustment to annual required contribution	25,832
Annual pension cost	<u>72,525</u>
Contribution made	<u>69,692</u>
Decrease in net pension asset	2,833
Net pension asset - beginning of year	<u>201,387</u>
Net Pension Asset - End of Year	<u><u>\$ 198,554</u></u>

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Overfunded) Actuarial Accrued Liability	Funded Ratio	Estimated Covered Payroll	(Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll
July 1, 2002	\$ 339,243	\$ 748,995	\$ (409,752)	45.3%	\$ 1,855,255	\$ (22.1%)
July 1, 2003	470,032	1,055,807	(585,775)	44.5%	1,860,777	(31.5%)
July 1, 2004	562,061	1,073,543	(511,482)	52.4%	1,981,612	(25.8%)
July 1, 2005	661,119	1,142,449	(481,330)	57.9%	2,134,717	(22.5%)
July 1, 2006	772,220	1,165,512	(393,292)	66.3%	2,253,463	(17.5%)
July 1, 2007	895,706	1,180,150	(284,444)	75.9%	2,412,654	(11.8%)

## Money Accumulation Pension Plan

### Plan Description

The District provides pension plan benefits for all noncertified employees working 20 hours per week or more through a defined contribution plan. 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 and after completing one year of service. A Board consisting of employees of the District and the Town of Durham administers the plan. 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 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. 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 Servicing</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 years or more	100%

### **Plan Provisions**

Participants are always fully vested in their own contributions (and related earnings allocated to the participant contribution account).

The plan is accounted for using the accrual basis of accounting. Employer contributions are recognized when due. Investment income is recognized when earned. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market value are reported at estimated fair value. No investments represent more than 5% or more of plan assets. Benefit and administrative expenses are recognized when incurred. Administrative expenses are financed from investment income.

### **Funding Policy**

The District is required to contribute an amount equal to 5% of the payroll of the eligible employees. The District's total payroll for the year ended June 30, 2008 was \$17,491,629. The District's contribution to the plan was \$120,685 which is equivalent to 5% of the annual active participants' payroll of \$2,413,700. Active enrollment in the plan is as follows:

Actively employed	80
Terminated participants	<u>7</u>
Total	<u><u>87</u></u>



## Financial Information

The statement of fiduciary fund net assets and the statement of changes in fiduciary fund net assets for the Regional School District No. 13 and the Town of Durham Employee Retirement Plan (Defined Benefit Plan) and the Money Accumulation Plan are as follows:

### SCHEDULE OF PLAN NET ASSETS JUNE 30, 2008

	Pension Trust Funds		
	Money Accumulation Plan	Defined Benefit Plan	Totals
Assets:			
Cash and cash equivalents	\$ 156,941	\$ 74,935	\$ 231,876
Investments:			
Proprietary mutual funds		1,145,386	1,145,386
Corporate bonds	285,802		285,802
U.S. Government obligations	566,340		566,340
Common stock	1,528,386		1,528,386
Accrued interest	8,707	1,967	10,674
Total investments, at fair value	<u>2,389,235</u>	<u>1,147,353</u>	<u>3,536,588</u>
Accounts receivable	<u>3,219</u>		<u>3,219</u>
Total assets	<u>2,549,395</u>	<u>1,222,288</u>	<u>3,771,683</u>
Net assets held in trust for the Town of Durham employees pension benefits		317,701	317,701
Net assets held in trust for the District's employees pension benefits	<u>2,549,395</u>	<u>904,587</u>	<u>3,453,982</u>
	<u>\$ 2,549,395</u>	<u>\$ 1,222,288</u>	<u>\$ 3,771,683</u>

**SCHEDULE OF CHANGES IN PLAN NET ASSETS  
YEAR ENDED JUNE 30, 2008**

	<b>Pension Trust Funds</b>		
	<b>Money Accumulation Plan</b>	<b>Defined Benefit Plan</b>	<b>Totals</b>
Additions:			
Contributions:			
Employer	\$ 120,685	\$ 69,692	\$ 190,377
Employee	54,981	35,348	90,329
Total contributions	<u>175,666</u>	<u>105,040</u>	<u>280,706</u>
Investment income:			
Net increase in fair value of investments	(201,834)	(142,926)	(344,760)
Interest and dividends	77,387	72,471	149,858
Total investment income	<u>(124,447)</u>	<u>(70,455)</u>	<u>(194,902)</u>
Total additions	<u>51,219</u>	<u>34,585</u>	<u>85,804</u>
Deductions:			
Benefits	<u>219,866</u>	<u>115,457</u>	<u>335,323</u>
Change in net assets	(168,647)	(80,872)	(249,519)
Net Assets at Beginning of Year	<u>2,718,042</u>	<u>1,303,160</u>	<u>4,021,202</u>
Net Assets at End of Year	<u>\$ 2,549,395</u>	<u>\$ 1,222,288</u>	<u>\$ 3,771,683</u>

**On-Behalf Payments**

The amount recognized in the General Fund intergovernmental revenues and education expenditures for contributions made by the State on behalf of the District's teachers to the Connecticut State Teachers' Retirement System was \$9,896,031. This amount has increased significantly from the prior year due to the State issuing pension obligation bonds to partially fund the plan.

**6. 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, which may be disallowed, cannot be determined at this time, although the District's management believes such disallowance, if any, will be immaterial.

## **7. PRIOR PERIOD ADJUSTMENTS**

### **Governmental Activities**

Capital assets and accumulated depreciation were incorrectly calculated, resulting in a decrease to net assets in the amount of \$1,653,375, an increase to capital assets of \$3,216,829 and an increase to accumulated depreciation of \$4,870,204.

School building receivable incorrectly included interest, resulting in a decrease to net assets in the amount of \$144,250 and a decrease to school building receivable by the same amount.

## 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, 2008

	<u>Budgeted Amounts</u>			<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Assessments from District Member Towns:	\$ 28,122,480	\$ 28,122,480	\$ 29,568,559	\$ 1,446,079
Local Sources:				
Interest income	50,000	50,000	117,685	67,685
Intergovernmental:				
State receipts building grants	592,807	592,807	465,793	(127,014)
Transportation	300,000	300,000	244,276	(55,724)
Special education	500,000	500,000	617,006	117,006
Adult education			11,075	11,075
Medicaid			11,220	11,220
Magnet			27,300	27,300
Total intergovernmental	<u>1,392,807</u>	<u>1,392,807</u>	<u>1,376,670</u>	<u>(16,137)</u>
Charges for Services:				
Buildings/grounds rentals	64,000	64,000	92,956	28,956
Tuition	15,000	15,000	69,107	54,107
Total charges for services	<u>79,000</u>	<u>79,000</u>	<u>162,063</u>	<u>83,063</u>
Other Revenue:				
Miscellaneous	15,000	15,000	59,616	44,616
Total revenues	<u>29,659,287</u>	<u>29,659,287</u>	<u>31,284,593</u>	<u>1,625,306</u>
Other Financing Sources:				
Transfer in			16,995	16,995
Appropriation of fund balance	600,000	600,000		(600,000)
Total other financing sources	<u>600,000</u>	<u>600,000</u>	<u>16,995</u>	<u>(583,005)</u>
Total Revenues and Other Financing Sources	\$ <u>30,259,287</u>	\$ <u>30,259,287</u>	\$ <u>31,301,588</u>	\$ <u>1,042,301</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, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Salaries:				
Certified personnel	\$ 14,591,606	\$ 14,591,606	\$ 13,902,632	\$ 688,974
Support personnel	3,002,854	3,002,854	3,588,997	(586,143)
Total salaries	<u>17,594,460</u>	<u>17,594,460</u>	<u>17,491,629</u>	<u>102,831</u>
Employee Benefits:				
Employee benefits	<u>4,142,000</u>	<u>4,142,000</u>	<u>3,849,126</u>	<u>292,874</u>
Purchased Services:				
Education	333,941	333,941	441,323	(107,382)
Conferences	17,855	17,855	19,244	(1,389)
Professional	123,189	123,189	230,750	(107,561)
Technical	<u>177,000</u>	<u>177,000</u>	<u>217,394</u>	<u>(40,394)</u>
Total purchased services	<u>651,985</u>	<u>651,985</u>	<u>908,711</u>	<u>(256,726)</u>
Property Services:				
Disposal services	23,000	23,000	26,121	(3,121)
Snow removal	45,000	45,000	40,447	4,553
Lawn service	70,000	70,000	91,970	(21,970)
Repairs and maintenance	291,788	291,788	407,564	(115,776)
Rentals and leases	<u>389,204</u>	<u>389,204</u>	<u>339,302</u>	<u>49,902</u>
Total property services	<u>818,992</u>	<u>818,992</u>	<u>905,404</u>	<u>(86,412)</u>
Operational Services:				
Pupil transportation	1,568,925	1,568,925	1,775,248	(206,323)
Field trips/athletics	37,970	37,970	50,601	(12,631)
Liability insurance	111,000	111,000	94,342	16,658
Dues and fees	39,579	39,579	29,976	9,603
Communication	115,943	115,943	77,096	38,847
Advertising	17,000	17,000	16,838	162
Printing	35,889	35,889	28,292	7,597
Tuition	997,932	997,932	1,020,376	(22,444)
Travel	<u>18,063</u>	<u>18,063</u>	<u>25,783</u>	<u>(7,720)</u>
Total operational services	<u>2,942,301</u>	<u>2,942,301</u>	<u>3,118,552</u>	<u>(176,251)</u>
Supplies:				
Supplies	485,314	485,314	418,937	66,377
Books/resource materials	212,048	212,048	180,133	31,915
Electricity	530,000	530,000	635,826	(105,826)
Bottled gas	8,500	8,500	8,619	(119)
Heating oil	270,000	270,000	235,157	34,843
Gasoline and oil vehicles	<u>4,800</u>	<u>4,800</u>	<u>8,612</u>	<u>(3,812)</u>
Total supplies	<u>1,510,662</u>	<u>1,510,662</u>	<u>1,487,284</u>	<u>23,378</u>
Capital Improvements/Equipment:				
Buildings	7,500	7,500	12,765	(5,265)
Equipment	<u>3,647</u>	<u>3,647</u>	<u>32,930</u>	<u>(29,283)</u>
Total capital improvements/equipment	<u>11,147</u>	<u>11,147</u>	<u>45,695</u>	<u>(34,548)</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Debt Service:				
Principal	\$ 1,830,000	\$ 1,830,000	\$ 1,825,000	\$ 5,000
Interest	757,740	757,740	701,680	56,060
Total debt service	<u>2,587,740</u>	<u>2,587,740</u>	<u>2,526,680</u>	<u>61,060</u>
 Total Expenditures	 <u>\$ 30,259,287</u>	 <u>\$ 30,259,287</u>	 <u>\$ 30,333,081</u>	 <u>\$ (73,794)</u>

REGIONAL SCHOOL DISTRICT NO. 13

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008

	Special Revenue Funds							Permanent Funds			Total Nonmajor Governmental Funds
	School Cafeteria Fund	Reserve Fund	Summer School	Arts Council	Adult Education	Middlesex Transition Academy	Total	A. Smith	Haake Science and History	Total	
<b>ASSETS</b>											
Cash and cash equivalents	\$ 43,598	\$ 56,719	\$ 4,526	\$ 3,908	\$ 2,015	\$ 28,276	\$ 139,042	\$ 5,315	\$	\$ 5,315	\$ 144,357
Investments		65,349					65,349		35,947	35,947	101,296
Intergovernmental receivable	14,271						14,271			-	14,271
Other assets	11,166						11,166			-	11,166
Total Assets	<u>\$ 69,035</u>	<u>\$ 122,068</u>	<u>\$ 4,526</u>	<u>\$ 3,908</u>	<u>\$ 2,015</u>	<u>\$ 28,276</u>	<u>\$ 229,828</u>	<u>\$ 5,315</u>	<u>\$ 35,947</u>	<u>\$ 41,262</u>	<u>\$ 271,090</u>
<b>LIABILITIES AND FUND BALANCES</b>											
Liabilities:											
Accounts payable and accrued items	\$ 10,177	\$	\$	\$	\$	\$	\$ 10,177	\$	\$	\$ -	\$ 10,177
Fund Balances:											
Reserved for endowments								2,533	10,000	12,533	12,533
Unreserved and undesignated	58,858	122,068	4,526	3,908	2,015	28,276	219,651	2,782	25,947	28,729	248,380
Total fund balances	<u>58,858</u>	<u>122,068</u>	<u>4,526</u>	<u>3,908</u>	<u>2,015</u>	<u>28,276</u>	<u>219,651</u>	<u>5,315</u>	<u>35,947</u>	<u>41,262</u>	<u>260,913</u>
Total Liabilities and Fund Balances	<u>\$ 69,035</u>	<u>\$ 122,068</u>	<u>\$ 4,526</u>	<u>\$ 3,908</u>	<u>\$ 2,015</u>	<u>\$ 28,276</u>	<u>\$ 229,828</u>	<u>\$ 5,315</u>	<u>\$ 35,947</u>	<u>\$ 41,262</u>	<u>\$ 271,090</u>

REGIONAL SCHOOL DISTRICT NO. 13

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

FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue Funds						Permanent Funds			Total Nonmajor Governmental Funds	
	School Cafeteria Fund	Reserve Fund	Summer School	Arts Council	Adult Education	Middlesex Transition Academy	Total	A. Smith	Haake Science and History		Total
Revenues:											
Local sources	\$ 1,121	\$ 5,307	\$	\$	\$	\$	\$ 6,428	\$ 167	\$ 6,572	\$ 6,739	\$ 13,167
Intergovernmental	77,691						77,691			-	77,691
Charges for services	453,166		11,650		21,736	212,200	698,752			-	698,752
Contributions		1,000		1,000			2,000			-	2,000
Total revenues	<u>531,978</u>	<u>6,307</u>	<u>11,650</u>	<u>1,000</u>	<u>21,736</u>	<u>212,200</u>	<u>784,871</u>	<u>167</u>	<u>6,572</u>	<u>6,739</u>	<u>791,610</u>
Expenditures:											
Salaries	294,289		13,949		19,278	180,061	507,577			-	507,577
Purchased services		14,350					14,350			-	14,350
Supplies	267,485				8,293	3,863	279,641			-	279,641
Total expenditures	<u>561,774</u>	<u>14,350</u>	<u>13,949</u>	<u>-</u>	<u>27,571</u>	<u>183,924</u>	<u>801,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>801,568</u>
Excess (Deficiency) of Revenues over Expenditures	(29,796)	(8,043)	(2,299)	1,000	(5,835)	28,276	(16,697)	167	6,572	6,739	(9,958)
Fund Balances at Beginning of Year	<u>88,654</u>	<u>130,111</u>	<u>6,825</u>	<u>2,908</u>	<u>7,850</u>	<u>-</u>	<u>236,348</u>	<u>5,148</u>	<u>29,375</u>	<u>34,523</u>	<u>270,871</u>
Fund Balances at End of Year	<u>\$ 58,858</u>	<u>\$ 122,068</u>	<u>\$ 4,526</u>	<u>\$ 3,908</u>	<u>\$ 2,015</u>	<u>\$ 28,276</u>	<u>\$ 219,651</u>	<u>\$ 5,315</u>	<u>\$ 35,947</u>	<u>\$ 41,262</u>	<u>\$ 260,913</u>

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## REGIONAL SCHOOL DISTRICT NO. 13

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

JUNE 30, 2008

	<u>R. Mason</u>	<u>Moeller</u>	<u>P. Lyman</u>	<u>Total Private- Purpose Trust Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ <u>5,019</u>	\$ <u>502</u>	\$ <u>2,243</u>	\$ <u>7,764</u>
<b>NET ASSETS</b>				
Net Assets Held in Trust for Individuals	\$ <u>5,019</u>	\$ <u>502</u>	\$ <u>2,243</u>	\$ <u>7,764</u>

## REGIONAL SCHOOL DISTRICT NO. 13

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

FOR THE YEAR ENDED JUNE 30, 2008

	<u>R. Mason</u>	<u>Moeller</u>	<u>P. Lyman</u>	<u>Total Private- Purpose Trust Funds</u>
Additions:				
Investment income:				
Interest and dividends	\$ 20	\$	\$ 4	\$ 24
Net Assets Beginning of Year	<u>4,999</u>	<u>502</u>	<u>2,239</u>	<u>7,740</u>
Net Assets End of Year	<u>\$ 5,019</u>	<u>\$ 502</u>	<u>\$ 2,243</u>	<u>\$ 7,764</u>

## REGIONAL SCHOOL DISTRICT NO. 13

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
<b>Student Activity Fund</b>				
Assets:				
Cash	\$ 136,697	\$ 701,722	\$ 673,906	\$ 164,513
Investments	<u>90,670</u>	<u>2,987</u>	<u>          </u>	<u>93,657</u>
	<u>\$ 227,367</u>	<u>\$ 704,709</u>	<u>\$ 673,906</u>	<u>\$ 258,170</u>
Liabilities:				
Due to student groups	<u>\$ 227,367</u>	<u>\$ 704,709</u>	<u>\$ 673,906</u>	<u>\$ 258,170</u>
<b>Middlesex Consortium</b>				
Assets:				
Cash	<u>\$ 13,530</u>	<u>\$ 132,281</u>	<u>\$ 116,471</u>	<u>\$ 29,340</u>
Liabilities:				
Due to others	<u>\$ 13,530</u>	<u>\$ 132,281</u>	<u>\$ 116,471</u>	<u>\$ 29,340</u>
<b>Total All Funds</b>				
Assets:				
Cash	\$ 150,227	\$ 834,003	\$ 790,377	\$ 193,853
Investments	<u>90,670</u>	<u>2,987</u>	<u>          </u>	<u>93,657</u>
	<u>\$ 240,897</u>	<u>\$ 836,990</u>	<u>\$ 790,377</u>	<u>\$ 287,510</u>
Liabilities:				
Due to student groups and others	<u>\$ 240,897</u>	<u>\$ 836,990</u>	<u>\$ 790,377</u>	<u>\$ 287,510</u>

## REGIONAL SCHOOL DISTRICT NO. 13

## SCHEDULE OF DEBT LIMITATION - THE DISTRICT

JUNE 30, 2008

	<u>Town of</u>		<u>Total</u>
	<u>Durham</u>	<u>Middlefield</u>	
Total tax collections (including interest and lien fees)	\$ 19,855,285	\$ 10,651,060	\$ 30,506,345
Property tax relief elderly		<u>51,501</u>	<u>51,501</u>
Base	<u>\$ 19,855,285</u>	<u>\$ 10,702,561</u>	<u>\$ 30,557,846</u>
Debt Limitation:			
Limit for School Building Purposes (4.5 times base)			\$ <u>137,510,307</u>
Indebtedness:			
Bonds outstanding			16,845,000
Less: State Grants Receivable			
Region 13			<u>(1,997,436)</u>
Net Indebtedness			<u>14,847,564</u>
Debt Limitation in Excess of Net Indebtedness			<u>\$ 122,662,743</u>