

REGIONAL SCHOOL DISTRICT NO. 13
Durham and Middlefield, Connecticut

FINANCIAL STATEMENTS

JUNE 30, 2012

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, 2012, 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 Regional School District No. 13'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 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 Regional School District No. 13'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 financial statements, assessing the accounting principles used and the 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, 2012 and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2012 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 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 assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 and the budgetary comparison information on pages 38 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Regional School District No. 13's financial statements as a whole. 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare 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 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.

Blum, Shapiro & Company, P.C.

December 3, 2012

REGIONAL SCHOOL DISTRICT NO. 13

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

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, 2012.

Financial Highlights

- The assets of the Region exceeded its liabilities at the close of the most recent fiscal year by \$28,591,504 (net assets).
- The Region's total net assets increased by \$454,117, resulting from an increase in Special Education revenue and other revenues.
- As of the close of the current fiscal year, the Region's governmental funds reported a combined ending fund balance of \$2,874,351, an increase of \$591,286 in comparison with the prior year.
- At the end of the current fiscal year, the fund balance for the general fund was \$1,941,789, which is designated for subsequent year's budget.
- Long-term bonds decreased by \$1,815,000 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 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 Special School Grants and Programs 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.

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 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 \$28,591,504 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 \$2,095,945.

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

	Governmental Activities	
	2012	2011
	<hr/>	<hr/>
Current and other assets	\$ 4,396,526	\$ 3,995,269
Capital assets, net of accumulated depreciation	42,952,472	44,425,938
Total assets	<hr/> 47,348,998	<hr/> 48,421,207
Long-term liabilities outstanding	18,134,787	19,682,301
Other liabilities	622,707	601,519
Total liabilities	<hr/> 18,757,494	<hr/> 20,283,820
Net Assets:		
Invested in capital assets, net of related debt	26,463,775	26,026,739
Restricted	31,784	39,783
Unrestricted	<hr/> 2,095,945	<hr/> 2,070,865
Total Net Assets	<hr/> <hr/> \$ 28,591,504	<hr/> <hr/> \$ 28,137,387

Governmental Activities. The Region’s net assets increased by \$454,117 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, combined with the write-off of certain assets.

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

	Governmental Activities	
	2012	2011
Revenues:		
Program revenues:		
Charges for services:		
General instruction	\$ 7,346	\$ 18,581
Special education	765,644	430,258
Student services	515,485	509,980
Buildings	45,199	48,589
Operating grants and contributions	4,557,061	4,656,767
Capital grants and contributions	209,393	532,484
General revenues:		
Assessments from member towns	33,009,935	31,046,436
Investment income	8,247	37,478
Miscellaneous	95,143	54,940
Total revenues	<u>39,213,453</u>	<u>37,335,513</u>
Expenses:		
General instruction	17,654,798	16,348,789
Special education	7,757,975	7,490,164
Student services	2,579,513	2,426,236
Administration	4,988,195	6,073,332
Buildings	4,177,048	3,834,126
Transportation	1,404,473	1,402,984
Interest expense	197,334	304,278
Total expenses	<u>38,759,336</u>	<u>37,879,909</u>
Change in net assets	454,117	(544,396)
Net Assets at Beginning of Year	<u>28,137,387</u>	<u>28,681,783</u>
Net Assets at End of Year	<u>\$ 28,591,504</u>	<u>\$ 28,137,387</u>

- Special Education program revenues increased significantly as a result of growth in the District's MTA program along with an increase in Special Education grant revenues.
- 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 \$2,874,351, an increase of \$591,286 in comparison with the prior year. Of that balance, \$1,941,789 constitutes funds designated for subsequent year's budgets. The remaining \$932,562 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 \$539,210 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 \$336,793, or 1.7%.
- The positive variance (under budget) of \$377,146 in tuition expenditures, \$75,260 in transportation, and \$49,112 in heating oil.
- We experienced higher revenue from tuition services of \$60,000 and miscellaneous grant reimbursement in the amount of \$76,167.

Capital Assets and Debt Administration

Capital Assets. The Region's investment in capital assets for its governmental activities as of June 30, 2012 amounts to \$42,952,472 (net of accumulated depreciation). This investment in capital assets includes land, buildings and machinery and equipment. The net decrease of \$1,473,466 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)**

	Governmental Activities	
	<u>2012</u>	<u>2011</u>
Land	\$ 200,000	\$ 200,000
Construction in progress		
Buildings and improvements	35,369,772	36,370,641
Land improvements	4,688,266	5,015,134
Equipment	1,242,841	1,169,310
Vehicles	<u>1,451,593</u>	<u>1,670,853</u>
 Total	 <u>\$ 42,952,472</u>	 <u>\$ 44,425,938</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 \$14,710,000. 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**

	Governmental Activities	
	<u>2012</u>	<u>2011</u>
General obligation bonds	\$ <u>14,710,000</u>	\$ <u>16,525,000</u>

The Region’s total debt decreased by \$1,815,000 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 \$143,955,572, 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 Pamela Mangini, Business Manager, Regional School District No. 13, 135A Pickett Lane, Durham, Connecticut 06422.

REGIONAL SCHOOL DISTRICT NO. 13

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Governmental Activities
Assets:	
Cash	\$ 3,000,667
Accounts receivable	263,921
Intergovernmental receivable	785,447
Bond issue costs	107,051
Other assets	15,565
Net pension asset	192,091
Restricted assets:	
Temporarily restricted:	
Investments	19,251
Permanently restricted:	
Investments	12,533
Capital assets not being depreciated	200,000
Capital assets net of accumulated depreciation	42,752,472
Total assets	<u>47,348,998</u>
Liabilities:	
Accounts and other payables	392,997
Accrued interest payable	163,431
Unearned revenue	66,279
Noncurrent liabilities:	
Due within one year	2,150,556
Due in more than one year	15,984,231
Total liabilities	<u>18,757,494</u>
Net Assets:	
Invested in capital assets, net of related debt	26,463,775
Restricted for:	
Textbooks:	
Expendable	3,348
Nonexpendable	2,533
Library materials:	
Expendable	15,903
Nonexpendable	10,000
Unrestricted	<u>2,095,945</u>
Total Net Assets	<u>\$ 28,591,504</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, 2012

<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 Assets</u>
					<u>Governmental Activities</u>
Governmental activities:					
General instruction	\$ 17,654,798	\$ 7,346	\$ 3,616,055	\$	\$ (14,031,397)
Special education	7,757,975	765,644	646,656		(6,345,675)
Student services	2,579,513	515,485	127,825		(1,936,203)
Administration	4,988,195				(4,988,195)
Buildings	4,177,048	45,199		196,915	(3,934,934)
Transportation	1,404,473		166,525		(1,237,948)
Interest	197,334			12,478	(184,856)
Total	<u>\$ 38,759,336</u>	<u>\$ 1,333,674</u>	<u>\$ 4,557,061</u>	<u>\$ 209,393</u>	<u>(32,659,208)</u>
General revenues:					
Assessments from district member towns					33,009,935
Investment income					8,247
Miscellaneous					95,143
Total general revenues					<u>33,113,325</u>
Change in Net Assets					454,117
Net Assets at Beginning of Year					<u>28,137,387</u>
Net Assets at End of Year					<u>\$ 28,591,504</u>

The accompanying notes are an integral part of the financial statements

REGIONAL SCHOOL DISTRICT NO. 13

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2012

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	<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>
ASSETS						
Cash	\$ 2,033,242	\$ 439,689	\$ 87,276	\$ 208,423	\$ 232,037	\$ 3,000,667
Investments					31,784	31,784
Accounts receivable	263,921					263,921
Intergovernmental receivable			19		21,671	21,690
Other assets					15,565	15,565
Total Assets	<u>\$ 2,297,163</u>	<u>\$ 439,689</u>	<u>\$ 87,295</u>	<u>\$ 208,423</u>	<u>\$ 301,057</u>	<u>\$ 3,333,627</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 355,374		\$ 33,496		\$ 4,127	\$ 392,997
Deferred revenue			53,799		12,480	66,279
Total liabilities	<u>355,374</u>	<u>-</u>	<u>87,295</u>	<u>-</u>	<u>16,607</u>	<u>459,276</u>
Fund balances:						
Nonspendable					28,098	28,098
Restricted	1,941,789	439,689			40,922	2,422,400
Committed				208,423	215,430	423,853
Total fund balances	<u>1,941,789</u>	<u>439,689</u>	<u>-</u>	<u>208,423</u>	<u>284,450</u>	<u>2,874,351</u>
Total Liabilities and Fund Balances	<u>\$ 2,297,163</u>	<u>\$ 439,689</u>	<u>\$ 87,295</u>	<u>\$ 208,423</u>	<u>\$ 301,057</u>	<u>\$ 3,333,627</u>

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REGIONAL SCHOOL DISTRICT NO. 13

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2012

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)	\$ 2,874,351
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	61,602,702
Less accumulated depreciation	(18,650,230)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:	
School building receivable	763,757
Bond issue costs	107,051
Net pension asset	192,091
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(14,710,000)
Bond premium	(476,562)
Deferred charge on refunding	469,741
Compensated absences	(106,421)
Net OPEB obligation	(1,539,669)
Capital leases	(1,771,876)
Accrued interest payable	<u>(163,431)</u>
Net Assets of Governmental Activities (Exhibit I)	<u>\$ 28,591,504</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

FOR THE YEAR ENDED JUNE 30, 2012

	<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	\$ 33,009,935	\$	\$	\$	\$	\$ 33,009,935
Intergovernmental	4,046,484	171,153	632,958		124,536	4,975,131
Charges for services	45,199				1,288,475	1,333,674
Local sources	13,904	547		1,672	(7,876)	8,247
Miscellaneous	94,917				226	95,143
Total revenues	<u>37,210,439</u>	<u>171,700</u>	<u>632,958</u>	<u>1,672</u>	<u>1,405,361</u>	<u>39,422,130</u>
Expenditures:						
Current:						
Salaries	19,693,065				627,163	20,320,228
Employee benefits	8,801,047				103,237	8,904,284
Purchased services	908,889		632,958		107,229	1,649,076
Property services	736,584					736,584
Operational services	2,593,514				58,292	2,651,806
Supplies	1,549,337				309,906	1,859,243
Capital outlay	331,856	122,943		147,887		602,686
Debt service	2,341,891					2,341,891
Total expenditures	<u>36,956,183</u>	<u>122,943</u>	<u>632,958</u>	<u>147,887</u>	<u>1,205,827</u>	<u>39,065,798</u>
Excess (Deficiency) of Revenues over Expenditures	<u>254,256</u>	<u>48,757</u>	<u>-</u>	<u>(146,215)</u>	<u>199,534</u>	<u>356,332</u>
Other Financing Sources (Uses):						
Transfers in	60,000			53,808	10,000	123,808
Transfers out	(10,000)	(53,808)			(60,000)	(123,808)
Issuance of capital leases	234,954					234,954
Total other financing sources (uses)	<u>284,954</u>	<u>(53,808)</u>	<u>-</u>	<u>53,808</u>	<u>(50,000)</u>	<u>234,954</u>
Net Change in Fund Balances	539,210	(5,051)	-	(92,407)	149,534	591,286
Fund Balances at Beginning of Year	<u>1,402,579</u>	<u>444,740</u>	<u>-</u>	<u>300,830</u>	<u>134,916</u>	<u>2,283,065</u>
Fund Balances at End 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>

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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, 2012

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)	\$ 591,286
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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	357,897
Depreciation expense	(1,831,363)

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	(208,677)
--------------------------------	-----------

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:

Payments on general obligation bonds	1,815,000
Issuance of capital leases	(234,954)
Payments on capital leases	355,652

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	(1,641)
Net OPEB obligation	(381,280)
Bond issuance costs	(13,692)
Accrued interest payable	12,793
Compensated absences	18,292
Bond premium	50,515
Deferred amount on refunding	(75,711)

Change in Net Assets of Governmental Activities (Exhibit II)	\$ <u>454,117</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 ASSETS

JUNE 30, 2012

	Pension Trust Funds	Private- Purpose Trust Funds	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 174,513	\$ 2,755	\$ 305,630
Investments, at fair value:			
Proprietary mutual funds	374,624		
Corporate bonds	356,207		
U.S. Government obligations	809,847		
Common stocks	2,935,210		
Other investment	6,676		
Accrued interest	4,916		
Total investments, at fair value	<u>4,487,480</u>	<u>-</u>	<u>-</u>
Total assets	<u>4,661,993</u>	<u>2,755</u>	<u>\$ 305,630</u>
Liabilities:			
Due to student groups and others			<u>\$ 305,630</u>
Net Assets:			
Held in trust for pension benefits and individuals	<u>\$ 4,661,993</u>	<u>\$ 2,755</u>	

The accompanying notes are an integral part of the financial statements

REGIONAL SCHOOL DISTRICT NO. 13

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

FOR THE YEAR ENDED JUNE 30, 2012

	Pension Trust Funds	Private- Purpose Trust Funds
	<u> </u>	<u> </u>
Additions:		
Contributions:		
Employer	\$ 263,788	\$
Employee	150,825	
Total contributions	<u>414,613</u>	<u>-</u>
Investment income:		
Net depreciation in fair value of investments	(48,532)	
Interest and dividends	110,923	3
Net investment income	<u>62,391</u>	<u>3</u>
Total additions	<u>477,004</u>	<u>3</u>
Deductions:		
Benefits	305,118	
Other disbursements	41,939	
Total deductions	<u>347,057</u>	<u>-</u>
Change in net assets	129,947	3
Net Assets Beginning of Year	<u>4,532,046</u>	<u>2,752</u>
Net Assets End of Year	<u>\$ 4,661,993</u>	<u>\$ 2,755</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, 2012

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 65.67% for Durham and 34.33% 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 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, 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 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in the government-wide 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.

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 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 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 assessments from member town 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 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 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 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, 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 #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 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 purposes 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 that are 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, 2012.
- 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. Overexpended Appropriations

The legally adopted budget was overexpended during the current year, as follows:

<u>Budget Line</u>	<u>Amount</u>
Support personnel	\$ 3,767
Professional services	24,756
Technical services	16,262
Disposal services	404
Lawn service	5,123
Liability insurance	1,739
Travel	1,749
Electricity	6,210
Bottled gas	1,624
Gasoline and oil vehicles	171

C. Capital Projects Authorizations

The following is a summary of capital projects at June 30, 2012:

<u>Capital Project</u>	<u>Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2012</u>
2008 Project	\$ 900,000	\$ 59,295	\$ 476,985	\$ 423,015
School Building Projects	<u>6,336,685</u>	<u>63,648</u>	<u>6,866,102</u>	<u>(529,417)</u>
Total	<u>\$ 7,236,685</u>	<u>\$ 122,943</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 assets as restricted for expendable purposes. Net cumulative interest earnings on endowments have amounted to \$19,251 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*, \$231,933 of the District’s bank balance of \$1,902,699 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 96,914
Uninsured and collateral held by the pledging bank’s trust department, not in the District’s name	<u>135,019</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 231,933</u></u>

Cash Equivalents

At June 30, 2012, the District’s cash equivalents amounted to \$2,869,036. 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, 2012, 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	\$ 354,699	\$	\$ 85,898	\$ 12,799	\$ 256,002	\$
U.S. Asset and Mortgage Backed	n/a	455,148		328,811		126,337	
Corporate Bonds	A1	41,646				41,646	
Corporate Bonds	A2	69,842				69,842	
Corporate Bonds	A3	29,903				29,903	
Corporate Bonds	AA	13,166				13,166	
Corporate Bonds	AA2	27,416				27,416	
Corporate Bonds	AA3	33,438				33,438	
Corporate Bonds	AAA	32,023				32,023	
Corporate Bonds	BAA1	26,966				26,966	
Corporate Bonds	BAA3	12,920				12,920	
Corporate Bonds	N/Avail	73,802		63,272		10,530	
Mutual Funds	n/a	400,527	400,527				
Common Stock	n/a	2,935,210	2,935,210				
Other Investments	n/a	6,677	6,677				
CD*	n/a	5,881				5,881	
Total		<u>\$ 4,519,264</u>	<u>\$ 3,342,414</u>	<u>\$ 477,981</u>	<u>\$ 12,799</u>	<u>\$ 686,070</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:

	Unearned
Advanced lunch collections	\$ 12,480
Education grants	53,799
Total	\$ 66,279

C. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 200,000	\$	\$	\$ 200,000
Construction in progress	-	-	-	-
Total capital assets not being depreciated	200,000	-	-	200,000
Capital assets being depreciated:				
Buildings and improvements	50,043,453			50,043,453
Land improvements	5,506,100	122,943		5,629,043
Equipment	3,251,764	234,954		3,486,718
Vehicles	2,243,488	-	-	2,243,488
Total capital assets being depreciated	61,044,805	357,897	-	61,402,702
Less accumulated depreciation for:				
Buildings	13,672,812	1,000,869		14,673,681
Land improvements	490,966	449,811		940,777
Equipment	2,082,454	161,423		2,243,877
Vehicles	572,635	219,260	-	791,895
Total accumulated depreciation	16,818,867	1,831,363	-	18,650,230
Total capital assets being depreciated, net	44,225,938	(1,473,466)	-	42,752,472
Governmental Activities Capital Assets, Net	\$ 44,425,938	\$ (1,473,466)	\$ -	\$ 42,952,472

Depreciation expense was charged as follows:

Administration	\$ 161,423
Buildings	1,450,680
Transportation	<u>219,260</u>
Total	<u>\$ 1,831,363</u>

D. Interfund Transfers

A summary of interfund transfers as of June 30, 2012 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	\$	\$	\$ 10,000	\$ 10,000
Bonded Capital Projects Fund		53,808		53,808
Nonmajor Governmental Funds	<u>60,000</u>			<u>60,000</u>
Total Transfers In	<u>\$ 60,000</u>	<u>\$ 53,808</u>	<u>\$ 10,000</u>	<u>\$ 123,808</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	\$ 2,680,000		\$ 570,000	\$ 2,110,000	\$ 540,000
Improvement bond	4,995,000	7/15/09	7/15/24	2.50-4.50	4,660,000		335,000	4,325,000	335,000
Improvement bond	9,185,000	10/14/10	3/1/23	2.00-4.00	9,185,000		910,000	8,275,000	900,000
					<u>16,525,000</u>	-	1,815,000	14,710,000	1,775,000
Plus deferred amounts:									
Bond premium					527,077		50,515	476,562	
Deferred charges in refunding					(545,452)		(75,711)	(469,741)	
Total bonds payable					<u>16,506,625</u>	-	1,789,804	14,716,821	1,775,000
Obligations under capital leases					1,892,574	234,954	355,652	1,771,876	360,232
Compensated absences					124,713	197,393	215,685	106,421	15,324
Net OPEB obligation					<u>1,158,389</u>	<u>381,280</u>		<u>1,539,669</u>	
Total Governmental Activities									
Long-Term Liabilities					<u>\$ 19,682,301</u>	<u>\$ 813,627</u>	<u>\$ 2,361,141</u>	<u>\$ 18,134,787</u>	<u>\$ 2,150,556</u>

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

The annual requirements to amortize all bonds payable as of June 30, 2012 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>		
2013	\$ 196,157	\$ 9,778	\$ 1,775,000	\$ 478,641
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
2018-2022			5,255,000	793,611
2023-2025			1,340,000	57,527
Total	\$ <u>763,757</u>	\$ <u>22,642</u>	\$ <u>14,710,000</u>	\$ <u>2,773,673</u>

Capital Leases

At June 30, 2012, 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, 2012 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2013	\$ 439,431
2014	438,427
2015	378,122
2016	728,757
Total minimum lease payments	<u>1,984,737</u>
Less amount representing interest	<u>212,861</u>
Total	\$ <u>1,771,876</u>

The assets acquired through the capital lease are as follows:

	<u>Governmental Activities</u>
Assets:	
Equipment	\$ 712,226
Vehicles	<u>1,983,359</u>
	2,695,585
Less accumulated depreciation	<u>930,603</u>
Total	\$ <u>1,764,982</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, 2012. The future minimum lease payments for this lease are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 24,000
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	\$ 157,061,345	\$ 13,946,243	\$ 143,115,102

F. Fund Balance

The components of fund balance for the governmental funds at June 30, 2012 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	\$	\$	\$	\$ 15,565	\$ 15,565
Endowment				12,533	12,533
Restricted for:					
Grants				21,671	21,671
Capital projects		439,689			439,689
Library materials				19,251	19,251
Enabling legislation	1,941,789				1,941,789
Committed to:					
Adult Education				1,322	1,322
Middlesex Transition Academy				186,409	186,409
Capital projects			208,423		208,423
School cafeteria				27,699	27,699
Unassigned					-
Total Fund Balances	\$ 1,941,789	\$ 439,689	\$ 208,423	\$ 284,450	\$ 2,874,351

There are no significant encumbrances at June 30, 2012. 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, 2011, the date of the last actuarial valuation, the plan's membership consisted of the following:

Retirees, disabled and beneficiaries currently receiving benefits	11
Terminated employees entitled to benefits but not yet receiving them	19
Current plan members	<u>89</u>
Total	<u><u>119</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, 2012 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>
2010	\$ 105,615	\$ 98,948	107 %	\$ 107,165	99 %	\$ 195,387
2011	258,312	258,312	100	259,967	99	193,732
2012	263,788	263,788	100	265,429	99	192,091

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	\$	263,788
Interest on net pension obligation		(14,530)
Adjustment to annual required contribution		<u>16,171</u>
Annual pension cost		265,429
Contribution made		<u>263,788</u>
Decrease in net pension asset		1,641
Net pension asset - beginning of year		<u>193,732</u>
Net Pension Asset - End of Year	\$	<u><u>192,091</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, 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
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

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 \$14,413,591 or 71% of the total Board of Education payroll of \$20,320,221.

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, 2012, the District has recorded in the General Fund (Exhibit IV) intergovernmental school revenue and school expenditures in the amount of \$2,983,569 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, 2010, plan membership consisted of the following:

	<u>Retiree Health Plan</u>
Retired members	28 *
Active plan members	<u>335</u>
Total Participants	<u><u>363</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, 2012 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 \$220,786 were made in accordance with actuarially determined requirements. Of this amount, \$220,786 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)	\$	615,918
Interest on net OPEB obligation		57,919
Adjustment to annual required contribution		<u>(71,771)</u>
Annual OPEB cost (AOC)		602,066
Contribution made		<u>220,786</u>
Increase in net OPEB obligation		381,280
Net OPEB obligation - beginning of year		<u>1,158,389</u>
Net OPEB Obligation - End of Year	\$	<u><u>1,539,669</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, 2012 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>
2010	\$ 125,285	\$ 483,965	26 %	\$ 479,459	26 %	\$ 730,981
2011	168,447	604,596	28	595,855	28	1,158,389
2012	220,786	615,918	36	602,066	37	1,539,669

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>(Overfunded) Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Estimated Covered Payroll</u>	<u>(Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
July 1, 2008	\$ -	\$ 5,286,539	\$ 5,286,539	- %	\$ 19,113,287	28 %
July 1, 2010	-	5,955,023	5,955,023	-	20,530,438	29

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, 2010 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, 2010 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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Assessments from District Member Towns	\$ 33,009,935	\$ 33,009,935	\$ 33,009,935	\$ -
Local Sources:				
Interest income	21,000	21,000	13,904	(7,096)
Intergovernmental:				
State receipts building grants	221,155	221,155	221,155	-
Transportation	274,452	274,452	166,525	(107,927)
Special education	293,423	293,423	285,177	(8,246)
Adult education			12,328	12,328
Medicaid			8,667	8,667
Magnet			6,500	6,500
Health services			3,289	3,289
Education Jobs Fund	354,044	354,044	359,274	5,230
Total intergovernmental	1,143,074	1,143,074	1,062,915	(80,159)
Charges for Services:				
Buildings/grounds rentals	45,000	45,000	45,199	199
Other Revenue:				
Miscellaneous	18,750	18,750	94,917	76,167
Total revenues	34,237,759	34,237,759	34,226,870	(10,889)
Other Financing Sources:				
Transfer in	60,000	60,000	60,000	-
Appropriation of fund balance	489,215	489,215		(489,215)
Total other financing sources	549,215	549,215	60,000	(489,215)
Total Revenues and Other Financing Sources	\$ 34,786,974	\$ 34,786,974	34,286,870	\$ (500,104)
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.			2,983,569	
Issuance of capital lease			234,954	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ 37,505,393	

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, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Salaries:				
Certified personnel	\$ 15,552,070	\$ 15,552,070	\$ 15,211,517	\$ 340,553
Support personnel	4,477,781	4,477,781	4,481,548	(3,767)
Total salaries	<u>20,029,851</u>	<u>20,029,851</u>	<u>19,693,065</u>	<u>336,786</u>
Employee Benefits:				
Employee benefits	<u>5,903,696</u>	<u>5,903,696</u>	<u>5,817,478</u>	<u>86,218</u>
Purchased Services:				
Education	501,158	501,158	430,310	70,848
Conferences	31,425	31,425	27,437	3,988
Professional	222,870	222,870	247,626	(24,756)
Technical	187,254	187,254	203,516	(16,262)
Total purchased services	<u>942,707</u>	<u>942,707</u>	<u>908,889</u>	<u>33,818</u>
Property Services:				
Disposal services	30,000	30,000	30,404	(404)
Snow removal	50,000	50,000	20,604	29,396
Lawn service	112,000	112,000	117,123	(5,123)
Repairs and maintenance	226,049	226,049	221,899	4,150
Rentals and leases	373,951	373,951	356,554	17,397
Total property services	<u>792,000</u>	<u>792,000</u>	<u>746,584</u>	<u>45,416</u>
Operational Services:				
Pupil transportation	1,576,943	1,576,943	1,542,929	34,014
Field trips/athletics	247,349	247,349	206,101	41,248
Liability insurance	109,864	109,864	111,603	(1,739)
Dues and fees	41,241	41,241	35,966	5,275
Communication	97,028	97,028	78,990	18,038
Advertising	6,500	6,500	2,658	3,842
Tuition	959,141	959,141	581,994	377,147
Travel	31,524	31,524	33,273	(1,749)
Total operational services	<u>3,069,590</u>	<u>3,069,590</u>	<u>2,593,514</u>	<u>476,076</u>
Supplies:				
Supplies	566,126	566,126	557,920	8,206
Books/resource materials	181,234	181,234	175,293	5,941
Electricity	587,900	587,900	594,110	(6,210)
Bottled gas	9,000	9,000	10,624	(1,624)
Heating oil	252,500	252,500	203,389	49,111
Gasoline and oil vehicles	7,830	7,830	8,001	(171)
Total supplies	<u>1,604,590</u>	<u>1,604,590</u>	<u>1,549,337</u>	<u>55,253</u>
Capital Improvements/Equipment:				
Equipment	<u>102,648</u>	<u>102,648</u>	<u>96,902</u>	<u>5,746</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, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Debt Service:				
Principal	\$ 1,815,000	\$ 1,815,000	\$ 1,815,000	\$ -
Interest	526,892	526,892	526,891	1
Total debt service	<u>2,341,892</u>	<u>2,341,892</u>	<u>2,341,891</u>	<u>1</u>
Total Expenditures	\$ <u>34,786,974</u>	\$ <u>34,786,974</u>	33,747,660	\$ <u>1,039,314</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.			2,983,569	
Issuance of capital lease			<u>234,954</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>36,966,183</u>	

REGIONAL SCHOOL DISTRICT NO. 13

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

JUNE 30, 2012

	<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>	
ASSETS						
Cash and cash equivalents	\$ 40,179	\$ 1,322	\$ 190,536	\$	\$	\$ 232,037
Investments				5,881	25,903	31,784
Intergovernmental receivable	21,671					21,671
Other assets	15,565					15,565
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ <u>77,415</u>	\$ <u>1,322</u>	\$ <u>190,536</u>	\$ <u>5,881</u>	\$ <u>25,903</u>	\$ <u>301,057</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued items	\$	\$	\$ 4,127	\$	\$	\$ 4,127
Deferred revenue	12,480					12,480
Total liabilities	<u>12,480</u>	<u>-</u>	<u>4,127</u>	<u>-</u>	<u>-</u>	<u>16,607</u>
Fund Balances:						
Nonspendable	15,565			2,533	10,000	28,098
Restricted	21,671			3,348	15,903	40,922
Committed	27,699	1,322	186,409			215,430
Total fund balances	<u>64,935</u>	<u>1,322</u>	<u>186,409</u>	<u>5,881</u>	<u>25,903</u>	<u>284,450</u>
Total Liabilities and Fund Balances	\$ <u>77,415</u>	\$ <u>1,322</u>	\$ <u>190,536</u>	\$ <u>5,881</u>	\$ <u>25,903</u>	\$ <u>301,057</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, 2012

	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	\$ 123	\$	\$	\$ 54	\$ (8,053)	\$ (7,876)
Intergovernmental	124,536					124,536
Charges for services	515,485	7,346	765,644			1,288,475
Miscellaneous	226					226
Total revenues	<u>640,370</u>	<u>7,346</u>	<u>765,644</u>	<u>54</u>	<u>(8,053)</u>	<u>1,405,361</u>
Expenditures:						
Salaries	319,517	2,935	304,711			627,163
Employee benefits			103,237			103,237
Purchased services	14,008		93,221			107,229
Operational services		392	57,900			58,292
Supplies	276,482	2,801	30,623			309,906
Total expenditures	<u>610,007</u>	<u>6,128</u>	<u>589,692</u>	<u>-</u>	<u>-</u>	<u>1,205,827</u>
Excess (Deficiency) of Revenues over Expenditures	30,363	1,218	175,952	54	(8,053)	199,534
Other Financing Sources (Uses):						
Transfers in	10,000					10,000
Transfers out			(60,000)			(60,000)
Net Change in Fund Balances	40,363	1,218	115,952	54	(8,053)	149,534
Fund Balances at Beginning of Year	<u>24,572</u>	<u>104</u>	<u>70,457</u>	<u>5,827</u>	<u>33,956</u>	<u>134,916</u>
Fund Balances at End 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>

REGIONAL SCHOOL DISTRICT NO. 13

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

JUNE 30, 2012

	<u>Moeller</u>	<u>P. Lyman</u>	<u>Total Private- Purpose Trust Funds</u>
ASSETS			
Cash and cash equivalents	\$ <u>504</u>	\$ <u>2,251</u>	\$ <u>2,755</u>
NET ASSETS			
Net Assets Held in Trust for Individuals	\$ <u>504</u>	\$ <u>2,251</u>	\$ <u>2,755</u>

REGIONAL SCHOOL DISTRICT NO. 13

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

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Moeller</u>	<u>P. Lyman</u>	<u>Total Private- Purpose Trust Funds</u>
Additions:			
Investment income:			
Interest and dividends	\$ 1	\$ 2	\$ 3
Change in net assets	1	2	3
Net Assets Beginning of Year	<u>503</u>	<u>2,249</u>	<u>2,752</u>
Net Assets End of Year	<u>\$ 504</u>	<u>\$ 2,251</u>	<u>\$ 2,755</u>

REGIONAL SCHOOL DISTRICT NO. 13

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
Student Activity Fund				
Assets:				
Cash	\$ 135,338	\$ 731,510	\$ 623,627	\$ 243,221
Investments	97,883	458	98,341	-
	<u>\$ 233,221</u>	<u>\$ 731,968</u>	<u>\$ 721,968</u>	<u>\$ 243,221</u>
Liabilities:				
Due to student groups	\$ 233,221	\$ 731,968	\$ 721,968	\$ 243,221
	<u>\$ 233,221</u>	<u>\$ 731,968</u>	<u>\$ 721,968</u>	<u>\$ 243,221</u>
Middlesex Consortium				
Assets:				
Cash	\$ 42,632	\$ 150,911	\$ 131,134	\$ 62,409
Liabilities:				
Due to others	\$ 42,632	\$ 150,911	\$ 131,134	\$ 62,409
	<u>\$ 42,632</u>	<u>\$ 150,911</u>	<u>\$ 131,134</u>	<u>\$ 62,409</u>
Total All Funds				
Assets:				
Cash	\$ 177,970	\$ 882,421	\$ 754,761	\$ 305,630
Investments	97,883	458	98,341	-
	<u>\$ 275,853</u>	<u>\$ 882,879</u>	<u>\$ 853,102</u>	<u>\$ 305,630</u>
Liabilities:				
Due to student groups and others	\$ 275,853	\$ 882,879	\$ 853,102	\$ 305,630
	<u>\$ 275,853</u>	<u>\$ 882,879</u>	<u>\$ 853,102</u>	<u>\$ 305,630</u>

REGIONAL SCHOOL DISTRICT NO. 13

SCHEDULE OF DEBT LIMITATION - THE DISTRICT

JUNE 30, 2012

	Town of		Total
	<u>Durham</u>	<u>Middlefield</u>	
Total tax collections (including interest and lien fees)	\$ 22,206,053	\$ 12,608,084	\$ 34,814,137
Property tax relief elderly	<u>43,806</u>	<u>44,578</u>	<u>88,384</u>
Base	<u>\$ 22,249,859</u>	<u>\$ 12,652,662</u>	<u>\$ 34,902,521</u>
Debt Limitation:			
Limit for School Building Purposes (4.5 times base)			\$ <u>157,061,345</u>
Indebtedness:			
Bonds outstanding			14,710,000
Less: State Grants Receivable			
Region 13			<u>(763,757)</u>
Net Indebtedness			<u>13,946,243</u>
Debt Limitation in Excess of Net Indebtedness			<u>\$ 143,115,102</u>