

REGIONAL SCHOOL DISTRICT NO. 13
Durham and Middlefield, Connecticut

JUNE 30, 2009

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, 2009 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, 2009 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 42 through 44 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 10, 2009 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 10, 2009

REGIONAL SCHOOL DISTRICT NO. 13

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

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, 2009.

Financial Highlights

- The assets of the Region exceeded its liabilities at the close of the most recent fiscal year by \$29,122,625 (net assets).
- The Region's total net assets increased by \$112,368. 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 \$4,538,604, an increase of \$1,324,121 in comparison with the prior year.
- At the end of the current fiscal year, the fund balance for the general fund was \$2,599,202 which is designated for subsequent year's budget.
- Long-term bonds decreased by \$1,805,000 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 \$29,122,625 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 \$5,140,182.

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

	Governmental Activities	
	2009	2008
Current and other assets	\$ 6,356,558	\$ 5,657,475
Capital assets, net of accumulated depreciation	38,843,463	40,965,080
Total Assets	45,200,021	46,622,555
Long-term liabilities outstanding	15,365,723	17,256,706
Other liabilities	711,673	355,592
Total liabilities	16,077,396	17,612,298
Net Assets:		
Invested in capital assets, net of related debt	23,956,151	23,821,621
Restricted	26,292	41,262
Unrestricted	5,140,182	5,147,374
Total Net Assets	\$ 29,122,625	\$ 29,010,257

Governmental Activities. The Region’s net assets increased by \$112,368 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**

	Governmental Activities	
	2009	2008
Revenues:		
Program revenues:		
Charges for services:		
General instruction	\$ 29,122	\$ 33,386
Special education	322,192	281,307
Student services	485,715	453,166
Buildings	35,987	92,956
Operating grants and contributions	3,629,243	11,032,547
Capital grants and contributions	675,551	739,749
General revenues:		
Assesments from member towns	31,044,283	29,568,559
Investment income	64,015	136,924
Miscellaneous	35,656	59,616
Total revenues	36,321,764	42,398,210
Expenses:		
General instruction	15,824,066	24,809,468
Special education	6,895,551	5,121,441
Student services	2,147,204	1,675,061
Administration	5,221,417	5,153,852
Buildings	3,723,901	2,041,776
Transportation	1,734,848	1,308,409
Interest expense	662,409	729,810
Total expenses	36,209,396	40,839,817
Change in net assets	112,368	1,558,393
Net Assets at Beginning of Year	29,010,257	27,451,864
Net Assets at End of Year	\$ 29,122,625	\$ 29,010,257

- Assessments from member towns increased by \$1,475,724 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 decrease 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 \$4,538,604, an increase of \$1,324,121 in comparison with the prior year. Of that balance, \$2,204,368 constitutes funds designated for subsequent year's budgets. The remaining \$2,334,236 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 \$178,697 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 \$1,475,724. This increase in assessments was due to a similar increase in the expenditures in the fiscal year 2008-2009 General Fund budget.

General Fund Budgetary Highlights

There were several differences between the original budget and the final amended budget of revenues and expenditures. The heavy snowfall last winter having a negative impact offset by savings in purchased services, transportation, tuition, and debt service. Significant budgetary variances can be briefly summarized as follows:

Final Budget to Actual

- \$38,279 excess expenditures over the final budget for snow removal.
- The positive variance (under budget) of \$123,369 in tuition expenditures, \$116,883 in transportation, and \$110,031 in purchased services.
- We experienced higher revenue from an unexpected state heating assistance grant of \$25,605 and higher than expected Special education reimbursement in the amount of \$48,401.

Capital Assets and Debt Administration

Capital Assets. The Region's investment in capital assets for its governmental activities as of June 30, 2009 amounts to \$38,843,463 (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 \$2,121,617 as a result of depreciation expense vehicle disposal.

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

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

	Governmental Activities	
	2009	2008
Land	\$ 200,000	\$ 200,000
Construction in progress	1,128,000	1,128,000
Buildings and improvements	36,270,301	37,228,866
Land improvements	446,272	481,742
Equipment	661,997	767,934
Vehicles	136,893	1,158,538
Total	<u>\$ 38,843,463</u>	<u>\$ 40,965,080</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**

	Governmental Activities	
	2009	2008
General obligation bonds	<u>\$ 15,040,000</u>	<u>\$ 16,845,000</u>

The Region’s total debt decreased by \$1,805,000 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 \$143,709,278, 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, 2009

	Governmental Activities
Assets:	
Cash	\$ 3,847,208
Investments	635,659
Accounts receivable	3,847
Intergovernmental receivable	1,602,202
Bond issue costs	37,561
Other assets	6,852
Net pension asset	196,937
Restricted assets:	
Temporarily restricted:	
Investments	13,759
Permanently restricted:	
Investments	12,533
Capital assets not being depreciated	1,328,000
Capital assets net of accumulated depreciation	<u>37,515,463</u>
Total assets	<u>45,200,021</u>
Liabilities:	
Accounts and other payables	421,764
Accrued interest payable	128,798
Unearned revenue	161,111
Noncurrent liabilities:	
Due within one year	1,777,080
Due in more than one year	13,588,643
Total liabilities	<u>16,077,396</u>
Net Assets:	
Invested in capital assets, net of related debt	23,956,151
Restricted for:	
Textbooks:	
Expendable	2,962
Nonexpendable	2,533
Library materials:	
Expendable	10,797
Nonexpendable	10,000
Unrestricted	<u>5,140,182</u>
Total Net Assets	<u>\$ 29,122,625</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, 2009

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
Governmental activities:					
General instruction	\$ 15,824,066	\$ 29,122	\$ 2,265,504	\$	\$ (13,529,440)
Special education	6,895,551	322,192	973,078		(5,600,281)
Student services	2,147,204	485,715	94,542		(1,566,947)
Administration	5,221,417				(5,221,417)
Buildings	3,723,901	35,987	25,605	644,211	(3,018,098)
Transportation	1,734,848		270,514		(1,464,334)
Interest	662,409			31,340	(631,069)
Total	\$ <u>36,209,396</u>	\$ <u>873,016</u>	\$ <u>3,629,243</u>	\$ <u>675,551</u>	<u>(31,031,586)</u>
General revenues:					
Assessments from district member towns					31,044,283
Investment income					64,015
Miscellaneous					35,656
Total general revenues					<u>31,143,954</u>
Change in Net Assets					112,368
Net Assets at Beginning of Year					<u>29,010,257</u>
Net Assets at End of Year					\$ <u>29,122,625</u>

The accompanying notes are an integral part of the financial statements

REGIONAL SCHOOL DISTRICT NO. 13

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2009

	<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>
ASSETS					
Cash	\$ 2,026,112	\$ 1,580,408	\$ 174,738	\$ 65,950	\$ 3,847,208
Investments	569,243			92,708	661,951
Accounts receivable	3,847				3,847
Intergovernmental receivable			3,311	15,435	18,746
Other assets				6,852	6,852
Total Assets	<u>\$ 2,599,202</u>	<u>\$ 1,580,408</u>	<u>\$ 178,049</u>	<u>\$ 180,945</u>	<u>\$ 4,538,604</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 394,834		\$ 16,938	\$ 9,992	\$ 421,764
Deferred revenue			161,111		161,111
Total liabilities	<u>394,834</u>	<u>-</u>	<u>178,049</u>	<u>9,992</u>	<u>582,875</u>
Fund balances:					
Reserved for endowments				12,533	12,533
Unreserved, designated for subsequent years' budget	2,204,368				2,204,368
Unreserved, undesignated, reported in:					
Special Revenue Funds				144,661	144,661
Permanent Funds				13,759	13,759
Capital Project Funds		1,580,408			1,580,408
Total fund balances	<u>2,204,368</u>	<u>1,580,408</u>	<u>-</u>	<u>170,953</u>	<u>3,955,729</u>
Total Liabilities and Fund Balances	<u>\$ 2,599,202</u>	<u>\$ 1,580,408</u>	<u>\$ 178,049</u>	<u>\$ 180,945</u>	<u>\$ 4,538,604</u>

The accompanying notes are an integral part of the financial statements

REGIONAL SCHOOL DISTRICT NO. 13

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2009

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)	\$ 3,955,729
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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	53,874,091
Less accumulated depreciation	(15,030,628)

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

School building receivable	1,583,456
Bond issue costs	37,561
Net pension asset	196,937

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

Bonds payable	(15,040,000)
Bond premium	(37,172)
Deferred charge on refunding	255,771
Compensated absences	(101,604)
Net OPEB obligation	(376,807)
Capital leases	(65,911)
Accrued interest payable	<u>(128,798)</u>

Net Assets of Governmental Activities (Exhibit I)	<u>\$ 29,122,625</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, 2009

	<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	\$ 31,044,283	\$	\$	\$	\$ 31,044,283
Intergovernmental	3,583,424	515,952	534,863	84,537	4,718,776
Charges for services	128,706			744,310	873,016
Local sources	65,591	8,404		(9,980)	64,015
Miscellaneous	35,256	401			35,657
Total revenues	<u>34,857,260</u>	<u>524,757</u>	<u>534,863</u>	<u>818,867</u>	<u>36,735,747</u>
Expenditures:					
Current:					
Salaries	18,306,808			436,257	18,743,065
Employee benefits	6,405,590			48,836	6,454,426
Purchased services	1,017,338		536,863	101,725	1,655,926
Property services	844,319				844,319
Operational services	3,458,285			2,099	3,460,384
Supplies	1,947,523			303,910	2,251,433
Capital outlay	129,138	22,248			151,386
Debt service	2,448,328				2,448,328
Total expenditures	<u>34,557,329</u>	<u>22,248</u>	<u>536,863</u>	<u>892,827</u>	<u>36,009,267</u>
Excess (Deficiency) of Revenues over Expenditures	<u>299,931</u>	<u>502,509</u>	<u>(2,000)</u>	<u>(73,960)</u>	<u>726,480</u>
Other Financing Sources (Uses):					
Transfers in	15,000	150,000	2,000	1,000	168,000
Transfers out	(151,000)			(17,000)	(168,000)
Capital lease issue	14,766				14,766
Total other financing sources (uses)	<u>(121,234)</u>	<u>150,000</u>	<u>2,000</u>	<u>(16,000)</u>	<u>14,766</u>
Net Change in Fund Balances	178,697	652,509	-	(89,960)	741,246
Fund Balances at Beginning of Year	<u>2,025,671</u>	<u>927,899</u>	<u>-</u>	<u>260,913</u>	<u>3,214,483</u>
Fund Balances at End of Year	<u>\$ 2,204,368</u>	<u>\$ 1,580,408</u>	<u>\$ -</u>	<u>\$ 170,953</u>	<u>\$ 3,955,729</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, 2009

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)	\$ 741,246
<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	99,850
Depreciation expense	(1,341,582)
<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>	
	(879,885)
<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	(413,980)
Proceeds on capital lease	(14,766)
<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	1,805,000
Payments on capital leases	502,347
<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	(1,617)
Net OPEB obligation	(376,807)
Bond issuance costs	4,695
Accrued interest payable	12,658
Compensated absences	11,643
Bond premium	6,195
Deferred charges on refunding of bonds	(42,629)
Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ 112,368</u>

The accompanying notes are an integral part of the financial statements

REGIONAL SCHOOL DISTRICT NO. 13

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2009

	<u>Pension Trust Funds</u>	<u>Private- Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets:			
Cash and cash equivalents	\$ <u>391,040</u>	\$ <u>2,755</u>	\$ <u>181,314</u>
Investments, at fair value:			
Certificates of deposit			96,063
Proprietary mutual funds	796,561		
Corporate bonds	424,903		
U.S. Government obligations	427,610		
Common stocks	1,213,686		
Accrued interest	8,320		
Total investments, at fair value	<u>2,871,080</u>	<u>-</u>	<u>96,063</u>
Accounts receivable	<u>37,369</u>		
Total assets	<u>3,299,489</u>	<u>2,755</u>	<u>\$ 277,377</u>
Liabilities:			
Accounts payable			<u>\$ 277,377</u>
Net Assets:			
Held in trust for:			
Town of Durham employees pension benefits	332,335		
Regional School District No. 13 employees pension benefits	<u>2,967,154</u>		
Held in trust for pension benefits	<u>\$ 3,299,489</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 PLAN NET ASSETS - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	Pension Trust Funds	Private- Purpose Trust Funds
	<u> </u>	<u> </u>
Additions (reductions):		
Contributions:		
Employer	\$ 314,843	\$
Employee	97,051	
Total contributions	<u>411,894</u>	<u>-</u>
Investment income (loss):		
Net depreciation in fair value of investments	(694,024)	
Interest and dividends	95,229	10
Net investment income (loss)	<u>(598,795)</u>	<u>10</u>
Total additions (reductions)	<u>(186,901)</u>	<u>10</u>
Deductions:		
Benefits	285,293	
Supplies		5,019
Total deductions	<u>285,293</u>	<u>5,019</u>
Change in net assets	(472,194)	(5,009)
Net Assets Beginning of Year	<u>3,771,683</u>	<u>7,764</u>
Net Assets End of Year	<u>\$ 3,299,489</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, 2009

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 65.64% for Durham and 34.36% 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 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 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 *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.

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 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 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 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, 2009.
- 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, 2009 is as follows:

	<u>Revenues</u>	<u>Expenditures</u>
Balance, budgetary basis, RSI-1 and RSI-2	\$ 32,747,057	\$ 32,568,360
State contributions to Teachers' Retirement System	2,125,203	2,125,203
Capital lease	<u>14,766</u>	<u>14,766</u>
Balance, GAAP Basis, Exhibit IV	<u>\$ 34,887,026</u>	<u>\$ 34,708,329</u>

C. Capital Projects Authorizations

The following is a summary of capital projects at June 30, 2009:

<u>Capital Project</u>	<u>Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2009</u>
School Building Projects	\$ <u>33,989,593</u>	\$ <u>-</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. Net cumulative interest earnings on endowments have amounted to \$13,759 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. 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, \$568,791 of the District's bank balance of \$1,027,621 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 500,181
Uninsured and collateral held by the pledging bank's trust department, not in the District's name	<u>68,610</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 568,791</u></u>

Cash Equivalents

At June 30, 2009, the District's cash equivalents amounted to \$3,445,068. 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.

	<u>Standard and Poor's</u>	<u>Fitch Ratings</u>
State Tax Exempt Proceeds Fund*		
Money Market Accounts*		

*Not rated

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, 2009, 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	n/a	\$ 275,020	\$	\$	\$ 275,020	\$
U.S. Asset and mortgage-backed	AAA/AAA	135,482			135,482	
U.S. Agency obligations	AAA/	17,106			17,106	
Global corporate bonds - Verizon	BAA2/A	18,095			18,095	
Global corporate bonds - Goldman Sachs	A1/A	17,742			17,742	
Global corporate bonds - Eksportfinans	AAA1/	26,526			26,526	
Global corporate bonds - Walt Disney	A2/A	17,572			17,572	
Global corporate bonds - JP Morgan Chase & Co.	AA3/A+	26,330			26,330	
Global corporate bonds - AT&T Inc.	A2/A	16,640			16,640	
Global corporate bonds - Shell International	AA11	26,698			26,698	
Global corporate bonds - Dow Chemical Company	BAA3/BBB	17,510			17,510	
Global corporate bonds - Novartis Capital Corp.	AA21	26,600			26,600	
Global corporate bonds - Cisco Systems Inc.	A1/A+	17,999			17,999	
Global other bonds - Vodafone	n/r	17,718			17,718	
Domestic corporate bonds - GMAC LLC	AAA/AAA	26,891			26,891	
Domestic corporate bonds - JPMorgan Chase	AA2/AA-	25,868			25,868	
Domestic corporate bonds - United Tech	A2/A	18,004			18,004	
Domestic corporate bonds - Wachovia Corp.	A1/AA	18,594			18,594	
Domestic corporate bonds - Wal-Mart Stores Inc.	AA2/AA	15,786			15,786	
Domestic corporate bonds - Caterpillar Financial	A2/A	19,200			19,200	
Global corporate bonds - GE Cap	AA2/AA+	27,428			27,428	
Domestic corporate bonds - Pepsico	AA2/A+	25,696			25,696	
Foreign corporate bonds - Glaxosmithkline	A1/	18,006			18,006	
Certificates of deposit	n/a	737,203	5,481	731,722		
Mutual funds	n/a	817,369	796,572			
Common stock	n/a	1,213,686	1,213,686			
Total		\$ 3,620,769	\$ 2,015,739	\$ 731,722	\$ 852,511	\$ -

Interest Rate Risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

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

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

B. Deferred Revenue

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

	<u>Unearned</u>
Education grants	\$ 161,111

C. Capital Assets

Capital asset activity for the year ended June 30, 2009 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	3,379,226	70,118	89,363	3,359,981
Vehicles	1,833,238	29,732	1,588,075	274,895
Total capital assets being depreciated	<u>54,123,679</u>	<u>99,850</u>	<u>1,677,438</u>	<u>52,546,091</u>
Less accumulated depreciation for:				
Buildings	10,712,509	958,565		11,671,074
Land improvements	488,098	35,470		523,568
Equipment	2,611,292	167,570	80,878	2,697,984
Vehicles	674,700	179,977	716,675	138,002
Total accumulated depreciation	<u>14,486,599</u>	<u>1,341,582</u>	<u>797,553</u>	<u>15,030,628</u>
Total capital assets being depreciated, net	<u>39,637,080</u>	<u>(1,241,732)</u>	<u>879,885</u>	<u>37,515,463</u>
Governmental Activities Capital Assets, Net	<u>\$ 40,965,080</u>	<u>\$ (1,241,732)</u>	<u>\$ 879,885</u>	<u>\$ 38,843,463</u>

Depreciation expense of \$1,341,582 was charged as follows:

Administration	\$ 167,570
Buildings	994,035
Transportation	<u>179,977</u>
Total	<u>\$ 1,341,582</u>

D. Interfund Transfers

A summary of interfund transfers as of June 30, 2009 is as follows:

	Transfer In				Total Transfers Out
	General Fund	Bonded Capital Projects Fund	Special School Grants and Programs	Nonmajor Government Funds	
Transfers out:					
General Fund	\$	\$ 150,000	\$	\$ 1,000	\$ 151,000
Nonmajor Government Funds	<u>15,000</u>	<u> </u>	<u>2,000</u>	<u> </u>	<u>17,000</u>
Total Transfers In	<u>\$ 15,000</u>	<u>\$ 150,000</u>	<u>\$ 2,000</u>	<u>\$ 1,000</u>	<u>\$ 168,000</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	\$ 2,720,000	01/01/98	09/15/09	4.00-4.70	\$ 505,000	\$	\$ 255,000	\$ 250,000	\$ 250,000
Improvement bond	9,000,000	04/15/01	04/15/21	4.25-5.00	6,150,000		475,000	5,675,000	475,000
Improvement bond	7,300,000	03/01/03	03/01/23	2.50-4.30	5,640,000		415,000	5,225,000	375,000
Improvement bond	6,885,000	03/15/04	12/15/15	2.00-3.50	4,550,000		660,000	3,890,000	630,000
					<u>16,845,000</u>	<u>-</u>	<u>1,805,000</u>	<u>15,040,000</u>	<u>1,730,000</u>
Plus deferred amounts:									
Bond premium					43,367		6,195	37,172	
Deferred charges in refunding					(298,400)		(42,629)	(255,771)	
Total bonds payable					<u>16,589,967</u>	<u>-</u>	<u>1,768,566</u>	<u>14,821,401</u>	<u>1,730,000</u>
Obligations under capital leases					553,492	14,766	502,347	65,911	47,080
Compensated absences					113,247	131,371	143,014	101,604	
Net OPEB Obligation						<u>376,807</u>	<u> </u>	<u>376,807</u>	
Total Governmental Activities					<u>\$ 17,256,706</u>	<u>\$ 522,944</u>	<u>\$ 2,413,927</u>	<u>\$ 15,365,723</u>	<u>\$ 1,777,080</u>
Long-Term Liabilities									

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

The annual requirements to amortize all bonds payable as of June 30, 2009 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>		
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	191,983	7,105	1,380,000	374,822
2015-2019	375,617	5,759	5,270,000	1,149,280
2020-2023			2,420,000	227,750
Total	<u>\$ 1,583,456</u>	<u>\$ 71,971</u>	<u>\$ 15,040,000</u>	<u>\$ 3,767,745</u>

Capital Leases

At June 30, 2009, 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, 2009 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2010	\$ 49,763
2011	16,651
2012	2,704
Total minimum lease payments	69,118
Less amount representing interest	3,207
Total	<u>\$ 65,911</u>

The assets acquired through the capital lease are as follows:

	<u>Governmental Activities</u>
Assets:	
Equipment	\$ 148,836
Vehicles	164,688
	313,524
Less accumulated depreciation	112,990
Total	<u>\$ 200,534</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	\$ 143,709,278	\$ 13,456,544	\$ 130,252,734

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 \$332,335 of assets that 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.

Classes of Employees Covered

As of July 1, 2008, the date of the last actuarial valuation, the plan's membership consisted of the following:

Retirees, disabled and beneficiaries currently receiving benefits	10
Terminated employees entitled to benefits but not yet receiving them	19
Current plan members	<u>78</u>
Total	<u>107</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 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, 2009 represented 4.08% 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

Year Ended	Actual Contribution	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
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
2009	103,674	97,007	107%	105,291	99%	196,937

Actuarial Assumptions

The annual required contribution for the current year was determined as part of the July 1, 2008 actuarial valuation using the entry age normal cost method. The actuarial assumptions included:

Remaining Amortization Period	12 years closed
Actuarial Assumptions:	
Investment Rate of Return	8.25%
Projected Salary Increases	5.00%
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	\$ 97,007
Interest on net pension obligation	(16,381)
Adjustment to annual required contribution	24,665
Annual pension cost	105,291
Contribution made	103,674
Decrease in net pension asset	1,617
Net pension asset - beginning of year	198,554
Net Pension Asset - End of Year	\$ 196,937

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, 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%)
July 1, 2008	977,639	1,386,735	(409,096)	70.5%	2,542,758	(16.1%)

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. 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, 2009 was \$18,306,808. The District's contribution to the plan was \$131,036 which is equivalent to 5% of the annual active participants' payroll of \$2,620,720. Active enrollment in the plan is as follows:

Actively employed	79
Terminated participants	<u>3</u>
Total	<u><u>82</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, 2009

	<u>Pension Trust Funds</u>		<u>Totals</u>
	<u>Money Accumulation Plan</u>	<u>Defined Benefit Plan</u>	
Assets:			
Cash and cash equivalents	\$ 85,965	\$ 305,075	\$ 391,040
Investments:			
Proprietary mutual funds		796,561	796,561
Corporate bonds	424,903		424,903
U.S. Government obligations	427,610		427,610
Common stock	1,213,686		1,213,686
Accrued interest	<u>8,308</u>	<u>12</u>	<u>8,320</u>
Total investments, at fair value	<u>2,074,507</u>	<u>796,573</u>	<u>2,871,080</u>
Accounts receivable	<u>3,492</u>	<u>33,877</u>	<u>37,369</u>
Total assets	<u>2,163,964</u>	<u>1,135,525</u>	<u>3,299,489</u>
Net assets held in trust for the Town of Durham employees pension benefits		332,335	332,335
Net assets held in trust for the District's employees pension benefits	<u>2,163,964</u>	<u>803,190</u>	<u>2,967,154</u>
	<u>\$ 2,163,964</u>	<u>\$ 1,135,525</u>	<u>\$ 3,299,489</u>

**SCHEDULE OF CHANGES IN PLAN NET ASSETS
YEAR ENDED JUNE 30, 2009**

	Pension Trust Funds		
	Money Accumulation Plan	Defined Benefit Plan	Totals
Additions (reductions):			
Contributions:			
Employer	\$ 131,036	\$ 183,807	\$ 314,843
Employee	59,224	37,827	97,051
Total contributions	<u>190,260</u>	<u>221,634</u>	<u>411,894</u>
Investment income (loss):			
Net decrease in fair value of investments	(485,682)	(208,342)	(694,024)
Interest and dividends	62,166	33,063	95,229
Net investment loss	<u>(423,516)</u>	<u>(175,279)</u>	<u>(598,795)</u>
Total additions (reductions)	<u>(233,256)</u>	<u>46,355</u>	<u>(186,901)</u>
Deductions:			
Benefits	<u>152,175</u>	<u>133,118</u>	<u>285,293</u>
Change in net assets	(385,431)	(86,763)	(472,194)
Net Assets at Beginning of Year	<u>2,549,395</u>	<u>1,222,288</u>	<u>3,771,683</u>
Net Assets at End of Year	<u>\$ 2,163,964</u>	<u>\$ 1,135,525</u>	<u>\$ 3,299,489</u>

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 \$13,761,949 or 73% of the total Board of Education payroll of \$18,743,065.

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, 2009, the District has recorded in the General Fund (Exhibit IV) intergovernmental school revenue and school expenditures in the amount of \$2,125,203 as payments made by the State of Connecticut on behalf of the District. This amount has decreased significantly from the prior year due to the State having issued pension obligation bonds to partially fund the plan in 2008. 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. ANNUAL OPEB COST AND NET OPEB OBLIGATION (NPO)

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, 2008, plan membership consisted of the following:

	<u>Retiree Health Plan</u>
Retired members	39*
Active plan members	<u>331</u>
Total Participants	<u><u>370</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 towards 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, 2009 was \$6,570 per member and \$6,570 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 \$100,093 were made in accordance with actuarially determined requirements. Of this amount \$100,093 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)	\$ 476,900
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (AOC)	<u>476,900</u>
Contribution made	<u>100,093</u>
Increase in net OPEB obligation	<u>376,807</u>
Net OPEB obligation - beginning of year	<u>-</u>
 Net OPEB Obligation - End of Year	 <u><u>\$ 376,807</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, 2009 are presented below. Data is only presented for the fiscal year ended June 30, 2009 due to the fact that this year is the year of transition.

<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>
2009	\$ 100,093	\$ 476,900	21%	\$ 476,900	21%	\$ 376,807

As of July 1, 2008, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$5,286,539, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,286,539. The covered payroll (annual payroll of active employees covered by the plan) was not available.

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	0%	\$ 1,866,731	283%

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, 2008 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, 2008 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, which may be disallowed, cannot be determined at this time, although the District's management believes such disallowance, if any, will be immaterial.

8. SUBSEQUENT EVENT

On July 15, 2009, the District issued \$4,995,000 of General Obligation Bonds dated July 15, 2009. The bond interest rates range from 2.5% to 4.5% and mature on July 15, 2024. There were no premiums or discounts associated with these bonds.

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, 2009

	<u>Budgeted Amounts</u>			<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Assessments from District Member Towns:	\$ 31,044,283	\$ 31,044,283	\$ 31,044,283	\$ -
Local Sources:				
Interest income	75,000	75,000	65,591	(9,409)
Intergovernmental:				
State receipts building grants	445,320	445,320	445,320	-
Transportation	255,409	255,409	270,515	15,106
Special education	614,000	614,000	662,401	48,401
Adult education			11,684	11,684
Medicaid			16,832	16,832
Magnet			22,100	22,100
Health Services			3,764	3,764
Heating Assistance			25,605	25,605
Total intergovernmental	<u>1,314,729</u>	<u>1,314,729</u>	<u>1,458,221</u>	<u>143,492</u>
Charges for Services:				
Buildings/grounds rentals	44,000	44,000	35,987	(8,013)
Tuition	15,000	15,000	92,719	77,719
Total charges for services	<u>59,000</u>	<u>59,000</u>	<u>128,706</u>	<u>69,706</u>
Other Revenue:				
Miscellaneous	15,000	15,000	35,256	20,256
Total revenues	<u>32,508,012</u>	<u>32,508,012</u>	<u>32,732,057</u>	<u>224,045</u>
Other Financing Sources:				
Transfer in			15,000	15,000
Appropriation of fund balance	1,057,163	1,057,163	818,118	(239,045)
Total other financing sources	<u>1,057,163</u>	<u>1,057,163</u>	<u>833,118</u>	<u>(224,045)</u>
Total Revenues and Other Financing Sources	\$ <u>33,565,175</u>	\$ <u>33,565,175</u>	\$ <u>33,565,175</u>	\$ <u>-</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, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Salaries:				
Certified personnel	\$ 14,854,341	\$ 14,854,341	\$ 14,183,559	\$ 670,782
Support personnel	3,754,390	3,754,390	4,123,245	(368,855)
Total salaries	<u>18,608,731</u>	<u>18,608,731</u>	<u>18,306,804</u>	<u>301,927</u>
Employee Benefits:				
Employee benefits	<u>4,367,067</u>	<u>4,367,067</u>	<u>4,280,387</u>	<u>86,680</u>
Purchased Services:				
Education	643,573	643,573	525,552	118,021
Conferences	30,050	30,050	18,567	11,483
Professional	243,036	243,036	249,651	(6,615)
Technical	210,710	210,710	223,565	(12,855)
Total purchased services	<u>1,127,369</u>	<u>1,127,369</u>	<u>1,017,335</u>	<u>110,034</u>
Property Services:				
Disposal services	27,000	27,000	28,348	(1,348)
Snow removal	40,000	40,000	78,279	(38,279)
Lawn service	112,000	112,000	109,890	2,110
Repairs and maintenance	282,440	282,440	252,820	29,620
Rentals and leases	390,975	390,975	374,981	15,994
Total property services	<u>852,415</u>	<u>852,415</u>	<u>844,318</u>	<u>8,097</u>
Operational Services:				
Pupil transportation	1,735,336	1,735,336	1,618,453	116,883
Field trips/athletics	270,033	270,033	266,746	3,287
Liability insurance	121,000	121,000	96,351	24,649
Dues and fees	36,637	36,637	34,331	2,306
Communication	209,864	209,864	146,633	63,231
Advertising	15,000	15,000	10,791	4,209
Tuition	1,382,120	1,382,120	1,258,751	123,369
Travel	26,877	26,877	26,227	650
Total operational services	<u>3,796,867</u>	<u>3,796,867</u>	<u>3,458,283</u>	<u>338,584</u>
Supplies:				
Supplies	593,516	593,516	537,971	55,545
Books/resource materials	294,591	294,591	252,567	42,024
Electricity	730,000	730,000	640,195	89,805
Bottled gas	8,000	8,000	8,403	(403)
Heating oil	357,500	357,500	503,063	(145,563)
Gasoline and oil vehicles	7,500	7,500	5,334	2,166
Total supplies	<u>1,991,107</u>	<u>1,991,107</u>	<u>1,947,533</u>	<u>43,574</u>
Capital Improvements/Equipment:				
Buildings	10,000	10,000	11,868	(1,868)
Equipment	100,791	100,791	102,504	(1,713)
Total capital improvements/equipment	<u>110,791</u>	<u>110,791</u>	<u>114,372</u>	<u>(3,581)</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Debt Service:				
Principal	\$ 1,805,000	\$ 1,805,000	\$ 1,805,000	\$ -
Interest	755,828	755,828	643,328	112,500
Total debt service	<u>2,560,828</u>	<u>2,560,828</u>	<u>2,448,328</u>	<u>112,500</u>
Total expenditures	<u>33,415,175</u>	<u>33,415,175</u>	<u>32,417,360</u>	<u>997,815</u>
Other Finance Uses:				
Transfers out	<u>150,000</u>	<u>150,000</u>	<u>151,000</u>	<u>(1,000)</u>
Total Expenditures and Other Financing Uses	<u>\$ 33,565,175</u>	<u>\$ 33,565,175</u>	<u>\$ 32,568,360</u>	<u>\$ 996,815</u>

REGIONAL SCHOOL DISTRICT NO. 13

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

JUNE 30, 2009

	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
ASSETS											
Cash and cash equivalents	\$ 25,569	\$ 15,778	\$ 3,025	\$ 4,908	\$ 97	\$ 16,573	\$ 65,950	\$	\$	\$ -	\$ 65,950
Investments		66,416					66,416	5,495	20,797	26,292	92,708
Intergovernmental receivable	15,435						15,435			-	15,435
Other assets	6,852						6,852			-	6,852
Total Assets	<u>\$ 47,856</u>	<u>\$ 82,194</u>	<u>\$ 3,025</u>	<u>\$ 4,908</u>	<u>\$ 97</u>	<u>\$ 16,573</u>	<u>\$ 154,653</u>	<u>\$ 5,495</u>	<u>\$ 20,797</u>	<u>\$ 26,292</u>	<u>\$ 180,945</u>
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable and accrued items	\$ 9,992	\$	\$	\$	\$	\$	\$ 9,992	\$	\$	\$ -	\$ 9,992
Fund Balances:											
Reserved for endowments								2,533	10,000	12,533	12,533
Unreserved and undesignated	37,864	82,194	3,025	4,908	97	16,573	144,661	2,962	10,797	13,759	158,420
Total fund balances	<u>37,864</u>	<u>82,194</u>	<u>3,025</u>	<u>4,908</u>	<u>97</u>	<u>16,573</u>	<u>144,661</u>	<u>5,495</u>	<u>20,797</u>	<u>26,292</u>	<u>170,953</u>
Total Liabilities and Fund Balances	<u>\$ 47,856</u>	<u>\$ 82,194</u>	<u>\$ 3,025</u>	<u>\$ 4,908</u>	<u>\$ 97</u>	<u>\$ 16,573</u>	<u>\$ 154,653</u>	<u>\$ 5,495</u>	<u>\$ 20,797</u>	<u>\$ 26,292</u>	<u>\$ 180,945</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, 2009

	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	\$ 453	\$ 2,537	\$	\$	\$	\$	\$ 2,990	\$ 180	\$ (13,150)	\$ (12,970)	\$ (9,980)
Intergovernmental	84,537						84,537			-	84,537
Charges for services	485,715		9,150		19,972	229,473	744,310			-	744,310
Total revenues	<u>570,705</u>	<u>2,537</u>	<u>9,150</u>	<u>-</u>	<u>19,972</u>	<u>229,473</u>	<u>831,837</u>	<u>180</u>	<u>(13,150)</u>	<u>(12,970)</u>	<u>818,867</u>
Expenditures:											
Salaries	301,038		10,651		9,638	114,930	436,257			-	436,257
Employee benefits						48,836	48,836			-	48,836
Purchased services		42,411			2,306	57,008	101,725			-	101,725
Operational services					832	1,267	2,099			-	2,099
Supplies	290,661				9,114	4,135	303,910			-	303,910
Total expenditures	<u>591,699</u>	<u>42,411</u>	<u>10,651</u>	<u>-</u>	<u>21,890</u>	<u>226,176</u>	<u>892,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>892,827</u>
Excess (Deficiency) of Revenues over Expenditures	(20,994)	(39,874)	(1,501)	-	(1,918)	3,297	(60,990)	180	(13,150)	(12,970)	(73,960)
Other Financing Sources (Uses):											
Transfers in				1,000			1,000			-	1,000
Transfers out						(15,000)	(15,000)		(2,000)	(2,000)	(17,000)
Net Change in Fund Balances	(20,994)	(39,874)	(1,501)	1,000	(1,918)	(11,703)	(74,990)	180	(15,150)	(14,970)	(89,960)
Fund Balances at Beginning of Year	58,858	122,068	4,526	3,908	2,015	28,276	219,651	5,315	35,947	41,262	260,913
Fund Balances at End of Year	<u>\$ 37,864</u>	<u>\$ 82,194</u>	<u>\$ 3,025</u>	<u>\$ 4,908</u>	<u>\$ 97</u>	<u>\$ 16,573</u>	<u>\$ 144,661</u>	<u>\$ 5,495</u>	<u>\$ 20,797</u>	<u>\$ 26,292</u>	<u>\$ 170,953</u>

REGIONAL SCHOOL DISTRICT NO. 13

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

JUNE 30, 2009

	<u>R. Mason</u>	<u>Moeller</u>	<u>P. Lyman</u>	<u>Total Private- Purpose Trust Funds</u>
ASSETS				
Cash and cash equivalents	\$ <u>6</u>	\$ <u>502</u>	\$ <u>2,247</u>	\$ <u>2,755</u>
NET ASSETS				
Net Assets Held in Trust for Individuals	\$ <u>6</u>	\$ <u>502</u>	\$ <u>2,247</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, 2009

	<u>R. Mason</u>	<u>Moeller</u>	<u>P. Lyman</u>	<u>Total Private- Purpose Trust Funds</u>
Additions:				
Investment income:				
Interest and dividends	\$ 6	\$	\$ 4	\$ 10
Deductions:				
Supplies	5,019	-	-	5,019
Change in net assets	(5,013)	-	4	(5,009)
Net Assets Beginning of Year	5,019	502	2,243	7,764
Net Assets End of Year	\$ 6	\$ 502	\$ 2,247	\$ 2,755

REGIONAL SCHOOL DISTRICT NO. 13

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
Student Activity Fund				
Assets:				
Cash	\$ 164,513	\$ 710,038	\$ 719,063	\$ 155,488
Investments	<u>93,657</u>	<u>2,406</u>	<u> </u>	<u>96,063</u>
	<u>\$ 258,170</u>	<u>\$ 712,444</u>	<u>\$ 719,063</u>	<u>\$ 251,551</u>
Liabilities:				
Due to student groups	<u>\$ 258,170</u>	<u>\$ 712,444</u>	<u>\$ 719,063</u>	<u>\$ 251,551</u>
Middlesex Consortium				
Assets:				
Cash	<u>\$ 29,340</u>	<u>\$ 120,895</u>	<u>\$ 124,409</u>	<u>\$ 25,826</u>
Liabilities:				
Due to others	<u>\$ 29,340</u>	<u>\$ 120,895</u>	<u>\$ 124,409</u>	<u>\$ 25,826</u>
Total All Funds				
Assets:				
Cash	\$ 193,853	\$ 830,933	\$ 843,472	\$ 181,314
Investments	<u>93,657</u>	<u>2,406</u>	<u> </u>	<u>96,063</u>
	<u>\$ 287,510</u>	<u>\$ 833,339</u>	<u>\$ 843,472</u>	<u>\$ 277,377</u>
Liabilities:				
Due to student groups and others	<u>\$ 287,510</u>	<u>\$ 833,339</u>	<u>\$ 843,472</u>	<u>\$ 277,377</u>

REGIONAL SCHOOL DISTRICT NO. 13

SCHEDULE OF DEBT LIMITATION - THE DISTRICT

JUNE 30, 2009

	<u>Town of</u>		<u>Total</u>
	<u>Durham</u>	<u>Middlefield</u>	
Total tax collections (including interest and lien fees)	\$ 20,235,519	\$ 11,591,849	\$ 31,827,368
Property tax relief elderly	<u>53,661</u>	<u>54,366</u>	<u>108,027</u>
Base	<u>\$ 20,289,180</u>	<u>\$ 11,646,215</u>	<u>\$ 31,935,395</u>
Debt Limitation:			
Limit for School Building Purposes (4.5 times base)			\$ <u>143,709,278</u>
Indebtedness:			
Bonds outstanding			15,040,000
Less: State Grants Receivable			
Region 13			<u>(1,583,456)</u>
Net Indebtedness			<u>13,456,544</u>
Debt Limitation in Excess of Net Indebtedness			<u>\$ 130,252,734</u>