

Annual Financial Report
of the
Regional School District No. 8
For the Year Ended June 30, 2021

Regional School District No. 8
Annual Financial Report
For the Year Ended June 30, 2021

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Financial Section



Independent Auditors' Report

**Board of Education
Regional School District No. 8**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Regional School District No. 8 ("District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

**Board of Education
Regional School District No. 8**

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the pension and other post-employment benefit schedules as listed in the table of contents, respectively, 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.

Supplemental and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental schedules and trend information section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The trend information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Board of Education
Regional School District No. 8**

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
December 10, 2021

Regional School District No. 8

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Management's Discussion and Analysis For the Year Ended June 30, 2021

Regional School District No. 8's ("District") Administration offers constituents and readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021.

This management's discussion and analysis ("MD&A") will explain the role of the financial statements and provide analysis on selected financial information.

Financial highlights

- On a government-wide basis, the assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as follows:

Change in net position	\$ 1,391,361
Total net position	22,627,136
Unrestricted net position	(4,716,686)

- The significant factors for the increase in net position are as follows:

Governmental funds activity:

➤ positive operations of the General Fund of	\$ 658,617
➤ positive operations of the Capital Improvement Fund of	111,038

The positive operations were offset by:

➤ deficit operations of the Capital Nonrecurring Fund of	(123,601)
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Conversion to accrual basis on Exhibit E:

➤ capital outlay net of depreciation expense of	(1,494,827)
➤ net principal debt activity of	2,523,141
➤ change in OPEB liability of	(173,476)
➤ change in OPEB deferred outflows of	(62,240)
➤ change in OPEB deferred inflows of	(48,333)

- At the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$2,446,678, and increase of \$644,541 in comparison with the prior year. The majority of the increase is due to positive operations in the General Fund of \$658,617.
- At the end of the current fiscal year, assigned fund balance for the General Fund was \$1,829,053, an increase of \$658,617 in comparison with the prior year.

Overview of the financial statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains other supplementary information as well as the basic financial statements.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets, deferred outflows, liabilities and deferred inflows, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the District's financial health. Other non-financial events such as the impact of changes in the District's enrollment or buildings should also be considered when evaluating the District's financial health.

The statement of activities presents information showing how the District's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of when the cash is actually received or paid. Therefore, revenues and expenses are reported in this statement for some items whose cash flow may occur in a future fiscal period. Member town assessments uncollected but levied or vacation leave unused but earned are examples of this.

The government-wide financial statements present functions of the District that are principally supported by member town assessments, intergovernmental revenue and various charges for services (governmental activities).

The government-wide financial statements can be found on Exhibits A and B of this report.

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 District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the District can be divided into the following two categories: governmental 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. This information may be useful in evaluating a government'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 to 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 government'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 a comparison between governmental funds and governmental activities.

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, capital improvement and capital nonrecurring funds, which are considered to be major funds. The basic governmental fund financial statements can be found on Exhibits C, D and E. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of combining statements on Schedules 3 and 4.

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 District's own programs. The District's fiduciary funds include private - purpose trust funds for scholarships.

The basic fiduciary fund financial statements can be found on Exhibits F and G.

Notes to financial statements

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on Exhibit H.

Required supplementary information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information as follows:

- A budgetary comparison schedule for the General Fund to demonstrate compliance with this budget.
- Schedules to demonstrate the District's progress in funding its obligation to provide pension benefits.
- Schedules to demonstrate the District's progress in funding its obligation to provide other post-employment benefits.

Other information

Other required schedules are presented immediately following the required supplementary information.

Government-wide financial analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance programs and services in the future. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$22,627,136 at the close of the most recent fiscal year.

**Summary Statement of Net Position
June 30**

	2021	2020 (as restated)
Current and other assets	\$ 4,690,997	\$ 4,511,142
Capital assets (net)	32,875,183	34,370,010
Total assets	37,566,180	38,881,152
Deferred outflows of resources	1,509,163	1,571,403
Other liabilities outstanding	4,799,805	5,396,600
Long-term liabilities outstanding	10,523,234	12,698,327
Total liabilities	15,323,039	18,094,927
Deferred inflows of resources	1,125,168	1,121,853
Net position:		
Net investment in capital assets	27,073,456	26,000,124
Restricted	270,366	379,723
Unrestricted	(4,716,686)	(5,144,072)
Total net position	\$ 22,627,136	\$ 21,235,775

By far the largest portion of the District's net position is its investment in capital assets (e.g., land, construction in progress, buildings and improvements, land improvements and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide educational services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets, net of accumulated depreciation, 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.

A portion of the District's net position totaling \$270,366 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, when positive, is the amount available for use in improving facilities and increasing services.

The District's governmental activities net position increased by \$1,391,361 as detailed below:

**Statement of Changes in Net Position
For the Year Ended June 30**

	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 281,813	\$ 437,624
Operating grants and contributions	4,495,858	5,191,933
General revenues:		
Member town assessments	29,951,773	30,151,806
Income from investments	2,155	13,603
Other	18,454	23,486
Total revenues	34,750,053	35,818,452
Expenses:		
Instruction - regular education	16,219,339	14,760,535
Instruction - special education	4,229,111	4,647,964
Support services - students	2,584,452	2,330,089
Support services - instruction	184,169	182,188
Improvement of instruction	96,331	67,126
Library and media services	294,740	292,797
Support services - general administration	864,713	837,380
Support services - school based administration	1,324,894	1,190,868
Central services	1,262,988	3,061,216
Operation and maintenance of plant	3,255,940	2,840,741
Transportation	1,469,858	1,808,243
Food services	587,452	701,874
Extracurricular activities	791,491	812,138
Interest	193,214	251,510
Total expenses	33,358,692	33,784,669
Change in net position	1,391,361	2,033,783
Net position - July 1	21,235,775	18,983,474
Restatements (See Note VI)	-	218,518
Net position - June 30	\$ 22,627,136	\$ 21,235,775

Management's Discussion and Analysis (Continued)

Key elements of the increase are as follows:

Revenues

- Operating grants and contributions decreased by \$696,075 due to lower Teachers Retirement Board pension on-behalf amounts.

Expenses

- Instruction – regular education expenses increased this year by \$1,458,804 due to scheduled salary increases, the allocation of benefits to each cost center as compared to being reported as central services and increased costs for instruction due to the use of the hybrid leaning model due to COVID-19.
- Central services decreased by \$1,798,228 due to the allocation of benefits to each cost center and decreased costs for personnel services and purchasing and warehouse costs.

Financial analysis of the District's funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$2,446,678. Components of fund balance were as follows:

Restricted	\$ 270,366
Committed	347,259
Assigned	<u>1,829,053</u>
Total	<u><u>\$ 2,446,678</u></u>

Restricted fund balance is composed of three items:

- \$17,093 for private grants received for which the earning process is complete but all the monies have not been expended at fiscal year-end.
- \$75,029 is restricted by enabling legislation for the school lunch program.
- \$178,244 is restricted by enabling legislation for capital projects pursuant to Connecticut General Statutes Section 10-51 (d)(2).

\$1,826,613 of assigned fund balance is assigned for the subsequent year's budget. Per State Statutes' regional school districts are not allowed to carry unassigned fund balance. The District's policy for any remaining fund balance at year end is to transfer up to the 1% allowed under State Statutes to the Capital Nonrecurring Fund. Any remaining fund balance after that transfer will be a credit to the following year's member town assessments.

The total fund balance increased by \$644,541 to \$2,446,678. This increase is the result of the following activity:

General Fund

General Fund fund balance increased by \$658,617, due to revenues below budgeted amounts by \$399,471 and expenditures coming in below budget by \$1,058,086. This is discussed further in the General Fund budgetary highlights section.

Capital Improvement Fund

The Capital Improvement Fund fund balance increased \$111,038. The Capital Improvement Fund received \$343,360 in member town assessments during the year for certain capital projects, a decrease of \$173,616 from the prior year. Expenditures during the year of \$232,430 were a decrease of \$276,008 and primarily due to the timing of capital purchases from year to year.

Capital Nonrecurring Fund

The Capital Nonrecurring Fund fund balance decreased \$123,601 from 301,845 in the prior year to 178,244 due to the timing of capital purchases from year to year.

General Fund budgetary highlights

Original budget compared to the final budget. Significant budget transfers included:

- The District transferred \$3,132,337 from central services primarily to allocate health insurance to the functions as described below:
 - \$2,148,750 to instruction – regular education for benefits and additional instruction costs to due to the hybrid learning model
 - \$722,161 to operation and maintenance of plant to address maintenance needs
- \$241,644 from transportation to fund various other expenditures including pupil support software, maintenance, furniture and equipment, and food service professional services
- \$151,514 from extracurricular activities to support services students due to COVID restrictions on sports and other activities

Final budget compared to actual results. The overall positive operating results of \$658,615 was driven by expenditures coming in under budget by \$1,058,086, offset by revenues coming in under budget by \$399,471, including appropriation of fund balance of \$197,079. The most significant budget variances were as follows:

- The Excess Cost grant was \$95,255 less than budgeted.
- Central services expenditures were \$315,041 under budget primarily due to personnel savings and lower than expected health insurance costs.
- Instruction – special education and transportation expenditures were \$217,425 and \$157,982 under budget respectively, primarily due to private school tuition/transportation costs as schools closed due to COVID-19.
- Operation and maintenance of plant expenditures were \$105,738 under budget primarily due to a decrease in utilities because of school closures.

Capital assets

The District's investment in capital assets (net of accumulated depreciation) amounted to \$32,875,183. The net decrease in the District's capital assets for the current fiscal year was \$1,494,827 or 4.35%. This decrease is largely due to depreciation expense of \$2,266,047.

**Capital Assets (Net of Depreciation)
June 30**

	2021	2020
Land	\$ 1,724,243	\$ 1,724,243
Construction in progress	64,533	234,695
Buildings and improvements	29,639,126	30,810,837
Machinery and equipment	1,094,243	1,146,484
Land improvements	353,038	453,751
Total	\$ 32,875,183	\$ 34,370,010

Major capital asset additions during the current fiscal year include:

- Buildings and improvements:
 - o Sidewalks repair \$ 170,162
 - o Security camera upgrade 80,000

- Machinery and equipment:
 - o Desktops, laptops and computer equipment 108,372

Additional information on the District's capital assets can be found in Note III. C of this report.

Long-term debt

At the end of the current fiscal year, the District had total bonds and notes payable of \$5,778,084, a decrease of \$2,523,141 as compared to the prior year. The decrease is due to the scheduled debt service payments of \$2,305,000 for bonds and \$218,141 for notes payable.

**Long-Term Debt
June 30**

	2021	2020
General obligation bonds	\$ 5,565,000	\$ 7,870,000
Notes payable	213,084	431,225
Total	\$ 5,778,084	\$ 8,301,225

The District maintains a "Aa3" rating from Moody's Investor Service on general obligation debt outstanding. Additional information on the District's long-term debt and obligations can be found in Note III. D in the notes to financial statements.

Economic factors and next year's budget

The 2021-2022 general fund adopted budget totaled \$31,112,583. The following economic factors currently affect the District and were considered in developing the 2021-2022 fiscal year budget:

- As of June 2021, the unemployment rate for the member towns ranged from 4.80 – 5.60% which is a decrease from a range of 7.10 – 9.30% a year ago. In comparison, the state's unemployment rate was 7.70% and the national average rate was 5.90%. The decreases are due to the job market recovery subsequent to the coronavirus pandemic.
- Inflationary trends in the region compare favorably to national indices.
- The District relies on member town assessments to fund its operations. As funding decreases to the member towns from the state government, it could have a significant impact on the District's operations.
- The potential impact of the pandemic on the local economy, businesses and District revenues is being closely monitored as is the related impact of the pandemic on operations is also closely monitored as the District adjusts education service delivery based on local conditions.

Requests for information

This financial report is designed to provide a general overview of the District's finances for all readers of these statements. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Business Manager, 85 Wall Street Hebron, Connecticut, 06248.

**Basic
Financial
Statements**

Regional School District No. 8

Statement of Net Position
Governmental Activities
June 30, 2021

<u>Assets</u>	
Current assets	
Cash	\$ 1,046,634
Investments	3,533,067
Receivables	
Intergovernmental	71,009
Accounts	31,833
Other	<u>8,454</u>
Total current assets	<u>4,690,997</u>
Capital assets (net of accumulated depreciation)	
Land	1,724,243
Construction in progress	64,533
Buildings and improvements	29,639,126
Machinery and equipment	1,094,243
Land improvements	<u>353,038</u>
Total capital assets (net of accumulated depreciation)	<u>32,875,183</u>
Total assets	<u>37,566,180</u>
<u>Deferred Outflows of Resources</u>	
Deferred outflows related to OPEB	<u>1,509,163</u>

(Continued)

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

Regional School District No. 8

Statement of Net Position
Governmental Activities
June 30, 2021

Liabilities

Current liabilities	
Accounts payable	\$ 665,982
Accrued payroll	1,491,802
Accrued interest payable	51,254
Unearned revenue	86,535
Bonds and notes payable	2,484,078
Compensated absences	20,154
	<hr/>
Total current liabilities	4,799,805
Noncurrent liabilities	
Bonds and notes payable	3,294,006
Compensated absences	1,120,470
OPEB liability	6,108,758
	<hr/>
Total noncurrent liabilities	10,523,234
	<hr/>
Total liabilities	15,323,039

Deferred Inflows of Resources

Deferred charge on refunding	23,643
Deferred inflows related to OPEB	1,101,525
	<hr/>
Total deferred inflows of resources	1,125,168

Net Position

Net investment in capital assets	27,073,456
Restricted for	
Regular education programs	17,093
School lunch programs	75,029
Capital projects	178,244
Unrestricted	(4,716,686)
	<hr/>
Total net position	\$22,627,136

(Concluded)

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

Regional School District No. 8
Statement of Activities
Governmental Activities
For the Year Ended June 30, 2021

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net Expenses and Changes in Net Position
Instruction - regular education	\$ 16,219,339	\$ 4,000	\$ 3,543,798	\$ (12,671,541)
Instruction - special education	4,229,111	-	573,484	(3,655,627)
Support services - students	2,584,452	7,865	36,217	(2,540,370)
Support services - instruction	184,169	163,752	-	(20,417)
Improvement of instruction	96,331	-	3,250	(93,081)
Library and media services	294,740	-	-	(294,740)
Support services - general administration	864,713	-	28,743	(835,970)
Support services - school based administration	1,324,894	-	-	(1,324,894)
Central services	1,262,988	-	27,837	(1,235,151)
Operation and maintenance of plant	3,255,940	30,615	-	(3,225,325)
Transportation	1,469,858	-	27,141	(1,442,717)
Food services	587,452	75,581	255,388	(256,483)
Extracurricular activities	791,491	-	-	(791,491)
Interest	193,214	-	-	(193,214)
	\$ 33,358,692	\$ 281,813	\$ 4,495,858	(28,581,021)
General revenues:				
				29,951,773
				2,155
				18,454
				29,972,382
				1,391,361
				21,235,775
				\$ 22,627,136

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

Regional School District No. 8

Balance Sheet
Governmental Funds
June 30, 2021

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash	\$ 902,856	\$ 80,000	\$ -	\$ 65,106	\$ 1,047,962
Investments	2,993,540	92,180	178,244	269,103	3,533,067
Receivables					
Intergovernmental	-	-	-	71,009	71,009
Accounts	31,689	-	-	144	31,833
Due from other funds	-	-	-	18,134	18,134
Other	-	-	-	8,454	8,454
	<u>\$ 3,928,085</u>	<u>\$ 172,180</u>	<u>\$ 178,244</u>	<u>\$ 431,950</u>	<u>\$ 4,710,459</u>
<u>Liabilities</u>					
Cash overdraft	\$ -	\$ -	\$ -	\$ 1,328	\$ 1,328
Accounts payable	589,096	27,682	-	49,204	665,982
Accrued payroll	1,491,802	-	-	-	1,491,802
Due to other funds	18,134	-	-	-	18,134
Unearned revenue	-	-	-	86,535	86,535
	<u>2,099,032</u>	<u>27,682</u>	<u>-</u>	<u>137,067</u>	<u>2,263,781</u>
<u>Fund Balances</u>					
Restricted	-	-	178,244	92,122	270,366
Committed	-	144,498	-	202,761	347,259
Assigned	1,829,053	-	-	-	1,829,053
	<u>1,829,053</u>	<u>144,498</u>	<u>178,244</u>	<u>294,883</u>	<u>2,446,678</u>
Total liabilities and fund balances	<u>\$ 3,928,085</u>	<u>\$ 172,180</u>	<u>\$ 178,244</u>	<u>\$ 431,950</u>	<u>\$ 4,710,459</u>

(Continued)

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

Regional School District No. 8

Reconciliation of Fund Balance to Net Position of Governmental Activities
June 30, 2021

Amounts reported in the statement of net position (Exhibit A) are different from the governmental fund balance sheet due to:

Total fund balance (Exhibit C, Page 1)	<u>\$ 2,446,678</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Beginning capital assets	34,370,010
Current year additions (net of construction in progress)	771,220
Depreciation expense	<u>(2,266,047)</u>
Total	<u>32,875,183</u>
Other long-term assets and deferred outflows of resources are not available resources and therefore, are not reported in the funds:	
Deferred outflows of resources related to OPEB	<u>1,509,163</u>
Some liabilities and deferred inflows of resources, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and notes payable	(5,778,084)
Compensated absences	(1,140,624)
OPEB liability	(6,108,758)
Accrued interest payable	(51,254)
Deferred charge on refunding	(23,643)
Deferred inflows of resources related to OPEB	<u>(1,101,525)</u>
Total	<u>(14,203,888)</u>
Net position (Exhibit A)	<u><u>\$ 22,627,136</u></u>
	(Concluded)

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

Regional School District No. 8

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021**

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Member town assessments	\$ 29,608,413	\$ 343,360	\$ -	\$ -	\$ 29,951,773
Intergovernmental	3,776,291	-	-	715,772	4,492,063
Charges for services	73,980	-	-	207,833	281,813
Contributions	-	-	-	3,795	3,795
Income from investments	1,851	108	155	41	2,155
Other	18,454	-	-	-	18,454
Total revenues	<u>33,478,989</u>	<u>343,468</u>	<u>155</u>	<u>927,441</u>	<u>34,750,053</u>
Expenditures					
Current					
Instruction - regular education	14,071,256	-	-	284,465	14,355,721
Instruction - special education	4,100,594	-	-	58,336	4,158,930
Support services - students	2,361,215	-	-	215,726	2,576,941
Support services - instruction	319,373	-	-	-	319,373
Improvement of instruction	31,751	-	-	3,250	35,001
Library and media services	250,168	-	-	-	250,168
Support services - general administration	822,861	-	-	28,743	851,604
Support services - school based administration	1,317,252	-	-	-	1,317,252
Central services	1,152,265	-	-	25,889	1,178,154
Operation and maintenance of plant	3,430,669	-	-	-	3,430,669
Transportation	1,442,717	-	-	27,141	1,469,858
Food services	41,929	-	-	410,142	452,071
Extracurricular activities	755,293	-	-	-	755,293
Debt service					
Principal	2,342,328	-	-	-	2,342,328
Interest	255,963	-	-	-	255,963
Capital outlay	-	232,430	123,756	-	356,186
Total expenditures	<u>32,695,634</u>	<u>232,430</u>	<u>123,756</u>	<u>1,053,692</u>	<u>34,105,512</u>
Excess (deficiency) of revenues over expenditures	<u>783,355</u>	<u>111,038</u>	<u>(123,601)</u>	<u>(126,251)</u>	<u>644,541</u>
Other financing sources (uses)					
Transfers in	-	-	-	124,738	124,738
Transfers out	(124,738)	-	-	-	(124,738)
Net other financing sources (uses)	<u>(124,738)</u>	<u>-</u>	<u>-</u>	<u>124,738</u>	<u>-</u>
Net change in fund balances	658,617	111,038	(123,601)	(1,513)	644,541
Fund balances - July 1, 2020 (as restated)	<u>1,170,436</u>	<u>33,460</u>	<u>301,845</u>	<u>296,396</u>	<u>1,802,137</u>
Fund balances - June 30, 2021	<u>\$ 1,829,053</u>	<u>\$ 144,498</u>	<u>\$ 178,244</u>	<u>\$ 294,883</u>	<u>\$ 2,446,678</u>

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

Regional School District No. 8

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to Statement of Activities
For the Year Ended June 30, 2021

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different due to:

Net change in fund balances - total governmental funds (Exhibit D)	<u>\$ 644,541</u>
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	771,220
Depreciation expense	<u>(2,266,047)</u>
Total	<u>(1,494,827)</u>

The issuance of long-term debt (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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:

Principal repayments:	
General obligation bonds	2,305,000
Notes payable	<u>218,141</u>
Total	<u>2,523,141</u>

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:

Change in:	
Accrued interest payable	17,731
Compensated absences	(60,194)
OPEB liability	(173,476)
Deferred outflows of resources related to OPEB	(62,240)
Deferred inflows of resources related to OPEB	(48,333)
Amortization of deferred charge on refunding	<u>45,018</u>
Total	<u>(281,494)</u>

Change in net position of governmental activities (Exhibit B)	<u><u>\$ 1,391,361</u></u>
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The notes to financial statements are an integral part of this statement.

Regional School District No. 8

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2021

	<u>Private- Purpose Trust Funds</u>
<u>Assets</u>	
Investments	
Bank money market	\$ 63,827
Equity mutual funds	47,707
Annuities	<u>21,646</u>
Total assets	<u>\$ 133,180</u>
<u>Net Position</u>	
Restricted for individuals and organizations	<u>\$ 133,180</u>

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

Regional School District No. 8
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	<u>Private- Purpose Trust Funds</u>
Additions	
Income (loss) from investments	
Net change in fair value of investments	\$ 1,957
Interest and dividends	<u>5,472</u>
Total income (loss) from investments	<u>7,429</u>
Deductions	
Scholarships	<u>9,226</u>
Change in net position	(1,797)
Net position - July 1, 2020	<u>134,977</u>
Net position - June 30, 2021	<u><u>\$ 133,180</u></u>

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

Regional School District No. 8**Notes to Financial Statements
As of and for the Year Ended June 30, 2021****History and organization**

Regional School District No. 8 (“District”) is governed by a Board of Education (“Board”). The Board is an elected group of individuals which has governance responsibilities over all activities related to providing education for grades 7-12 within the jurisdiction of the District, serving the Towns of Hebron, Andover, and Marlborough, Connecticut (“Towns”). The District receives funding from local, state, and federal government sources and must comply with the concomitant requirements of these funding source entities. The District is not included in any other governmental “reporting entity” since Board members are elected by the public, have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

The accompanying financial statements present the District. There are no other entities for which the District is considered to be financially accountable and, therefore, the District does not report any component units.

I. Summary of significant accounting policies**A. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. Governmental activities are normally supported by member town assessments and intergovernmental revenues.

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 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.

B. 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. 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.

Regional School District No. 8

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

B. Measurement focus, basis of accounting and financial statement presentation (continued)

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. For reimbursement grants, the District considers revenues to be available if they are collected within one year of the end of the current fiscal 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 and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

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 are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

General Fund	The District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
Capital Improvement Fund	Accounts for capital purchases funded by member town assessments.
Capital Nonrecurring Fund	Accounts for capital purchases funded by transfers from General Fund budget unexpended appropriations up to 1% of the adopted budget which remains at the end of any fiscal year pursuant to Connecticut General Statutes Section 10-51 (d)(2).

Additionally, the District reports the following fund types:

Special Revenue Funds	Accounts for and reports the proceeds of specific revenue resources that are restricted, committed or assigned to expenditures for specified purposes other than debt.
Private-Purpose Trust Funds	Accounts for resources legally held in trust for student scholarships.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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. Likewise, general revenues include all member town assessments.

Regional School District No. 8

**Notes to Financial Statements
As of and for the Year Ended June 30, 2021****B. Measurement focus, basis of accounting and financial statement presentation (continued)**

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pension and OPEB, and pension and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position the Connecticut State Teachers' Retirement System ("TRS") and the Connecticut Retirees Health Insurance Plan ("RHIP") have been determined on the same basis as they are reported by TRS and RHIP. For this purpose, benefits payments (including refunds of employee contribution) are recognized when due and payable in accordance with benefit terms.

C. Assets, liabilities, deferred outflows/inflows of resources and equity**1. Cash and investments****a. Cash**

The District considers cash as cash on hand and demand deposits.

b. Investments

In general, State of Connecticut Statutes allow the District to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. For the capital nonrecurring fund, not more than 31% can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

c. Method used to value investments

Investments for the District are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Fair value of investments

The District measures and records its investments using fair value measurement guidelines established by accounting principles generally accepted in the United States of America ("GAAP"). These guidelines recognize a three-tiered fair value hierarchy, as follows:

Regional School District No. 8

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)

Level 1	Quoted prices for identical investments in active markets
Level 2	Quoted prices for identical investments in markets that are not active. Fair values are primarily obtained from the third party pricing services for identical comparable assets
Level 3	Unobservable inputs

d. Risk policies

Interest rate risk	Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. 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	Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The District has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision
Concentration of credit risk	Concentration of credit risk is the risk attributed to the magnitude of an entity's investments in a single issuer. The District follows the limitations specified in the Connecticut General Statutes. Generally, the District's deposits cannot be 75% or more of the total capital in any one depository
Custodial credit risk	Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District does not have a formal policy with respect to custodial credit risk
Foreign currency risk	Foreign currency risk is the risk that the value of the investment may be affected by changes in the rate of exchange. The District does not have a formal policy with respect to foreign currency risk

2. Receivables and payables

Interfunds

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

Regional School District No. 8

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)

3. Capital assets

Capital assets, which include construction in progress, property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 for equipment and \$20,000 for other assets and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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 asset 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:

Assets	Years
Building and improvements	40
Land improvements	10-30
Machinery and equipment	
Office/classroom equipment	5-20
Vehicles	8
Computer equipment	5

4. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The District reports deferred outflows and inflows of resources related to OPEB in the government-wide statements for differences between expected and actual experience, changes in assumptions and net difference between projected and actual earnings on plan investments. The deferred outflow or inflow related to differences between expected and actual experience and changes in assumptions will be amortized over the average remaining service life of all plan members. The deferred outflow or inflow related to the net difference between projected and actual earnings on plan investments will be amortized over a five-year period.

Deferred inflows of resources also include deferred inflows relating to advance refunding of debt. These amounts are deferred and are amortized over the shorter of the life of the old or the new debt.

Regional School District No. 8

Notes to Financial Statements
As of and for the Year Ended June 30, 2021**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)****5. Compensated absences**

It is the District's policy to permit employees to accumulate earned but unused sick-pay benefits up to certain limits. All compensated absences are recorded when incurred in the government-wide financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or the vested amount is expected to be paid with available resources.

Upon retirement under the Connecticut State Teachers' Retirement System, or death, a certified professional employee, or the estate of that employee, will be paid 15% of all accumulated unused sick days up to a limit of 180 days. Retirees have the option of receiving retirement sick leave payments at the time of retirement or after January 1 of the succeeding year. Payments are made as a retirement contribution into the District's 403(b) retirement plan. The retiree must notify the Board of their choice in writing at least one year prior to the desired payment date.

The District has established a teacher retirement stipend program that allows eligible teachers to receive a stipend upon retirement from the District. Certified personnel hired prior to July 1, 1997, having completed fifteen years of District employment, are eligible for a stipend of five percent of the teacher's base salary plus one half percent for each year of service in the District beyond fifteen years, up to a maximum of fifteen percent of the base salary. The stipend is based on the 1996-97 salary rates for the degree track/step held by the teacher immediately preceding retirement. The stipend is granted to the teacher for each of the three school years immediately following his or her retirement date. Participants under this program are required to provide the Board of Education with at least a three-year advance notice of their planned retirement and submit a letter of resignation to take effect on that date. Payments are made as retirement contributions into the District's 403(b) retirement plan.

6. Long-term liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities' statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

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.

Regional School District No. 8

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)

7. Fund equity and net position

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

Net investment in capital assets	This category presents the net position that reflects capital assets net of accumulated depreciation and net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes, and unspent bond proceeds, are excluded.
Restricted net position	This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).
Unrestricted net position	This category presents the net position of the District which is not classified in the preceding two categories.

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

In the fund financial statements, fund balances are classified into the following categories:

Nonspendable	This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact
Restricted	This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments
Committed	This category presents amounts that can be used only for specific purposes determined by a formal action at the highest level of decision-making authority for the District. Commitments may be established, modified or rescinded only through resolutions approved by the Board of Education or contractual obligations
Assigned	This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is expressed by the passage of a resolution by the Board of Education or by a properly approved purchase order (encumbrance)
Unassigned	This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit

Regional School District No. 8**Notes to Financial Statements
As of and for the Year Ended June 30, 2021****C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

8. Use of estimates

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

9. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

II. Stewardship, compliance and accountability**A. Basis of budgeting**

Only the general fund has a legally adopted annual budget.

The District uses the budgetary basis of accounting under which purchase orders for contracts or other commitments are recorded in order to reserve that portion of the applicable appropriation. 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 the budgetary statements included as required supplementary information.

Regional School District No. 8

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

B. Capital project authorizations

The following is a summary of certain capital projects:

	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Balance</u>
Develop Athletics Facilities	\$ 15,000	\$ 11,684	\$ 3,316
DOT Contingency	<u>98,450</u>	<u>9,123</u>	<u>89,327</u>
Total	<u>\$ 113,450</u>	<u>\$ 20,807</u>	<u>\$ 92,643</u>

III. Detailed notes**A. Cash and investments****1. Deposits – custodial credit risk**

At year end, the District's bank balance was \$5,193,797 and was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 3,645,348
Uninsured and collateral held by the pledging bank's trust department, not in the District's name	<u>1,298,449</u>
Total amount subject to custodial credit risk	<u>\$ 4,943,797</u>

Financial instruments that potentially subject the District to significant concentrations of credit risk consist primarily of cash. From time to time, the District's cash account balances exceed the Federal Deposit Insurance Corporation limit. The District reduces its credit risk by maintaining its cash deposits with major financial institutions and monitoring their credit ratings.

Regional School District No. 8
Notes to Financial Statements
As of and for the Year Ended June 30, 2021

A. Cash and investments (continued)**2. Investments**

- a. The District's investments consisted of the following investment types and maturities. Specific identification was used to determine the maturities.

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>	
		<u>N/A</u>	<u>Less Than 1</u>
Bank money market	\$ 3,563,377	\$ -	\$ 3,563,377
Equity mutual funds	47,707	47,707	-
Pooled fixed income	33,517	-	33,517
Annuities	21,646	21,646	-
Total	<u>\$ 3,666,247</u>	<u>\$ 69,353</u>	<u>\$ 3,596,894</u>

- b. The District had the following recurring fair value measurements:

<u>Investments at Fair Value</u>	<u>Amount</u>	<u>Quoted Market Prices in Active Markets</u>	<u>Significant Unobservable Inputs</u>
		<u>Level 1</u>	<u>Level 3</u>
Equity mutual funds	\$ 47,707	\$ 47,707	\$ -
Annuities	21,646	-	21,646
Total investments by fair value level	<u>69,353</u>	<u>\$ 47,707</u>	<u>\$ 21,646</u>
<u>Other investments not subject to fair value measurement</u>			
Bank money market	3,563,377		
Pooled fixed income	33,517		
Total other investments	<u>3,596,894</u>		
Total investments	<u>\$ 3,666,247</u>		

Level 1: Quoted prices for identical investments in active markets.
Level 3: Cash surrender value of the annuity.

Regional School District No. 8

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

A. Cash and investments (continued)

c. The District's investments subject to credit risk have average ratings by Standard & Poor's as follows:

Type of Investment	Ratings			Total
	AAA	AA	A	
Pooled fixed income	\$ 33,517	\$ -	\$ -	\$ 33,517
Annuities	-	-	21,646	21,646
Total	\$ 33,517	\$ -	\$ 21,646	\$ 55,163

B. Interfund accounts

1. Interfund payables and receivables

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. The amounts due from and due to other funds were as follows:

	Corresponding Fund	Due From	Due To
Major Funds			
General Fund	Grant Fund	\$ -	\$ 18,134
Grant Fund	General Fund	18,134	-
Grand Total		\$ 18,134	\$ 18,134

2. Interfund transfers

A summary of interfund transfers for the fiscal year is as follows:

	Corresponding Fund	Transfers In	Transfers Out
Major Funds			
General Fund	School Lunch Fund	\$ -	\$ 124,738
School Lunch Fund	General Fund	124,738	-
Grand Total		\$ 124,738	\$ 124,738

Regional School District No. 8

Notes to Financial Statements
As of and for the Year Ended June 30, 2021**C. Capital assets**

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

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 1,724,243	\$ -	\$ -	\$ 1,724,243
Construction in progress	234,695	-	170,162	64,533
Total capital assets, not being depreciated	<u>1,958,938</u>	<u>-</u>	<u>170,162</u>	<u>1,788,776</u>
Capital assets, being depreciated:				
Buildings and improvements	55,129,395	329,924	-	55,459,319
Machinery and equipment	5,919,989	611,458	302,018	6,229,429
Land improvements	2,053,685	-	-	2,053,685
Total capital assets, being depreciated	<u>63,103,069</u>	<u>941,382</u>	<u>302,018</u>	<u>63,742,433</u>
Total capital assets	<u>65,062,007</u>	<u>941,382</u>	<u>472,180</u>	<u>65,531,209</u>
Less accumulated depreciation for:				
Buildings and improvements	24,318,558	1,501,635	-	25,820,193
Machinery and equipment	4,773,505	663,699	302,018	5,135,186
Land improvements	1,599,934	100,713	-	1,700,647
Total accumulated depreciation	<u>30,691,997</u>	<u>2,266,047</u>	<u>302,018</u>	<u>32,656,026</u>
Total capital assets, being depreciated, net	<u>32,411,072</u>	<u>(1,324,665)</u>	<u>-</u>	<u>31,086,407</u>
Capital assets, net	<u>\$34,370,010</u>	<u>\$(1,324,665)</u>	<u>\$ 170,162</u>	<u>\$ 32,875,183</u>

Depreciation expense was charged to functions/programs as follows:

Instruction - regular education	\$ 1,544,959
Instruction - special education	56,221
Support services - students	3,488
Support services - instruction	39,984
Improvement of instruction	61,330
Library and media services	47,294
Support services - general administration	9,659
Support services - school based administration	7,229
Central services	89,155
Operation and maintenance of plant	235,149
Food services	135,381
Extracurricular activities	36,198
Total depreciation expense	<u>\$ 2,266,047</u>

Regional School District No. 8

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

D. Changes in long-term liabilities**1. Summary of changes**

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

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Current Portion	Long-Term Portion
Bonds										
Refunding issue	\$ 6,045,000	2/9/2012	04/15/24	2.0%-4.0%	\$ 2,435,000	\$ -	\$ 575,000	\$ 1,860,000	\$ 600,000	\$ 1,260,000
Refunding issue	3,980,000	3/4/2015	01/15/27	3.0%-3.25%	2,615,000	-	345,000	2,270,000	350,000	1,920,000
Refunding issue	<u>6,725,000</u>	4/25/2017	05/01/22	2.25-4.0%	<u>2,820,000</u>	-	1,385,000	<u>1,435,000</u>	<u>1,435,000</u>	<u>-</u>
Total bonds	<u>16,750,000</u>				<u>7,870,000</u>	<u>-</u>	<u>2,305,000</u>	<u>5,565,000</u>	<u>2,385,000</u>	<u>3,180,000</u>
Notes payable - direct borrowings										
Natural gas conversion	337,328	2018	2021	0.0%	37,328	-	37,328	-	-	-
Musical instruments	28,168	2017	2022	3.99%	11,474	-	5,625	5,849	5,849	-
Technology equipment	187,871	2017	2022	3.99%	76,531	-	37,517	39,014	39,014	-
Technology equipment	379,585	2016	2021	2.97%	78,311	-	78,311	-	-	-
IT equipment	<u>227,581</u>	2020	2024	3.39%	<u>227,581</u>	-	<u>59,360</u>	<u>168,221</u>	<u>54,215</u>	<u>114,006</u>
Total notes	<u>1,160,533</u>				<u>431,225</u>	<u>-</u>	<u>218,141</u>	<u>213,084</u>	<u>99,078</u>	<u>114,006</u>
Total bonds and notes payable					<u>8,301,225</u>	<u>-</u>	<u>2,523,141</u>	<u>5,778,084</u>	<u>2,484,078</u>	<u>3,294,006</u>
Compensated absences					<u>1,080,430</u>	<u>434,691</u>	<u>374,497</u>	<u>1,140,624</u>	<u>20,154</u>	<u>1,120,470</u>
OPEB liability					<u>5,935,282</u>	<u>345,582</u>	<u>172,106</u>	<u>6,108,758</u>	<u>-</u>	<u>6,108,758</u>
Total long-term liabilities					<u>\$ 15,316,937</u>	<u>\$ 780,273</u>	<u>\$ 3,069,744</u>	<u>\$ 13,027,466</u>	<u>\$ 2,504,232</u>	<u>\$ 10,523,234</u>

All long-term liabilities are generally liquidated by the general fund.

Regional School District No. 8
Notes to Financial Statements
As of and for the Year Ended June 30, 2021

D. Changes in long-term liabilities (continued)

The following is a summary of debt maturities:

Year Ending June 30,	Bonds Principal	Note Principal	Total Interest
2022	\$ 2,385,000	\$ 99,078	\$ 181,631
2023	985,000	56,053	95,728
2024	1,015,000	57,953	64,278
2025	385,000	-	36,413
2026	390,000	-	24,863
2027	405,000	-	13,163
Totals	<u>\$ 5,565,000</u>	<u>\$213,084</u>	<u>\$ 416,076</u>

2. Statutory debt limitations

The District's indebtedness does not exceed the legal debt limitations as required by Connecticut General Statutes as reflected in the following schedule:

Category	Debt Limitation	Indebtedness	Balance
Schools	\$ 269,458,862	\$ 21,748,079	\$ 247,710,783

The total overall statutory debt limit for the District is equal to seven times annual receipts from prior year taxation, \$419,158,229.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding.

3. Compensated absences

The District accrues compensated absences (sick days) and retirement stipends in the government-wide financial statements as they are earned by employees if the leave or stipend is attributable to past service and it is probable that the District will compensate the employees by cash payments at termination or retirement. The amounts of the estimated obligations at year end are as follows:

Retirement stipends	\$ 27,565
Sick payout	<u>1,113,059</u>
Total	<u>\$ 1,140,624</u>

Regional School District No. 8

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

E. Fund balance classifications and restricted net position

	General Fund	Capital Improvement Fund	Capital Nonrecurring Fund	Other Governmental Funds	Total
Restricted					
Regular education programs	\$ -	\$ -	\$ -	\$ 17,093	\$ 17,093
School lunch program	-	-	-	75,029	75,029
Capital projects	-	-	178,244	-	178,244
Total restricted	-	-	178,244	92,122	270,366
Committed					
Student activity programs	-	-	-	202,761	202,761
Capital projects	-	144,498	-	-	144,498
Total committed	-	144,498	-	202,761	347,259
Assigned					
Tech insurance	2,440	-	-	-	2,440
Subsequent year's budget	1,826,613	-	-	-	1,826,613
Total assigned	1,829,053	-	-	-	1,829,053
Total	\$ 1,829,053	\$ 144,498	\$ 178,244	\$ 294,883	\$ 2,446,678

The amount of restricted net position which was restricted by enabling legislation, totaled \$253,273.

IV. Other information

A. Risk management

The District is exposed to various risks of loss related to public official liability, theft or impairment of assets, errors and omissions, injury to employees and natural disasters. The District purchases commercial insurance for all other risks of loss, including blanket and umbrella policies. Coverage has not been significantly reduced and settled claims have not exceeded commercial coverage in any of the last three fiscal years.

The District is a member in Connecticut Interlocal Risk Management Association ("CIRMA"). CIRMA is a public entity risk pool established under the provisions of the Connecticut General Statutes Section 7-479a et. seq. The District is liable only for contributions to the pool. Members do not retain the risk of loss, as they have transferred the risk by purchasing pool coverage with no deductible retention. A separate agreement limits the member's obligation to pay indemnification obligations and expenses should CIRMA be unable to do so.

The District is a member of CIRMA's Liability-Automobile-Property Pool a risk sharing pool. The District paid CIRMA for provisions of general liability, automobile liability, employee benefit liability, law enforcement liability, public officials, and property coverage. The premium is subject to these coverages and claims and expense payments falling within the deductible amounts are the responsibility of the District. CIRMA's Liability-Automobile-Property Pool retains \$1,000,000 per occurrence for each line of liability coverage.

Regional School District No. 8

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

A. Risk management (continued)

The District is also a member of CIRMA's Workers' Compensation Pool, a risk sharing pool. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an insured loss retrospective rating plan and losses incurred in the coverage period will be evaluated at 18, 30 and 42 months after the effective date of coverage. The premium is subject to a payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence and purchases reinsurance above that amount to the limit of liability of \$10,000,000 per occurrence.

Settled claims have not exceeded commercial coverage in any of the past three years, and there have not been any significant reductions in insurance coverage from amounts held in prior years.

B. Commitments and litigation

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

The District is a defendant in various lawsuits and the outcome of these lawsuits is not presently determinable. In the opinion of the District's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

C. Contingencies

Coronavirus

In March 2020, the United States declared the outbreak of Coronavirus a national emergency. Similarly, the Governor of the State of Connecticut declared a state of emergency. Although the national shut down has ended, the Coronavirus continues to have an impact on the economy. The District's funding is substantially from the three member town assessments. The ability of the three member towns to be able to fund the assessments could be impacted by the effects of the pandemic on the three member town's local economy, tax collections and federal and state funding.

In addition, the supply chain has been disrupted and prices have increased for various type of items, including construction costs. The pandemic has also resulted in labor shortages.

In response to the pandemic and the economic impact on local governments, the federal government has provided the following funding beginning in April 2020 and April 2021.

The District had received grants from the federal government for the costs and impact of the pandemic as follows:

<u>Grant Name</u>	<u>Amount</u>
Coronavirus Relief Fund ("CRF")	\$ 37,486
Education Stabilization Fund ("ESF")	<u>28,641</u>
Total	<u>\$ 66,127</u>

The District is continuously monitoring its financial condition and will take proactive measures as necessary to maintain operations and meet its obligations. Given this level of uncertainty, management cannot reasonably estimate the complete impact on the District's future financial position at this time.

Regional School District No. 8

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

V. Pensions and other post-employment benefit plans

A. 457 Defined contribution plan

The District participates in the State of Connecticut Deferred Compensation 457 Plan. The plan only allows for employee contributions. The authority for establishing and amending plan provisions rests with the State of Connecticut.

Employer contributions to the plan are not permitted. Employee contributions are allowed up to the legal limits. Rollover contributions are also permitted. Employee contributions and covered payroll for the fiscal were as follows:

Employee contributions	\$ 203,841
Covered payroll	2,729,048

B. Connecticut state teachers' retirement system

1. Plan description

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

2. Benefit provisions

Normal retirement	Age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut
Benefit calculation	2.00% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary)
Early retirement	25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service
Early retirement amount	Benefit amounts are reduced by 6.00% per year for the first 5 years preceding normal retirement age and 4.00% per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3.00% per year by which retirement precedes normal retirement date.
Service connected disability amount	2.00% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of social security benefits and workers' compensation cannot exceed 75% of annual average salary.

Regional School District No. 8

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

B. Connecticut state teachers' retirement system (continued)

Non-service connected disability service requirement	Five years of credited service
Vesting - service	10 years of service
Vesting - amount	100%
Pre-retirement death benefit amount	Lump-sum return of contributions with interest or surviving spouse benefit depending on length of service

3. Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employer (school districts)

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

Employees

Each teacher is required to contribute 7.00% of their salary for the pension benefit.

4. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

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

District's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the District	<u>49,615,159</u>
Total	<u>\$ 49,615,159</u>

Regional School District No. 8

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

B. Connecticut state teachers' retirement system (continued)

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The District has no proportionate share of the net pension liability.

During the year, the District recognized pension expense and revenue of \$3,182,393 for on-behalf amounts for contributions to the plan by the State.

5. Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	6.90%
Inflation	2.50%
Salary increases	3.00-6.50%, including inflation
Mortality rates	Mortality rates were based on the PubT-2010 Table, projected generationally with MP-2019

Future cost-of-living increases - For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3.00% and a maximum of 5.00% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 6.00% per annum. If the return on assets in the previous year was less than 8.50%, the maximum increase is 1.50%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 5.00% per annum. If the return on assets in the previous year was less than 11.50%, the maximum increase is 3.00%, and if the return on the assets in the previous year was less than 8.50%, the maximum increase is 1.00%.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the 5-year period ending June 30, 2019.

Changes in assumptions and inputs

- The salary increases assumption was decreased from 3.25% to 3.00%.
- The mortality tables were changed from the RPH-2014 White Collar Table, projected to the year 2020 using the BB improvement scale to the PubT-2010 Table, projected generationally with MP-2019.

Regional School District No. 8

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

B. Connecticut state teachers' retirement system (continued)**Long-term expected rate of return**

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of geometric rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity fund	20.00%	5.60%
Developed market international stock fund	11.00%	6.00%
Emerging market international stock fund	9.00%	7.90%
Core fixed income fund	16.00%	2.10%
Inflation linked bond fund	5.00%	1.10%
Emerging market debt fund	5.00%	2.70%
High yield bond fund	6.00%	4.00%
Real estate fund	10.00%	4.50%
Private equity	10.00%	7.30%
Alternative investments	7.00%	2.90%
Liquidity fund	<u>1.00%</u>	0.40%
Total	<u><u>100.00%</u></u>	

6. Discount rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Regional School District No. 8
Notes to Financial Statements
As of and for the Year Ended June 30, 2021

B. Connecticut state teachers' retirement system (continued)

7. Sensitivity of the net pension liability to changes in the discount rate

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

8. Plan fiduciary net position

Detailed information about the Connecticut State Teachers' Retirement Plan fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report as of and for the year ended June 30, 2020.

C. Other post-employment benefits plan ("OPEB")

1. Plan description

a. Plan administration

The District administers a single-employer defined benefit plan that is used to provide post-employment benefits other than pensions ("OPEB") for certain full-time employees, Regional School District No. 8 OPEB Plan ("Plan"). Management of the plan is vested in the Board of Education. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue a publicly available report and is not included in the financial statements of another entity.

b. Plan membership

As of July 1, 2019, the following employees are covered by the benefit terms:

Active plan members	154
Retirees, disabled employees, and beneficiaries receiving benefits	10
Total	164

2. Benefit provisions

Certified Board of Education Employees and their spouses are eligible for medical benefits upon retirement at the earlier of age 55 with 20 years of service or 25 years of service until the retiree reaches age 65. Benefits continue for retirees and the spouses after age 65 for life for those that are not eligible for Medicare (pre 1986 hires).

Regional School District No. 8

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

C. Other post-employment benefits plan (“OPEB”) (continued)

3. Contributions

The District is currently funding benefits on a pay as you go basis. Retirees are required to pay 100% of the premium.

4. Total OPEB liability

The District’s total OPEB liability of \$6,108,758 was measured as of June 30, 2021, and was determined by an actuarial valuation as July 1, 2019.

5. Actuarial methods and significant assumptions

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Valuation date	July 1, 2019
Actuarial cost method	Entry Age Normal
Discount rate	2.16%
Inflation	2.60%
Healthcare cost trend rates:	
Medical trend rate	6.50%
Ultimate medical trend rate	4.60%
Year ultimate medical trend rate reached	2029
Mortality rates	Pub-2010 Public Retirement Plans Amount-Weighted Tables, projected to the valuation date with scale MP-2019

The discount rate was based on the Bond Buyer GO 20-bond Municipal Index as of the measurement date.

6. Changes from prior year

a. Changes in assumptions

The current valuation reflects changes in the actuarial assumptions to represent the Enrolled Actuary’s current best estimate of anticipated experience of the plan. The following areas had changes in assumptions:

- Discount rate decreased from 2.21% to 2.16%

b. Changes in benefit terms

There were no changes in benefit terms.

Regional School District No. 8

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

C. Other post-employment benefits plan (“OPEB”) (continued)

7. Changes in the total OPEB liability

Balance at July 1, 2020	<u>\$ 5,935,282</u>
Service cost	173,286
Interest	134,447
Differences between expected and actual experience	(121,813)
Changes of assumptions	37,849
Benefit payments, including refunds of member contributions	<u>(50,293)</u>
Net change	<u>173,476</u>
Balance at June 30, 2021	<u><u>\$ 6,108,758</u></u>

8. Sensitivity of the OPEB liability to changes in the discount rate

The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate of 2.16%:

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>1%</u> <u>Increase</u>
OPEB Liability	<u>\$ 6,936,309</u>	<u>\$ 6,108,758</u>	<u>\$ 5,407,412</u>

9. Sensitivity of the OPEB liability to changes in the healthcare cost trend rate

The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates 6.50% decreasing to 4.60%:

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Healthcare Cost</u> <u>Trend Rate</u>	<u>1%</u> <u>Increase</u>
OPEB Liability	<u>\$ 5,213,847</u>	<u>\$ 6,108,758</u>	<u>\$ 7,201,317</u>

Regional School District No. 8

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

C. Other post-employment benefits plan ("OPEB") (continued)

10. OPEB expense and deferred outflows/inflows of resources related to OPEB

For the fiscal year, the District recognized OPEB expense of \$316,962. The District reported deferred outflows/inflows of resources related to OPEB from the following sources:

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	\$ 6,384	\$ 964,116	\$ (957,732)
Changes in assumptions	<u>1,502,779</u>	<u>137,409</u>	<u>1,365,370</u>
Total	<u>\$ 1,509,163</u>	<u>\$ 1,101,525</u>	<u>\$ 407,638</u>

Experience losses (gains) and changes in assumptions are amortized over the average remaining service period of actives and inactive, which was 17.3 years.

Amounts reported as deferred outflows (inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	
2022	\$ 26,609
2023	26,609
2024	26,609
2025	26,609
2026	26,609
Thereafter	<u>274,593</u>
Total	<u>\$ 407,638</u>

D. Connecticut state teachers' retirement board retiree health insurance plan

1. Plan description

Teachers, principals, superintendents or supervisors engaged in service of public schools that are currently receiving a retirement or disability benefit through the Connecticut Teachers' Retirement System are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan ("TRS-RHIP") - a cost sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers' Retirement Board ("TRB"). Chapter 167a Section 10-183t of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

Regional School District No. 8
Notes to Financial Statements
As of and for the Year Ended June 30, 2021

D. Connecticut state teachers' retirement board retiree health insurance plan (continued)

2. Benefit provisions

The Plan provides for retiree health insurance benefits. Eligibility is as follows:

Normal retirement	Age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut
Early retirement	25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service
Service connected disability service requirement	No service requirement
Non-service connected disability service requirement	Five years of credited service
Vesting - service	10 years of service

Retiree health care coverage

Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Plan. There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost.

The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

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

Regional School District No. 8**Notes to Financial Statements
As of and for the Year Ended June 30, 2021****D. Connecticut state teachers' retirement board retiree health insurance plan (continued)**

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

Those participants electing vision, hearing, and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the Plan for these benefits.

Survivor health care coverage

Survivors of former employees or retirees remain eligible to participate in the Plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplemental Plans, as long as they do not remarry.

3. Contributions**State of Connecticut**

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State pays for one third of plan costs through an annual appropriation in the General Fund.

Employer (school districts)

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

Employees

Each member is required to contribute 1.25% of their annual salary.

Regional School District No. 8

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

D. Connecticut state teachers' retirement board retiree health insurance plan (continued)

4. OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

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

District's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the District	<u>7,400,103</u>
Total	<u>\$ 7,400,103</u>

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The District has no proportionate share of the net OPEB liability.

The District recognized OPEB expense and revenue of \$76,802 for on-behalf amounts for contributions to the plan by the State.

5. Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	3.00%
Inflation	2.50%
Health care cost trend rate (Medicare)	5.125% decreasing to 4.50% by 2023
Salary increases	3.00-6.50%, including inflation
Mortality rates	Mortality rates were based on the PubT-2010 Table, projected generationally with MP-2019
Year fund net position will be depleted	2021

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the 5-year period ending June 30, 2019.

Regional School District No. 8

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

D. Connecticut state teachers' retirement board retiree health insurance plan (continued)**Changes in assumptions and inputs**

- The Medicare health care cost trend rate changed from 5.00% decreasing to 4.75% by 2028 to 5.125% decreasing to 4.50% by 2023.
- The salary increases assumption was decreased from 3.25% to 3.00%.
- The mortality tables were changed from the RPH-2014 White Collar Table, projected to the year 2020 using the BB improvement scale to the PubT-2010 Table, projected generationally with MP-2019.
- The discount rate was decreased from 3.50% 2.21% to reflect the change in the Municipal Bond Index rate.

Additionally, expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on January 1, 2019. Further, the expected rate of inflation was decreased and the real wage growth assumption was increased.

Long-term expected rate of return

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

All the plan assets are assumed to be invested in cash equivalents due to the need for liquidity. The expected rate of return is 2.00%. Since there have not been any changes to the asset allocation and the recent economic downturn is expected to be temporary, the funding rate of 3.00% continues to be used for the long-term investment rate of return as of June 30, 2020.

6. Discount rate

The discount rate used to measure the total OPEB liability was 2.21%. The Municipal Bond Index Rate was used in the determination in the discount rate. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that annual State contributions will equal the most recent 5-year average of state contributions.

7. Sensitivity of the OPEB liability to changes in the discount rate and the health care cost trend rate

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

8. Plan fiduciary net position

Detailed information about the Connecticut State Teachers' OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report as of and for the year ended June 30, 2020.

Regional School District No. 8
Notes to Financial Statements
As of and for the Year Ended June 30, 2021

VI. Joint ventures

Regional School District No. 8 Health and Medical Insurance Consortium

The District is a member of the Regional School District No. 8 Health and Medical Insurance Consortium (“Consortium”). The members consist of the Town of Andover, the Town of Hebron, the Town of Marlborough (“Town”), Regional School District No. 8 and Andover, Hebron and Marlborough Youth and Family Services (“AHM”). Pursuant to Connecticut Public Act 10-174, a municipality or local or regional Board of Education may join together with any combination of other municipalities and local or regional Boards of Education by written agreement as a single entity for the purpose of providing medical or health care benefits for the employees and eligible retirees (“enrollees”).

The Consortium collectively procures health care insurance for their respective enrollees in a manner designed to stabilize and contain the cost of such insurance. Effective July 1, 2017, the Consortium members share the claims risk associated with being self-insured. Each entity deposits their monthly premium in the Consortium bank account. Each fiscal year, the Consortium is audited by an independent auditor. Any withdrawing member shall be responsible for its pro rata share of any plan deficit that exists on the date of the withdrawal.

VII. Prior period adjustments

The government-wide and custodial funds net position and special revenue fund balance were restated as a result of the implementation of GASB No. 84 as follows:

	<u>Governmental Activities</u>	<u>Other Governmental Funds</u>	<u>Custodial Funds</u>
Net position as previously reported at June 30, 2020	\$ 21,017,257	\$ -	\$ 218,518
Reclassification of funds to proper fund type	218,518	218,518	(218,518)
Funds reclassified to other governmental funds:			
Grants fund	-	16,955	-
School lunch fund	-	60,923	-
Net position as restated at July 1, 2020	<u>\$ 21,235,775</u>	<u>\$ 296,396</u>	<u>\$ -</u>

Required Supplementary Information

Type	Description
Budgetary	Schedule of Revenues and Other Financing Sources and Expenditures and Other Financing Uses - Budget and Actual - General Fund
	Notes to Required Supplementary Information - Budgets and Budgetary Accounting
<u>Pension Plans</u> State Teachers' Retirement System	Schedule of Proportionate Share of the Net Pension Liability
	Schedule of Contributions
	Notes to Required Supplementary Information
<u>Other Post-Employment Benefits Plans</u> District Plan State Teacher's Retirement Board Retiree Health Insurance Plan	Schedule of Changes in OPEB Liability and Related Ratios
	Schedule of Proportionate Share of the Net OPEB Liability
	Schedule of Contributions
	Notes to Required Supplementary Information

Regional School District No. 8

Required Supplementary Information

General Fund
Schedule of Revenues and Other Financing Sources and Expenditures and Other Financing Uses
Budget and Actual
For the Year Ended June 30, 2021

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Revenues:					
Member town assessments	\$ 29,608,409	\$ -	\$ 29,608,409	\$ 29,608,413	\$ 4
Intergovernmental	640,721	-	640,721	517,096	(123,625)
Charges for services	136,550	-	136,550	73,980	(62,570)
Income from investments	8,820	-	8,820	1,849	(6,971)
Other	27,684	-	27,684	18,454	(9,230)
Total revenues	30,422,184	-	30,422,184	30,219,792	(202,392)
Other financing sources:					
Appropriation of fund balance	197,079	-	197,079	-	(197,079)
Total revenues and other financing sources	30,619,263	-	30,619,263	30,219,792	(399,471)
Expenditures:					
Current:					
Instruction - regular education	8,693,842	2,148,750	10,842,592	10,812,061	30,531
Instruction - special education	4,263,512	54,507	4,318,019	4,100,594	217,425
Support services - students	2,299,535	185,901	2,485,436	2,361,215	124,221
Support services - instruction	313,710	6,146	319,856	319,373	483
Improvement of instruction	52,910	(14,892)	38,018	31,751	6,267
Library and media services	217,556	45,639	263,195	250,168	13,027
Support services - general administration	827,564	54,845	882,409	822,861	59,548
Support services - school based administration	1,166,793	170,875	1,337,668	1,317,252	20,416
Central services	4,599,643	(3,132,337)	1,467,306	1,152,265	315,041
Operation and maintenance of plant	2,814,246	722,161	3,536,407	3,430,669	105,738
Transportation	1,842,343	(241,644)	1,600,699	1,442,717	157,982
Food services	15,125	26,825	41,950	41,929	21
Extracurricular activities	914,193	(151,514)	762,679	755,293	7,386
Debt service:					
Principal	2,342,328	-	2,342,328	2,342,328	-
Interest	255,963	-	255,963	255,963	-
Total expenditures	30,619,263	(124,738)	30,494,525	29,436,439	1,058,086
Other financing uses:					
Transfers out	-	124,738	124,738	124,738	-
Total expenditures and other financing uses	30,619,263	-	30,619,263	29,561,177	1,058,086
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ -	\$ -	\$ 658,615	\$ 658,615

Regional School District No. 8

Notes to Required Supplementary Information

**Budgets and Budgetary Accounting
For the Year Ended June 30, 2021**

The District adheres to the following procedures in establishing the budgetary data included in the general fund financial statements. The general fund is the only fund for which a legal budget is adopted.

This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:

- The District does not budget for as revenue or expenditures payments made for the State Teachers' pension and OPEB by the State of Connecticut on the District's behalf.
- For reporting in accordance with generally accepted accounting principles, the general fund includes certain funds that are required to be reported as part of the general fund under the requirement of GASB No. 54.

<u>Reconciliation to Exhibit D</u>	<u>Revenues</u>	<u>Expenditures</u>
Budgetary Basis - RSI-1A	\$ 30,219,792	\$ 29,436,439
State Teachers' pension on behalf amount	3,182,393	3,182,393
State Teachers' OPEB on behalf amount	76,802	76,802
Tech Insurance Fund	<u>2</u>	<u>-</u>
GAAP Basis - Exhibit D	<u>\$ 33,478,989</u>	<u>\$ 32,695,634</u>

School administrators prepare their annual budget request based on prior year’s activity and projected needs for the future periods. The requests are then reviewed by the Business Manager, the Superintendent of Schools and the Finance Committee of the Board of Education in the month of January.

Upon completion of the proposed budget, the Finance Committee presents the budget to the full Board for additional refinement and adjustments. The full Board then votes on the budget for presentation to the District voters in the month of May.

The budget is formally voted on at a District-wide referendum and, if approved, becomes binding for that year. Should the budget not receive voter support, the Board of Education will continue to modify the budget until approved by the District voters.

The Superintendent of Schools cannot authorize any financial liability in excess of the total adopted budget. The Board may transfer any unexpended or uncontracted-for portion of any appropriation for school purposes to any other item. Under emergency circumstances where the Board cannot meet in a timely fashion, the Superintendent may, in such instances, make limited transfers. All transfers in such instances are to be announced at the next regularly scheduled Board meeting.

There were no additional appropriations for the fiscal year.

Regional School District No. 8

Required Supplementary Information

Connecticut State Teachers' Retirement System
Last Seven Years (3)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Schedule of Proportionate Share of the Net Pension Liability							
District's proportion of the net pension liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the District	<u>49,615,159</u>	<u>48,313,482</u>	<u>37,252,502</u>	<u>39,394,642</u>	<u>41,561,649</u>	<u>33,816,975</u>	<u>31,257,017</u>
Total	<u>\$ 49,615,159</u>	<u>\$ 48,313,482</u>	<u>\$ 37,252,502</u>	<u>\$ 39,394,642</u>	<u>\$ 41,561,649</u>	<u>\$ 33,816,975</u>	<u>\$ 31,257,017</u>
District's covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>49.24%</u>	<u>52.00%</u>	<u>57.69%</u>	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>
Schedule of Contributions							
Contractually required contribution (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Contributions as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

(1) Local employers are not required to contribute to the plan.

(2) Not applicable since 0% proportional share of the net pension liability.

(3) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Regional School District No. 8
Notes to Required Supplementary Information
Connecticut State Teachers' Retirement System
Schedule of Contributions
Last Seven Years (1)

	2021	2020	2019	2018	2017	2016	2015
Changes of Benefit Terms	None	None	Beginning January 1, 2018, member contributions increased from 6.00% to 7.00% of salary	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2020	June 30, 2018	June 30, 2018	June 30, 2016	June 30, 2016	June 30, 2014	June 30, 2014
Actuarial methods and assumptions used to determine contribution rates:							
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed
Remaining Amortization Period	27.8 years	30 years	30 years	20.4 years	20.4 years	21.4 years	22.4 years
Asset Valuation Method	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing
Inflation	2.50%	2.50%	2.75%	2.75%	2.75%	3.00%	3.00%
Salary Increases	3.00%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.75%-7.00%, average, including inflation	3.75%-7.00%, average, including inflation
Cost-of-Living Adjustments	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	2.00%-3.00% based on retirement date	2.00%-3.00% based on retirement date
Investment Rate of Return (Net)	6.90%	6.90%	8.00%	8.00%	8.00%	8.50%	8.50%
Mortality	PubT-2010 Table projected generationally with MP-2019	RP-2014 White Collar table, projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table, projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table, projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table, projected to the year 2020 using the BB improvement scale	RP-2000 Combined Mortality Table projected 19 years using scale AA	RP-2000 Combined Mortality Table projected 19 years using scale AA

(1) This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

Regional School District No. 8
Required Supplementary Information
Other Post-Employment Benefit (OPEB) Plan
Last Four Years (1)

	2021	2020	2019	2018
<u>Schedule of Changes in OPEB Liability and Related Ratios</u>				
OPEB liability				
Service cost	\$ 173,286	\$ 121,507	\$ 108,103	\$ 109,516
Interest	134,447	186,778	190,950	178,609
Differences between expected and actual experience	(121,813)	(957,542)	(3,052)	8,412
Changes in assumptions	37,849	1,450,805	224,633	(181,033)
Benefit payments, including refunds of member contributions	(50,293)	(130,992)	(162,232)	(175,876)
Net change in total OPEB liability	173,476	670,556	358,402	(60,372)
OPEB liability - July 1	5,935,282	5,264,726	4,906,324	4,966,696
OPEB liability - June 30*	\$ 6,108,758	\$ 5,935,282	\$ 5,264,726	\$ 4,906,324
Covered employee payroll	\$ 11,560,615	\$ 11,267,656	\$ 11,747,864	\$ 11,450,160
OPEB liability as a percentage of covered employee payroll	52.84%	52.68%	44.81%	42.85%

* There are no assets that are being accumulated in a trust that meets the criteria in GASB No. 75 to pay benefits.

(1) This schedule is intended to present information for 10 years. Additional years will be presented as the information becomes available.

Regional School District No. 8
Required Supplementary Information
Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan
Last Four Years (3)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Schedule of Proportionate Share of the Net OPEB Liability</u>				
District's proportion of the net OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with the District	<u>7,400,103</u>	<u>7,534,759</u>	<u>7,446,984</u>	<u>10,139,733</u>
Total	<u>\$ 7,400,103</u>	<u>\$ 7,534,759</u>	<u>\$ 7,446,984</u>	<u>\$ 10,139,733</u>
District's covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
District's proportion of the net OPEB liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>2.50%</u>	<u>2.08%</u>	<u>1.49%</u>	<u>1.79%</u>
<u>Schedule of Contributions</u>				
Contractually required contribution (1)	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Contributions as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

(1) Local employers are not required to contribute to the plan

(2) Not applicable since 0% proportional share of the net OPEB liability

(3) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Regional School District No. 8

Notes to Required Supplementary Information

Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan
 Schedule of Contributions
 Last Four Years (1)

	2021	2020	2019	2018
Changes of Benefit Terms	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2020	June 30, 2018	June 30, 2018	June 30, 2016
Actuarial methods and assumptions used to determine contribution rates				
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age
Amortization Method	Level percentage, closed	Level percentage, open	Level percentage, open	Level percentage, open
Amortization Period	30 years	30 years	30 years	30 years
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.50%	2.75%	2.75%	2.75%
Healthcare Inflation Rate	Initial 5.125% decreasing to 4.50% (ultimate) by 2023	Initial 5.95% decreasing to 4.75% (ultimate) by 2025	Initial 5.95% decreasing to 4.75% (ultimate) by 2025	Initial 7.25% decreasing to 5.00% (ultimate) by 2022
Salary Increases	3.00% to 6.50%, including inflation	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation
Investment Rate of Return (Net)	3.00%	2.21%	3.51%	4.25%
Mortality	PubT-2010 Table projected generationally with MP-2019	RP-2014 White Collar table with, projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table with, projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table with, projected to the year 2020 using the BB improvement scale

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Supplemental Schedules

General Fund

The general fund is the principal fund of the District and is used to account for all activities of the District, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the District (i.e., general instruction, special education, student services, administration, buildings and grounds, transportation, food service, etc.). These activities are funded principally by member town assessments and grants.

For reporting in accordance with generally accepted accounting principles, the general fund includes certain funds that are required to be reported as part of the general fund under the requirements of GASB No. 54.

Fund	Funding Source	Function
Tech Insurance Fund	Fees	Insurance and related expenditures for student laptops

Regional School District No. 8

**General Fund
Combining Balance Sheet
June 30, 2021**

	<u>General Fund</u>	<u>Tech Insurance Fund</u>	<u>Total</u>
<u>Assets</u>			
Cash	\$ 902,856	\$ -	\$ 902,856
Investments	2,991,100	2,440	2,993,540
Receivables:			
Intergovernmental	-	-	-
Accounts	31,689	-	31,689
Due from other funds	-	-	-
Other	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 3,925,645</u>	<u>\$ 2,440</u>	<u>\$ 3,928,085</u>
<u>Liabilities</u>			
Accounts payable	\$ 589,096	\$ -	\$ 589,096
Accrued payroll	1,491,802	-	1,491,802
Due to other funds	18,134	-	18,134
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>2,099,032</u>	<u>-</u>	<u>2,099,032</u>
<u>Fund Balances</u>			
Assigned	<u>1,826,613</u>	<u>2,440</u>	<u>1,829,053</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 3,925,645</u>	<u>\$ 2,440</u>	<u>\$ 3,928,085</u>

Regional School District No. 8

General Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For The Year Ended June 30, 2021

	<u>General Fund</u>	<u>Tech Insurance Fund</u>	<u>Total</u>
Revenues:			
Member town assessments	\$ 29,608,413	\$ -	\$ 29,608,413
Intergovernmental	3,776,291	-	3,776,291
Charges for services	73,980	-	73,980
Income from investments	1,849	2	1,851
Other	18,454	-	18,454
Total revenues	<u>33,478,987</u>	<u>2</u>	<u>33,478,989</u>
Expenditures:			
Current:			
Instruction - regular education	14,071,256	-	14,071,256
Instruction - special education	4,100,594	-	4,100,594
Support services - students	2,361,215	-	2,361,215
Support services - instruction	319,373	-	319,373
Improvement of instruction	31,751	-	31,751
Library and media services	250,168	-	250,168
Support services - general administration	822,861	-	822,861
Support services - school based administration	1,317,252	-	1,317,252
Central services	1,152,265	-	1,152,265
Operation and maintenance of plant	3,430,669	-	3,430,669
Transportation	1,442,717	-	1,442,717
Food services	41,929	-	41,929
Extracurricular activities	755,293	-	755,293
Debt service			
Principal	2,342,328	-	2,342,328
Interest	255,963	-	255,963
Total expenditures	<u>32,695,634</u>	<u>-</u>	<u>32,695,634</u>
Excess (deficiency) of revenues over expenditures	783,353	2	783,355
Other financing sources (uses):			
Transfers out	(124,738)	-	(124,738)
Net change in fund balances	658,615	2	658,617
Fund balances - July 1, 2020	<u>1,167,998</u>	<u>2,438</u>	<u>1,170,436</u>
Fund balances - June 30, 2021	<u>\$ 1,826,613</u>	<u>\$ 2,440</u>	<u>\$ 1,829,053</u>

Other Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are restricted, committed, or assigned to expenditures for particular purposes.

Fund	Funding Source	Function
Grants Fund	Grants	Education related programs
School Lunch Fund	Grants and charges for services	School lunch and breakfast program
School Activity	Activity fees and contributions	To account for a student activity funds and school scholarships

Regional School District No. 8

**Combining Balance Sheet
Other Governmental Funds
June 30, 2021**

	<u>Grant Fund</u>	<u>School Lunch Fund</u>	<u>School Activity Fund</u>	<u>Total Other Governmental Funds</u>
<u>Assets</u>				
Cash	\$ 64,494	\$ 612	\$ -	\$ 65,106
Investments	-	65,014	204,089	269,103
Receivables				
Intergovernmental	-	71,009	-	71,009
Accounts	-	144	-	144
Due from other funds	18,134	-	-	18,134
Other	-	8,454	-	8,454
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 82,628</u>	<u>\$ 145,233</u>	<u>\$ 204,089</u>	<u>\$ 431,950</u>
<u>Liabilities</u>				
Cash overdraft	\$ -	\$ -	\$ 1,328	\$ 1,328
Accounts payable	2,516	46,688	-	49,204
Unearned revenue	63,019	23,516	-	86,535
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>65,535</u>	<u>70,204</u>	<u>1,328</u>	<u>137,067</u>
<u>Fund Balances</u>				
Restricted	17,093	75,029	-	92,122
Committed	-	-	202,761	202,761
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>17,093</u>	<u>75,029</u>	<u>202,761</u>	<u>294,883</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 82,628</u>	<u>\$ 145,233</u>	<u>\$ 204,089</u>	<u>\$ 431,950</u>

Regional School District No. 8

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2021**

	<u>Grant Fund</u>	<u>School Lunch Fund</u>	<u>School Activity Fund</u>	<u>Total Other Governmental Funds</u>
Revenues				
Intergovernmental	\$ 460,384	\$ 255,388	\$ -	\$ 715,772
Charges for services	-	44,081	163,752	207,833
Contributions	3,795	-	-	3,795
Income from investments	-	41	-	41
Total revenues	<u>464,179</u>	<u>299,510</u>	<u>163,752</u>	<u>927,441</u>
Expenditures				
Current				
Instruction - regular education	284,465	-	-	284,465
Instruction - special education	58,336	-	-	58,336
Support services - students	36,217	-	179,509	215,726
Improvement of instruction	3,250	-	-	3,250
Support services - general administration	28,743	-	-	28,743
Central services	25,889	-	-	25,889
Transportation	27,141	-	-	27,141
Food services	-	410,142	-	410,142
Total expenditures	<u>464,041</u>	<u>410,142</u>	<u>179,509</u>	<u>1,053,692</u>
Excess (deficiency) of revenues over expenditures	<u>138</u>	<u>(110,632)</u>	<u>(15,757)</u>	<u>(126,251)</u>
Other financing sources (uses)				
Transfers in	-	124,738	-	124,738
Net change in fund balances	138	14,106	(15,757)	(1,513)
Fund balances - July 1, 2020 (as restated)	<u>16,955</u>	<u>60,923</u>	<u>218,518</u>	<u>296,396</u>
Fund balances - June 30, 2021	<u>\$ 17,093</u>	<u>\$ 75,029</u>	<u>\$ 202,761</u>	<u>\$ 294,883</u>

Trend Information

This part of the District's annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Table	Description
Financial Trend (Table 1)	This schedule contains trend information to help the reader understand how the District's financial performance and well-being have changed over time.
Debt Capacity (Table 2)	This schedule presents information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the fiscal year.

Regional School District No. 8

Changes in Fund Balances - General Fund (Budgetary Basis)
Last Four Years
(Unaudited)

	For the Year Ended June 30			
	2021	2020	2019	2018
Revenues				
Member town assessments	\$29,608,413	\$29,634,830	\$29,071,436	\$ 28,524,232
Intergovernmental	517,096	828,298	795,758	597,745
Charges for services	73,980	152,415	306,746	300,378
Income from investments	1,849	8,158	9,358	8,282
Other	18,454	21,408	17,078	79,115
Total revenues	<u>30,219,792</u>	<u>30,645,109</u>	<u>30,200,376</u>	<u>29,509,752</u>
Expenditures				
Current				
Instruction - regular education	10,812,061	9,410,145	9,222,450	9,381,518
Instruction - special education	4,100,594	4,315,412	4,365,825	4,444,211
Support services - students	2,361,215	2,309,085	2,013,987	1,961,104
Support services - instruction	319,373	248,727	183,505	447,659
Improvement of instruction	31,751	28,851	69,996	213,406
Library and media services	250,168	229,602	217,575	166,924
Support services - general administration	822,861	827,360	751,181	577,217
Support services - school based administration	1,317,252	1,184,340	1,142,313	1,209,564
Central services	1,152,265	2,980,191	2,948,776	3,751,326
Operation and maintenance of plant	3,430,669	2,790,000	3,404,822	2,409,687
Transportation	1,442,717	1,808,243	2,005,397	2,055,748
Food services	41,929	61,029	40,927	11,263
Extracurricular activities (1)	755,293	788,608	739,633	-
Debt service				
Principal	2,342,328	2,330,000	2,260,000	2,195,000
Interest	255,963	330,213	402,588	457,411
Total expenditures	<u>29,436,439</u>	<u>29,641,806</u>	<u>29,768,975</u>	<u>29,282,038</u>
Excess (deficiency) of revenues over expenditures	783,353	1,003,303	431,401	227,714
Other financing sources (uses)				
Transfers out	<u>(124,738)</u>	<u>(247,185)</u>	<u>(269,494)</u>	<u>-</u>
Net change in fund balances	<u>\$ 658,615</u>	<u>\$ 756,118</u>	<u>\$ 161,907</u>	<u>\$ 227,714</u>
Debt service as a percentage of expenditures	<u>8.83%</u>	<u>8.97%</u>	<u>8.94%</u>	<u>9.06%</u>

Note:

(1) Reported separately beginning in fiscal year ended 2019

Regional School District No. 8

Schedule of Debt Limitation
 Connecticut General Statutes, Section 7-374 (b)
 For the Year Ended June 30, 2021
 (Unaudited)

Total tax collections (including interest and lien fees) for the prior year:	
Town of Andover	\$ 9,178,206
Town of Hebron	28,547,360
Town of Marlborough	<u>22,154,181</u>
Base for debt limitation computation	<u>\$ 59,879,747</u>
	<u>Schools</u>
Debt limitation:	
4 1/2 times base	<u>\$269,458,862</u>
Indebtedness:	
Bonds payable - Regional School District No. 8	5,565,000
Notes payable - Regional School District No. 8	213,084
Town of Hebron	7,960,211
Town of Marlborough	<u>8,009,784</u>
Net indebtedness	<u>21,748,079</u>
Debt limitation in excess of outstanding debt	<u>\$247,710,783</u>
In no event shall total indebtedness exceed seven times the base for debt limitation computation:	<u>\$419,158,229</u>