



Regional School District #4
Chester – Deep River – Essex – Region 4
Regional School District No. 4 Special Meeting

Public – Please Note:

We anticipate being able to provide a hybrid option for this meeting.

If desired, please use dial-in information to join the hybrid meeting

To: Members of the Regional School District No. 4 Board of Education
Subject: **Region 4 BOE Special Meeting – Thursday, December 07, 2023**
Time: **6:00 p.m.**
Place: **VRHS Media Center – To listen remotely please dial (US) +1 (585) 308-1724 PIN: 904 082 491#**
(We kindly ask that you *please mute your phone immediately upon connecting to the meeting as this will improve the audio quality for all participants.*)

Please contact Jennifer Bryan at Central Office email jbryan@reg4.k12.ct.us if you are unable to attend.

Mission Statement

We, the communities of Chester, Deep River, Essex and Region 4,
engage all students in a rigorous and collaborative educational program. We prepare our learners to be respectful citizens who are
empowered to contribute in a globalized society.

AGENDA

- 1. Call to order and Verbal Roll Call @ 6:00 p.m.** – Chair – K. Sandmann
- 2. Presentation of the 2022-23 Audit Report for Regional School District No. 4** – Mahoney-Sabol (*Enclosures*)
- 3. Action Item**
Discussion and Possible VOTE to approve the Superintendent's recommendation regarding surplus
Regional School District No. 4 funds from FY 2022-23
- 4. Public Comment:** *The public is reminded to state name for the record. Comments should be kept to a maximum of three minutes. Public comment is not intended to be a question and answer period; rather it is an opportunity for the Board to hear citizen comment related to educational matters.*
- 5. Adjournment.**

Cc: Town Clerks: Chester, Deep River, Essex

REGIONAL SCHOOL DISTRICT NO. 4
COMMUNICATION WITH THOSE CHARGED
WITH GOVERNANCE
AT THE CONCLUSION OF THE AUDIT

FOR THE YEAR ENDED JUNE 30, 2023

To the Board of Education
Regional School District No. 4
Deep River, Connecticut

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Regional School District No. 4 (the District) for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the Connecticut State Single Audit Act, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted that had a significant impact on the District's financial statements and the application of existing policies was not changed during the year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

- Depreciable lives - The determination of depreciation and amortization expense on capital assets are based on the assignment of estimated useful lives.
- Pension and other post-employment benefits - The determination of amounts reported for pension and other post-employment benefits are based on actuarial valuations performed as of a measurement date. The valuations require a number of actuarial assumptions.

We evaluated the methods, assumptions, and data used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 27, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters


We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards, and the schedule of expenditures of state financial assistance, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Education and management of District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Certified Public Accountants
Glastonbury, Connecticut
November 27, 2023

REGIONAL SCHOOL DISTRICT NO. 4

FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2023**

REGIONAL SCHOOL DISTRICT NO. 4
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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Regional School District No. 4
Deep River, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Regional School District No. 4 (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Regional School District No. 4, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information


Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14 and the information on pages 54 through 63 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2023, 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.



Certified Public Accountants
Glastonbury, Connecticut
November 27, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

REGIONAL SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

As management of Regional School District No. 4 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District as of and for the fiscal year ended June 30, 2023.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources as of June 30, 2023 by \$30,237,784 (net position), an increase of \$376,535 in comparison to the prior year.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance \$1,227,359, a decrease of \$299,914 in comparison with the prior year.
- The District's long-term bonded debt decreased by \$735,000 during the current fiscal year due to scheduled principal repayments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the 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 and inflows of resources, and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

The government-wide financial statements are intended to distinguish functions of the District that are principally supported by District towns and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include instruction and support services. The business-type activities of the District include the operation of the District's self-insured health insurance program.

The government-wide financial statements can be found on pages 15 and 16 of this report.

REGIONAL SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (*Continued*)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (*Continued*)

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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary 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 outflows and inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

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

The District maintains a number of individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and the Education Grants Fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 17 through 20 of this report.

Proprietary Funds

The District maintains one type of proprietary fund. The District uses a proprietary fund to account for its risk management activities related to health insurance.

The basic proprietary fund financial statements can be found on pages 21 through 23 of this report.

REGIONAL SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Notes to the Financial Statements

The notes to the 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 the financial statements can be found on pages 24 through 53 of this report.

Required Supplementary Information and Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information and combining and individual fund statements and schedules, which can be found on pages 54 through 69 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Over time, net position may serve as one measure of a government's financial position. The District's total net position (governmental and business-type activities combined) totaled \$30,237,784 as of June 30, 2023 and \$29,861,249 as of June 30, 2022, and are summarized as follows:

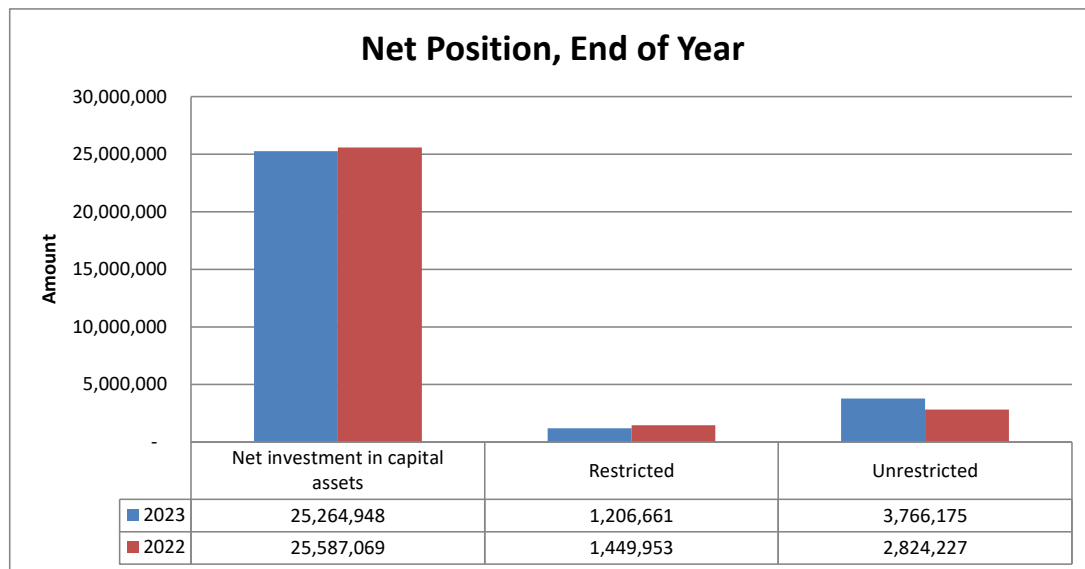
	June 30, 2023			June 30, 2022		
	Governmental Activities	Business-type Activities	Total	Total	\$ Change	% Change
Current and other assets	\$ 3,167,826	\$ 7,275,628	\$ 10,443,454	\$ 10,273,860	\$ 169,594	1.7%
Capital assets	26,825,950	-	26,825,950	27,959,043	(1,133,093)	-4.1%
Total assets	29,993,776	7,275,628	37,269,404	38,232,903	(963,499)	-2.5%
Deferred outflows of resources	1,104,872	-	1,104,872	1,004,440	100,432	10.0%
Long-term liabilities	5,119,185	-	5,119,185	4,921,389	197,796	4.0%
Other liabilities	1,947,817	538,306	2,486,123	2,545,613	(59,490)	-2.3%
Total liabilities	7,067,002	538,306	7,605,308	7,467,002	138,306	1.9%
Deferred inflows of resources	531,184	-	531,184	1,909,092	(1,377,908)	-72.2%
Net position:						
Net investment in capital assets	25,264,948	-	25,264,948	25,587,069	(322,121)	-1.3%
Restricted	1,206,661	-	1,206,661	1,449,953	(243,292)	-16.8%
Unrestricted	(2,971,147)	6,737,322	3,766,175	2,824,227	941,948	33.4%
Total net position	\$ 23,500,462	\$ 6,737,322	\$ 30,237,784	\$ 29,861,249	\$ 376,535	1.3%

REGIONAL SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)

	June 30, 2022		
	Governmental	Business-type	
	Activities	Activities	Total
Current and other assets	\$ 4,091,916	\$ 6,181,944	\$ 10,273,860
Capital assets	27,959,043	-	27,959,043
Total assets	32,050,959	6,181,944	38,232,903
Deferred outflows of resources	1,004,440	-	1,004,440
Long-term liabilities	4,921,389	-	4,921,389
Other liabilities	1,871,769	673,844	2,545,613
Total liabilities	6,793,158	673,844	7,467,002
Deferred inflows of resources	1,909,092	-	1,909,092
Net position:			
Net investment in capital assets	25,587,069	-	25,587,069
Restricted	1,449,953	-	1,449,953
Unrestricted	(2,683,873)	5,508,100	2,824,227
Total net position	<u>\$ 24,353,149</u>	<u>\$ 5,508,100</u>	<u>\$ 29,861,249</u>



As of June 30, 2023, 83.6% of the District's net position consisted of investments in capital assets, less any related debt. The District's capital assets are used to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

REGIONAL SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)

4.0% of the District's net position is subject to restrictions on how it may be used and are, therefore, presented as restricted net position.

The remainder of the District's net position is considered unrestricted. Governmental activities net position represents the District's unrestricted deficit and is primarily due to liabilities and related deferrals on the District's pension and OPEB plans. These liabilities will be funded over time through the District's annual budgetary process.

Changes in Net Position

Changes in net position for the years ended June 30, 2023 and 2022 are as follows.

	2023			2022		
	Governmental	Business-type				
	Activities	Activities	Total	Total	\$ Change	% Change
Program revenues:						
Charges for services	\$ 405,648	\$ 8,018,040	\$ 8,423,688	\$ 8,529,432	\$ (105,744)	-1.2%
Operating grants and contributions	4,464,688	-	4,464,688	3,095,720	1,368,968	44.2%
General revenues:						
District Towns	20,774,824	-	20,774,824	21,131,255	(356,431)	-1.7%
Other	103,977	-	103,977	65,054	38,923	59.8%
Total revenues	25,749,137	8,018,040	33,767,177	32,821,461	945,716	2.9%
Program expenses:						
General instruction	14,707,828	-	14,707,828	13,694,671	1,013,157	7.4%
Support services - students	2,393,740	-	2,393,740	1,917,699	476,041	24.8%
Library and media services	319,107	-	319,107	226,622	92,485	40.8%
Support services - general administration	349,842	-	349,842	353,069	(3,227)	-0.9%
Support services - school-based administration	1,800,150	-	1,800,150	1,677,267	122,883	7.3%
Operation and maintenance of plant	2,589,518	-	2,589,518	2,178,254	411,264	18.9%
Transportation	67,715	-	67,715	39,474	28,241	71.5%
Other support services	1,158,903	-	1,158,903	1,011,039	147,864	14.6%
Food services	693,923	-	693,923	522,459	171,464	32.8%
Supervision District	2,429,852	-	2,429,852	2,307,263	122,589	5.3%
Interest expense	91,246	-	91,246	125,492	(34,246)	-27.3%
Health insurance	-	6,788,818	6,788,818	6,050,341	738,477	12.2%
Total expenses	26,601,824	6,788,818	33,390,642	30,103,650	3,286,992	10.9%
Change in net position	(852,687)	1,229,222	376,535	\$ 2,717,811	\$ (2,341,276)	-86.1%
Net position, beginning	24,353,149	5,508,100	29,861,249			
Net position - ending	\$ 23,500,462	\$ 6,737,322	\$ 30,237,784			

REGIONAL SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

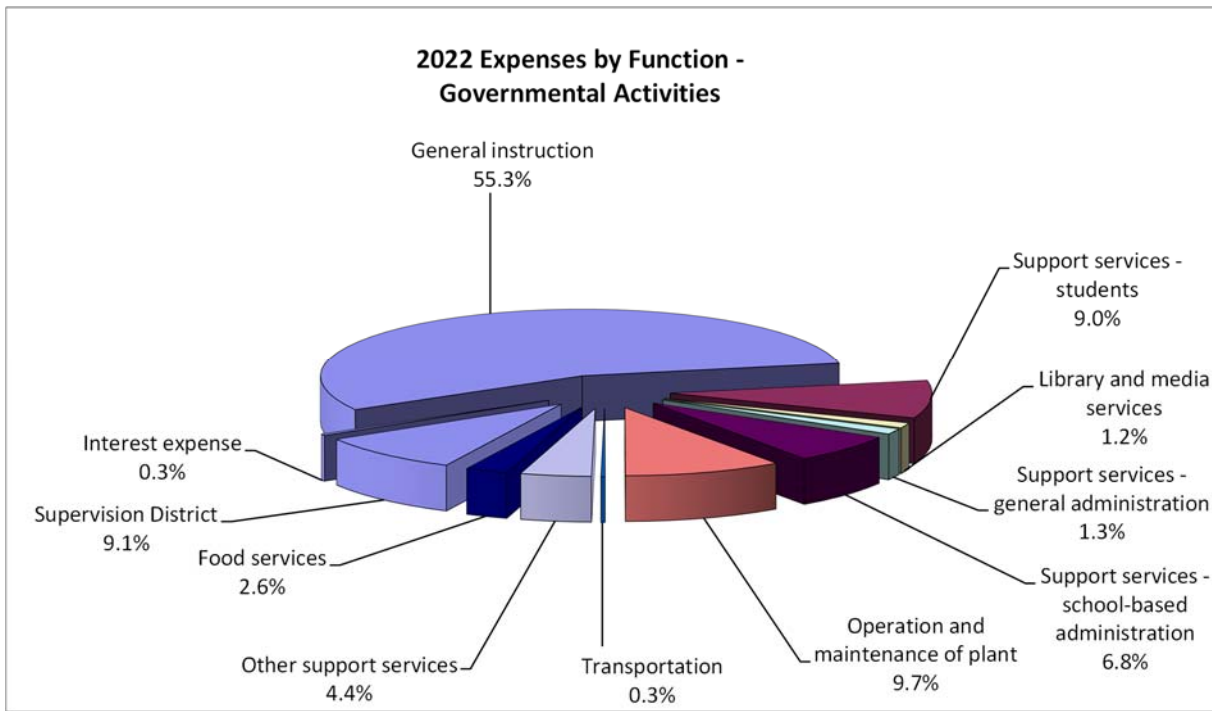
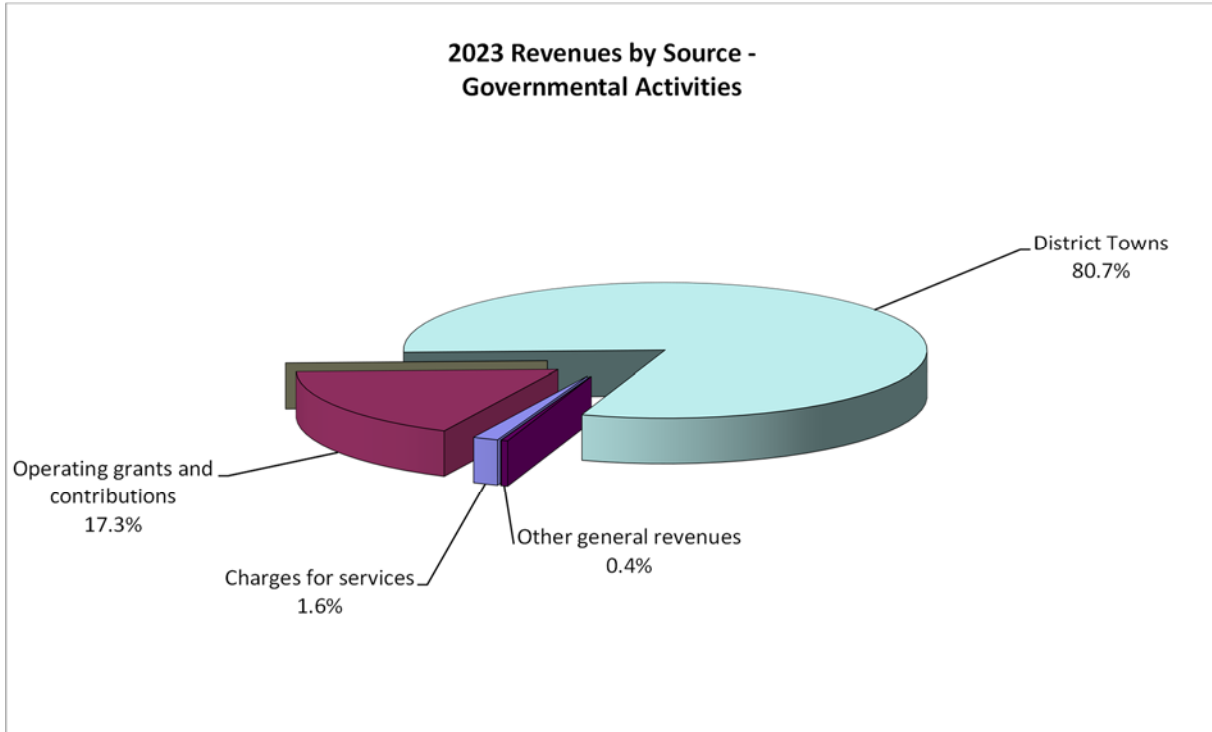
Change in Net Position (Continued)

	2022		
	Governmental	Business-type	
	Activities	Activities	Total
Program revenues:			
Charges for services	\$ 296,729	\$ 8,232,703	\$ 8,529,432
Operating grants and contributions	3,095,720	-	3,095,720
General revenues:			
District Towns	21,131,255	-	21,131,255
Other	65,054	-	65,054
Total revenues	<u>24,588,758</u>	<u>8,232,703</u>	<u>32,821,461</u>
Program expenses:			
General instruction	13,694,671	-	13,694,671
Support services - students	1,917,699	-	1,917,699
Library and media services	226,622	-	226,622
Support services - general administration	353,069	-	353,069
Support services - school-based administration	1,677,267	-	1,677,267
Operation and maintenance of plant	2,178,254	-	2,178,254
Transportation	39,474	-	39,474
Other support services	1,011,039	-	1,011,039
Food services	522,459	-	522,459
Supervision District	2,307,263	-	2,307,263
Interest expense	125,492	-	125,492
Health insurance	-	6,050,341	6,050,341
Total expenses	<u>24,053,309</u>	<u>6,050,341</u>	<u>30,103,650</u>
Change in net position	535,449	2,182,362	2,717,811
Net position, beginning	<u>23,817,700</u>	<u>3,325,738</u>	<u>27,143,438</u>
Net position - ending	<u>\$ 24,353,149</u>	<u>\$ 5,508,100</u>	<u>\$ 29,861,249</u>

REGIONAL SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Change in Net Position *(Continued)*



REGIONAL SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Change in Net Position *(Continued)*

Governmental Activities

Governmental activities decreased the District's net position by a current year change of \$852,687. Revenues increased by \$1,160,379 or 4.7% over prior year and expenses increased by \$2,548,515 or 10.6% over prior year.

The increase in revenues was driven by an increase in operating grants and contributions of approximately \$1.4 million, offset by a decrease in Member Town revenues of approximately \$356 thousand. The increase in operating grants and contributions includes a \$1.3 million increase in the amount of on-behalf pension and OPEB contributions recognized by the District for its participation in the Connecticut Teachers' Retirement System. This decrease is offset by a decrease in budgeted member town assessments, including a return of the prior year surplus in the amount of \$658,424.

The increase in expenses primarily relates to an increase in general instruction expenses of approximately \$1.0 million. The increase is driven by an increase in on-behalf pension and OPEB expenses recognized by the District for its participation in the Connecticut Teachers' Retirement System.

Business-Type Activities

Business-type activities increased the District's net position by a current year change of \$1,229,222. Revenues decreased by \$214,663 or 2.6% over the prior year and expenses increased by \$738,477 or 12.2% over the prior year. The District budgeted under the assumption that medical claims and the utilization of the healthcare plan would return to Pre-COVID-19 Pandemic levels, with an associated increase in the cost of services; however, the District once again realized lower than anticipated utilization of medical services by its participants, leading to the increase in the net position.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,227,359, a decrease in fund balance of \$299,914 over the prior year.

General Fund

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, fund balance of the General Fund totaled \$347,510, which consists of \$209 in encumbrances for specific purposes and \$347,301 restricted by statute.

The overall fund balance of the General Fund decreased by \$582,364 during the current year.

REGIONAL SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS *(Continued)*

Governmental Funds *(Continued)*

Education Grants Fund

The Education Grants Fund has no fund balance. Generally, this fund reports no fund balance as a result of accounting for activities related to cost reimbursement grants and contracts.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's original budget did not contemplate the use of fund balance in order to balance revenues and expenditures. During the fiscal year, a portion of the prior year surplus in the amount of \$218,112 was transferred to the Capital Non-Recurring Fund to fund future capital projects. The remainder of the prior year surplus of \$658,454 was utilized to reduce the member towns current year assessments.

The current year budgetary surplus for the year ended June 30, 2023 reported by the General Fund totaled \$347,301.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

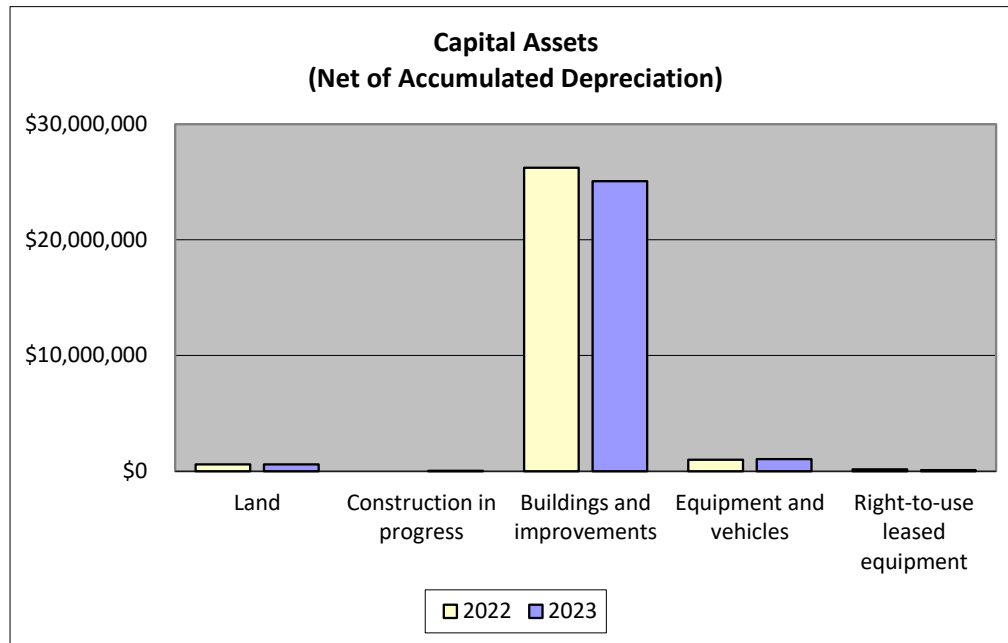
The District's investment in capital assets for its governmental activities as of June 30, 2023 and 2022 totaled \$26,825,950 and \$27,959,043, respectively (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, equipment, vehicles, and right-to-use leased equipment. The total decrease in the District's investment in capital assets for the current fiscal year was \$1,133,093.

The following table is a two-year comparison of the District's investment in capital assets, net:

	2023	2022	\$ Change	% Change
Land	\$ 589,816	\$ 589,816	\$ -	0.0%
Construction in progress	48,000	-	48,000	100.0%
Buildings and improvements	25,054,767	26,223,558	(1,168,791)	-4.5%
Equipment and vehicles	1,046,638	997,777	48,861	4.9%
Right-to-use leased equipment	86,729	147,892	(61,163)	-41.4%
Totals	<u>\$ 26,825,950</u>	<u>\$ 27,959,043</u>	<u>\$ (1,133,093)</u>	-4.1%

REGIONAL SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)



Additional information on the District's capital assets can be found in Note 3 of this report.

Long-term Debt

At the end of the current fiscal year, the District had total bonded debt outstanding of \$735,000.

The District's total bonded debt decreased by \$735,000 during the current fiscal year due to scheduled principal repayments.

Connecticut General Statutes provide that the aggregate indebtedness of a regional school district shall not exceed 2.25 times the annual receipts from its member towns for the current fiscal year. The current debt limitation for the District is significantly in excess of the District's outstanding general obligation debt.

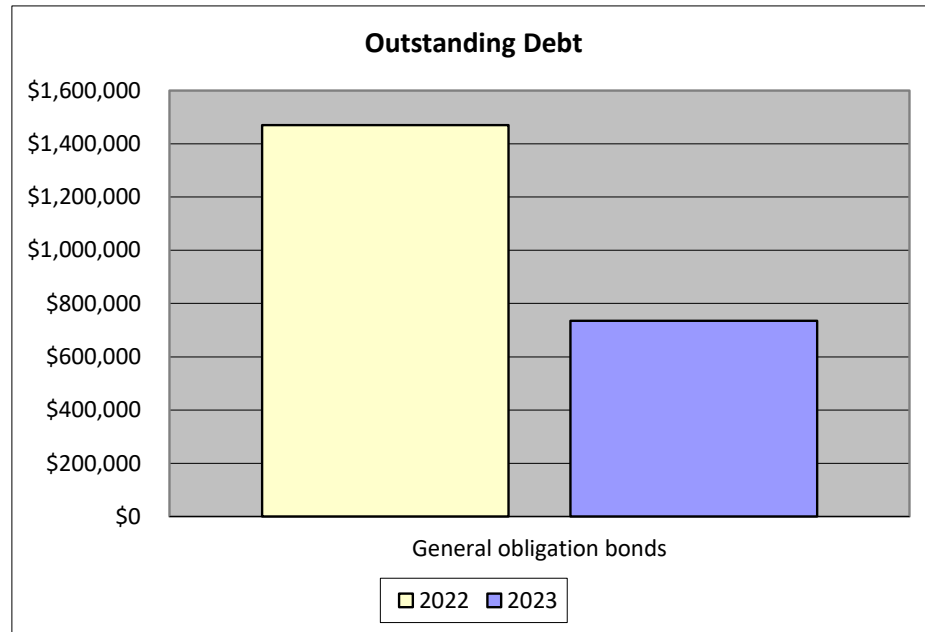
The following table is a two-year comparison of long-term bonded debt:

	2023	2022	\$ Change	% Change
General obligation bonds	\$ 735,000	\$ 1,470,000	\$ (735,000)	-50.0%

REGIONAL SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

Long-term Debt *(Continued)*



Additional information on the District's long-term debt can be found in Note 6 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District receives revenues from the Towns of Chester, Deep River and Essex and the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy. Any loss or significant reduction of these revenues could have a significant impact on the District's financial position.

The District operates under various negotiated union contracts that span multiple budgetary years. A significant portion of the District's budget consists of contractual wages and related employee benefits. In addition, special education costs can vary significantly from year to year based on student needs.

These factors were considered in preparing the District's budget for fiscal year 2024. In May 2023, the District's fiscal year 2024 budget was approved at referendum. The approved budgetary expenditures total \$22,254,390 a \$569,152 or 2.62% decrease over the District's fiscal year 2023 approved budgetary expenditures.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Finance Director, P.O. Box 187, Deep River, CT 06417.

BASIC FINANCIAL STATEMENTS

REGIONAL SCHOOL DISTRICT NO. 4
STATEMENT OF NET POSITION
AS OF JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 2,514,219	\$ 6,712,364	\$ 9,226,583
Receivables:			
Grants and contracts	632,659	-	632,659
Other	325,320	238,403	563,723
Internal balances	(324,861)	324,861	-
Other	20,489	-	20,489
Capital assets:			
Non-depreciable	637,816	-	637,816
Depreciable, net	26,188,134	-	26,188,134
Total assets	<u>29,993,776</u>	<u>7,275,628</u>	<u>37,269,404</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	7,953	-	7,953
Pension related	817,271	-	817,271
OPEB related	279,648	-	279,648
Total deferred outflows of resources	<u>1,104,872</u>	<u>-</u>	<u>1,104,872</u>
LIABILITIES			
Accounts payable	1,085,297	-	1,085,297
Claims payable	-	114,107	114,107
Due to State	19,156	-	19,156
Due to Regional Supervision District	222,430	-	222,430
Accrued liabilities:			
Accrued payroll and benefits	613,584	-	613,584
Accrued interest	7,350	-	7,350
Incurred but not reported claims	-	378,000	378,000
Unearned revenue	-	29,913	29,913
Due to others	-	16,286	16,286
Noncurrent liabilities:			
Due within one year	1,053,197	-	1,053,197
Due in more than one year	4,065,988	-	4,065,988
Total liabilities	<u>7,067,002</u>	<u>538,306</u>	<u>7,605,308</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	205,148	-	205,148
OPEB related	326,036	-	326,036
Total deferred inflows of resources	<u>531,184</u>	<u>-</u>	<u>531,184</u>
NET POSITION			
Net investment in capital assets	25,264,948	-	25,264,948
Restricted for:			
Grants and other programs	594,845	-	594,845
Capital purposes	264,515	-	264,515
Statutory purposes	347,301	-	347,301
Unrestricted	(2,971,147)	6,737,322	3,766,175
Total net position	<u>\$ 23,500,462</u>	<u>\$ 6,737,322</u>	<u>\$ 30,237,784</u>

The accompanying notes are an integral part of these financial statements.

REGIONAL SCHOOL DISTRICT NO. 4
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:						
Governmental activities:						
Instruction:						
General instruction	\$ 14,707,828	\$ 50,409	\$ 3,363,975	\$ (11,293,444)	\$ -	\$ (11,293,444)
Support services:						
Support services - students	2,393,740	295,761	373,677	(1,724,302)	-	(1,724,302)
Library and media services	319,107	-	48,752	(270,355)	-	(270,355)
Support services - general administration	349,842	-	-	(349,842)	-	(349,842)
Support services - school-based administration	1,800,150	-	240,336	(1,559,814)	-	(1,559,814)
Operation and maintenance of plant	2,589,518	-	-	(2,589,518)	-	(2,589,518)
Transportation	67,715	-	-	(67,715)	-	(67,715)
Other support services	1,158,903	-	-	(1,158,903)	-	(1,158,903)
Food services	693,923	59,478	437,948	(196,497)	-	(196,497)
Supervision District	2,429,852	-	-	(2,429,852)	-	(2,429,852)
Total support services	11,802,750	355,239	1,100,713	(10,346,798)	-	(10,346,798)
Interest expense	91,246	-	-	(91,246)	-	(91,246)
Total governmental activities	26,601,824	405,648	4,464,688	(21,731,488)	-	(21,731,488)
Business-type activities:						
Health insurance	6,788,818	8,018,040	-	-	1,229,222	1,229,222
Total primary government	\$ 33,390,642	\$ 8,423,688	\$ 4,464,688	(21,731,488)	1,229,222	(20,502,266)
		General revenues:				
		Member Towns		20,774,824	-	20,774,824
		Other		103,977	-	103,977
		Total general revenues		20,878,801	-	20,878,801
		Change in net position		(852,687)	1,229,222	376,535
		Net position - beginning		24,353,149	5,508,100	29,861,249
		Net position - ending		\$ 23,500,462	\$ 6,737,322	\$ 30,237,784

The accompanying notes are an integral part of these financial statements.

REGIONAL SCHOOL DISTRICT NO. 4
BALANCE SHEET -
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2023

	General Fund	Education Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 1,139,190	\$ 820,105	\$ 554,924	\$ 2,514,219
Receivables:				
Grants and contracts	-	521,034	111,625	632,659
Other	235,335	81,730	8,255	325,320
Due from other funds	1,021,962	-	224,903	1,246,865
Inventories	-	-	20,489	20,489
Total assets	<u>\$ 2,396,487</u>	<u>\$ 1,422,869</u>	<u>\$ 920,196</u>	<u>\$ 4,739,552</u>
LIABILITIES				
Accounts payable	678,457	\$ 6,046	\$ -	\$ 684,503
Accrued payroll and benefits	612,114	-	1,470	613,584
Due to State	-	19,156	-	19,156
Due to other governments	-	400,794	-	400,794
Due to Regional Supervision District	217,030	5,400	-	222,430
Due to other funds	541,376	991,473	38,877	1,571,726
Total liabilities	<u>2,048,977</u>	<u>1,422,869</u>	<u>40,347</u>	<u>3,512,193</u>
FUND BALANCES				
Nonspendable	-	-	20,489	20,489
Restricted	347,301	-	859,360	1,206,661
Assigned	209	-	-	209
Total fund balances	<u>347,510</u>	<u>-</u>	<u>879,849</u>	<u>1,227,359</u>
Total liabilities and fund balances	<u>\$ 2,396,487</u>	<u>\$ 1,422,869</u>	<u>\$ 920,196</u>	<u>\$ 4,739,552</u>

The accompanying notes are an integral part of these financial statements.

REGIONAL SCHOOL DISTRICT NO. 4
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
AS OF JUNE 30, 2023

Total fund balances for governmental funds \$ 1,227,359

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Land	\$	589,816	
Construction in progress		48,000	
Buildings and improvements		49,642,086	
Land improvements		198,565	
Vehicles		83,616	
Equipment		1,869,010	
Right-to-use leased equipment		255,726	
Less: accumulated depreciation and amortization		<u>(25,860,869)</u>	
Total capital assets, net			26,825,950

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as governmental fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Those liabilities consist of:

Accrued interest		(7,350)	
Long-term debt:			
Bonds		(735,000)	
Financed purchases		(740,602)	
Leases		(93,353)	
Deferred charges on refunding		7,953	
Other long-term liabilities:			
Compensated absences		(49,701)	
Net pension liability		(2,063,632)	
Total OPEB liability		<u>(1,436,897)</u>	
Total long-term liabilities			(5,118,582)

Deferred outflows and inflows of resources resulting from changes in the components of the District's net pension and total OPEB liabilities are reported in the statement of net position.

565,735

Net position of governmental activities \$ 23,500,462

The accompanying notes are an integral part of these financial statements.

REGIONAL SCHOOL DISTRICT NO. 4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Education Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Member Towns	\$ 20,685,044	\$ -	\$ -	\$ 20,685,044
Intergovernmental	2,555,035	857,189	437,948	3,850,172
Charges for goods and services	50,409	-	355,239	405,648
Other	62,056	-	41,921	103,977
Total revenues	<u>23,352,544</u>	<u>857,189</u>	<u>835,108</u>	<u>25,044,841</u>
EXPENDITURES				
Current:				
Instruction:				
General instruction	12,316,724	857,189	20,500	13,194,413
Support services:				
Support services - students	1,872,271	-	256,289	2,128,560
Library and media services	284,539	-	-	284,539
Support services - general administration	323,293	-	-	323,293
Support services - school-based administration	1,574,872	-	-	1,574,872
Operation and maintenance of plant	2,230,046	-	-	2,230,046
Transportation	62,599	-	-	62,599
Other support services	1,064,728	-	-	1,064,728
Food services	-	-	665,121	665,121
Supervision District	2,429,852	-	-	2,429,852
Total support services	<u>9,842,200</u>	<u>-</u>	<u>921,410</u>	<u>10,763,610</u>
Debt service:				
Principal	1,212,971	-	-	1,212,971
Interest and fiscal charges	82,604	-	-	82,604
Capital outlays	386,007	-	180,937	566,944
Total expenditures	<u>23,840,506</u>	<u>857,189</u>	<u>1,122,847</u>	<u>25,820,542</u>
Excess (deficiency) of revenues over expenditures	(487,962)	-	(287,739)	(775,701)
OTHER FINANCING SOURCES (USES)				
Financed purchases	386,007	-	-	386,007
Prior Year Surplus Refunded from Regional Supervision District	89,780	-	-	89,780
Transfers in	-	-	570,189	570,189
Transfers out	(570,189)	-	-	(570,189)
Total other financing sources (uses)	<u>(94,402)</u>	<u>-</u>	<u>570,189</u>	<u>475,787</u>
Net change in fund balances	(582,364)	-	282,450	(299,914)
Fund balances - beginning	929,874	-	597,399	1,527,273
Fund balances - ending	<u>\$ 347,510</u>	<u>\$ -</u>	<u>\$ 879,849</u>	<u>\$ 1,227,359</u>

The accompanying notes are an integral part of these financial statements.

REGIONAL SCHOOL DISTRICT NO. 4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances for governmental funds \$ (299,914)

Total change in net position reported for governmental activities in the statement of activities is different because:

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 and amortization expense. The amount by which depreciation and amortization exceeded capital outlays in the current period is as follows:

Expenditures for capital assets, net	\$ 479,295	
Depreciation and amortization expense	<u>(1,612,388)</u>	(1,133,093)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. However, neither transaction has any effect on net position. Also, governmental funds recognize 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 net effect of these differences in the treatment of long-term debt and related items is as follows:

Debt issued or incurred:		
Financed purchases	(386,007)	
Principal repayments:		
Bonds	735,000	
Financed purchases	419,695	
Leases	58,276	
Amortization of deferred amount on refunding	<u>(15,992)</u>	
Net adjustment		810,972

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the statement of activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The net effect of such items is as follows:

Compensated absences	(10,505)	
Accrued interest	7,350	
Net pension liability	(985,575)	
Total OPEB liability	<u>(28,680)</u>	(1,017,410)

Deferred outflows and inflows of resources resulting from changes in the components of the net pension and total OPEB liabilities are amortized as a component of pension and OPEB expense in the statement of activities.

	<u>786,758</u>	
Change in net position of governmental activities		<u>\$ (852,687)</u>

The accompanying notes are an integral part of these financial statements.

REGIONAL SCHOOL DISTRICT NO. 4
STATEMENT OF NET POSITION -
PROPRIETARY FUND
AS OF JUNE 30, 2023

	Business-type Activities - Health Insurance Fund
ASSETS	
Current assets:	
Cash	\$ 6,712,364
Receivables	238,403
Due from other funds	324,861
Total assets	<u>7,275,628</u>
LIABILITIES	
Current liabilities:	
Claims payable	114,107
Incurred but not reported claims	378,000
Unearned revenue	29,913
Due to others	16,286
Total liabilities	<u>538,306</u>
NET POSITION	
Unrestricted	6,737,322
Total net position	<u><u>\$ 6,737,322</u></u>

The accompanying notes are an integral part of these financial statements.

REGIONAL SCHOOL DISTRICT NO. 4
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Business-type Activities - Health Insurance Fund
OPERATING REVENUES	
Charges for services:	
Participating employers	\$ 6,476,685
Participating employees	1,157,110
Participating retirees	290,477
Other	93,768
	<u>8,018,040</u>
OPERATING EXPENSES	
Claims, net of stop loss	
reimbursements and rebates of \$563,095	5,447,631
Premiums	912,427
HSA contributions	360,701
Administration	68,059
	<u>6,788,818</u>
 Operating income/ Change in net position	 1,229,222
 Net position - beginning	 <u>5,508,100</u>
 Net position - ending	 <u><u>\$ 6,737,322</u></u>

The accompanying notes are an integral part of these financial statements.

REGIONAL SCHOOL DISTRICT NO. 4
STATEMENT OF CASH FLOWS -
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Business-type Activities - Health Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from users	\$ 7,764,127
Payments of claims and premiums	(6,840,787)
Payments for administration	(68,059)
Net cash provided by operating activities	<u>855,281</u>
 Net change in cash	 855,281
 Cash, beginning of year	 <u>5,857,083</u>
 Cash, end of year	 <u><u>\$ 6,712,364</u></u>
 RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Change in net position	\$ 1,229,222
Change in assets and liabilities:	
Receivables	(238,403)
Claims payable	(120,028)
Unearned revenue	(15,510)
Net cash provided by operating activities	<u><u>\$ 855,281</u></u>

The accompanying notes are an integral part of these financial statements.

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Regional School District No. 4 (the District), have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

Financial Reporting Entity

The District is governed by a Board of Education (the 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 Regional School District No. 4, serving the Towns of Chester, Deep River and Essex, Connecticut (Member Towns). The District receives funding from local, state, and federal government sources and must comply with the compliance requirements of these funding sources.

The basic financial statements of the reporting entity include only the funds of the District as no component units exist based on operational or financial relationships with the District.

Related Organizations

The District is a member of the Supervision District. The Supervision District is a legally separate entity that was formed via a cooperative arrangement for the purpose of administering educational funds and services to the school boards of the towns of Deep River, Chester and Essex, and of Regional School District No. 4 (the member boards). The activities of the Supervision District are primarily supported by assessments made to member boards. Assessments for the District totaled \$2,429,852 for the year ended June 30, 2023. During the year ended June 30, 2023, the District received a refund from the Supervision District in the amount of \$89,780 that represented the Supervision District's budgetary surplus for the year ended June 30, 2022 allocated to the District. The Supervision District is governed by a committee of three members from each of the boards and issues publicly available financial reports.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the District and include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through payments from the Member Towns, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to other governments or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Payments from District Towns and other items not properly included among program revenues are reported as general revenues.

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government-wide and Fund Financial Statements *(Continued)*

Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund - This fund is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund.

Education Grants Fund - This fund is used to account for the proceeds of federal, state and local cost reimbursement grants and contracts not controlled by the District's legal budgets, but by requirements specific to the grants and contracts.

The District reports the following proprietary fund:

Health Insurance Fund - This fund is used to account for risk financing activities relating to health insurance. The purpose of the fund is to allow members to pool their various enrollee counts in order to achieve cost savings and risk sharing in the purchasing of health insurance. In addition to Regional School District No. 4, the participating members are as follows: Town of Chester Board of Education, Town of Deep River Board of Education, Town of Essex Board of Education and the Regional Supervision District Board of Education.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from the Member Towns are recognized as revenues in the year for which they are collected. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, claims and judgments, and post-employment benefits are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the District the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Measurement Focus and Basis of Accounting *(Continued)*

Revenues from Member Towns and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is either received or available to be received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is either received or available to be received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when the cash is received.

The proprietary fund is reported using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Health Insurance Fund are premiums received from participating employers and participants. Operating expenses of the District's Health Insurance Fund consist of claims incurred and administrative expenses. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balances

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the District's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Inventories and Prepaid Items

Inventories are reported at cost using the first-in first-out (FIFO) method, except for USDA donated commodities, which are recorded at market value.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include land, buildings and improvements, land improvements, equipment and vehicles, are reported in the government-wide statement of net position. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of five years.

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balances *(Continued)*

Capital Assets *(Continued)*

As the District constructs or acquires capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	40
Equipment	5-10
Land improvements	10-20
Vehicles	5

Unearned Revenue

This liability represents resources that have been received but not yet earned.

Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources represent an acquisition or consumption of net assets that applies to a future period(s) and so will not be recognized as an inflow or outflow of resources until that time. Deferred outflows of resources include deferred charges on refundings, which are amortized to interest expense using the effective interest method over the shorter of the life of the refunded or refunding debt. Deferred outflows and inflows of resources also include deferred charges on the District's pension and OPEB expenses, which are amortized as a component of pension and OPEB expense on a systematic and rational basis.

Long-term Obligations

Long-term Debt

The applicable accounting standards define debt as a liability that arises from a contractual obligation to pay cash, or other assets that may be used in lieu of cash, in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. For disclosure purposes, debt does not include accounts payable or leases, except for contracts reported as financed purchase of the underlying assets.

In the government-wide financial statements, long-term debt is reported as liabilities in the statement of net position. Premiums and discounts on long-term debt are deferred and amortized over the life of the related debt using the effective interest rate method and the debt is reported net of any unamortized premium or discount. In the governmental fund financial statements, premiums and discounts are recognized in the current period.

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balances *(Continued)*

Long-term Obligations *(Continued)*

Long-term Debt *(Continued)*

In the governmental fund financial statements, debt premiums and discounts are recognized 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.

Leases *(as Lessee)*

The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) for a noncancellable lease in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$20,000 or more. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District reasonably certain to exercise. The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt and other long-term obligations on the statement of net position.

Compensated Absences

Sick time may be accumulated by employees of the District. Upon retirement or termination, employees will only receive payment upon meeting the following conditions:

- The employee must have a minimum of 10 years of service in the District.
- There is no payment for the first 50 - 150 accumulated days based on job position.
- Accumulated sick days above 150 shall be compensated at a rate between \$20-\$75 per day based on job position, with a cap of between \$1,000-\$2,500 based on job position.

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.

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balances *(Continued)*

Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of the following three components:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets. Deferred outflows and inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related are also included in this component of net position.

Restricted net position - This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on the use of those assets either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position - This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. The District does not have a formal policy over the use of restricted resources. The District considers restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called fund balance. The District's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

Nonspendable - Amounts that are either not in spendable form or are legally or contractually required to remain intact.

Restricted - Amounts that can be spent only for specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed - Amounts that can be used only for the specific purposes determined by the approval of a resolution by the Board of Education committing fund balance for the specified purpose. Once approved, the limitation imposed by the resolution remains in place until the resources have been spent for the specified purpose or the Board approves another resolution removing or revising the limitation.

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balances *(Continued)*

Fund Balance *(Continued)*

Assigned - Amounts that are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. Amounts may be constrained to be used for a specific purpose by a governing board or body or official that has been delegated authority to assign amounts by Connecticut General Statutes and include the Superintendent. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

Unassigned - Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. The District does not have a formal policy over the use of fund balance. The District uses restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned.

Internal Activities

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds or advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Annual Member Town Assessments

Each Member Town in the District pays a share of the cost of capital outlays and current expenditures necessary for the operation of the District. The Board of Education determines the amount to be paid by each Member Town. Such amount bears the same ratio to the net expenditures of the District as the number of pupil residents in such town in average daily membership in the District during the preceding school year bears to the total number of such pupils in the District.

Use of Estimates

The preparation of 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 and disclosures in the financial statements. Actual results could differ from those estimates.

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 2 - CASH DEPOSITS

A reconciliation of the District's cash deposits as of June 30, 2023 is as follows:

Government-wide statement of net position	<u>\$ 9,226,583</u>
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Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District will not be able to recover its cash deposits or will not be able to recover collateral securities that are in possession of an outside party. The District does not have a deposit policy for custodial risk. As of June 30, 2023, \$8,884,450 of the District's bank balance of \$9,384,450 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 7,996,005
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the District's name	<u>888,445</u>
	<u>\$ 8,884,450</u>

All of the District's cash deposits were in qualified public institutions as defined by Connecticut state statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 589,816	\$ -	\$ -	\$ 589,816
Construction in progress	-	48,000	-	48,000
Total capital assets, not being depreciated	<u>589,816</u>	<u>48,000</u>	<u>-</u>	<u>637,816</u>
Capital assets, being depreciated:				
Building and improvements	49,607,351	34,735	-	49,642,086
Land improvements	198,565	-	-	198,565
Vehicles and equipment	1,984,494	396,560	(428,428)	1,952,626
Right-to-use leased equipment	255,726	-	-	255,726
Total capital assets, being depreciated	<u>52,046,136</u>	<u>431,295</u>	<u>(428,428)</u>	<u>52,049,003</u>
Less accumulated depreciation and amortization for:				
Building and improvements	(23,516,656)	(1,195,986)	-	(24,712,642)
Land improvements	(65,702)	(7,540)	-	(73,242)
Vehicles and equipment	(986,717)	(347,699)	428,428	(905,988)
Right-to-use leased equipment	(107,834)	(61,163)	-	(168,997)
Total accumulated depreciation and amortization	<u>(24,676,909)</u>	<u>(1,612,388)</u>	<u>428,428</u>	<u>(25,860,869)</u>
Total capital assets, being depreciated, net	<u>27,369,227</u>	<u>(1,181,093)</u>	<u>-</u>	<u>26,188,134</u>
Governmental activities capital assets, net	<u>\$ 27,959,043</u>	<u>\$ (1,133,093)</u>	<u>\$ -</u>	<u>\$ 26,825,950</u>

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 3 - CAPITAL ASSETS *(Continued)*

Depreciation and amortization expense was charged to functions of the District as follows:

Governmental Activities:

Instruction:

General instruction	\$ 1,006,603
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Support services:

Support services - students	153,014
Library and media services	23,254
Support services - general administration	26,422
Support services - school-based administration	128,709
Operation and maintenance of plant	182,254
Transportation	5,116
Other support services	87,016

Total depreciation and amortization expense - governmental activities	\$ 1,612,388
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NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2023 consisted of the following:

Receivable Fund	Payable Fund	Amount
Governmental Funds		
General Fund	Education Grants Fund	\$ 991,473
	Other Governmental Funds	30,489
		1,021,962
Other Governmental Funds	General Fund	216,515
	Other Governmental Funds	8,388
		224,903
		\$ 1,246,865
Proprietary Fund		
Health Insurance Fund	General Fund	\$ 324,861

The above balances resulted from the time lag between the dates that (1) transactions are recorded in the accounting system, (2) payments between funds are made and (3) interfund goods or services are provided or reimbursable expenditures occur.

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2023 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
Other Governmental Funds	General Fund	<u>\$ 570,189</u>

A transfer was budgeted and made to the School Cafeteria Fund to subsidize the operations of the fund. Transfers to the Capital Nonrecurring Fund were either authorized as part of the budget or from the prior year surplus for the purpose of funding capital outlays.

NOTE 6 - LONG-TERM LIABILITIES

Changes in Long-term Liabilities

Changes in the District's long-term liabilities for the year ended June 30, 2023, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
<i>Long-term Debt:</i>					
General obligation bonds	\$ 1,470,000	\$ -	\$ (735,000)	\$ 735,000	\$ 735,000
Financed purchases	774,290	386,007	(419,695)	740,602	253,179
Total long-term debt	2,244,290	386,007	(1,154,695)	1,475,602	988,179
<i>Other Long-term Liabilities:</i>					
Leases	151,629	-	(58,276)	93,353	60,048
Compensated absences	39,196	13,607	(3,102)	49,701	4,970
Net pension liability (see Note 7)	1,078,057	985,575	-	2,063,632	-
Total OPEB liability (see Note 8)	1,408,217	28,680	-	1,436,897	-
Total governmental activities	<u>\$ 4,921,389</u>	<u>\$ 1,413,869</u>	<u>\$ (1,216,073)</u>	<u>\$ 5,119,185</u>	<u>\$ 1,053,197</u>

Long-term liabilities are typically liquidated in the General Fund.

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District and its member towns. General obligation bonds outstanding at June 30, 2023, are as follows:

<u>Purpose of Bonds</u>	<u>Issuance Date</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
Governmental Activities					
<i>Bonds Payable:</i>					
General obligation refunding bonds	4/2012	\$ 7,760,000	2/2024	2.0%-4.0%	<u>\$ 735,000</u>

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 6 - LONG-TERM LIABILITIES (Continued)

Financed Purchases

The District has entered into financed purchase contracts for the acquisition of technology and related equipment. The contracts include a non-appropriation clause and provides the obligor with a security interest in the underlying equipment in the event of default. Ownership of the underlying equipment is transferred to the District at the end of the contract. The District makes equal annual payments of principal and interest at interest rates ranging from 1.79% to 4.69% and maturing at various dates through December 2026. The minimum lease payments are funded through the District's General Fund. A portion of the assets under lease are being utilized by the Member Towns. The District receives reimbursement for the portion of the lease payments associated with those assets. For the year ended June 30, 2023, the District received reimbursements from Member Towns in the amount of \$151,728.

Advance Refundings

The District defeased general obligation bonds in prior years by placing the proceeds of the new bonds into irrevocable trust accounts to provide for all future debt service payments on the old bonds. Accordingly, those trust account assets and the liability for those defeased bonds are not included in the District's financial statements. As of June 30, 2023, \$750,000 of defeased bonds remain outstanding. The District has recognized deferred charges on the refunding, which is being amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. The carrying value of the deferred charges on refunding totaled \$7,953 as of June 30, 2023.

Legal Debt Limit

Connecticut General Statutes Chapter 164 Section 10-56 provides that the aggregate indebtedness of the District shall not exceed, 2 ¼ (two and one-quarter times) the annual receipts from taxation of its member towns. In computing the aggregate indebtedness, the District excludes each bond, note or other evidence of indebtedness issued in anticipation of the receipt of (a) payments by a member town or the state for the operation of the District's schools and (b) proceeds from any state or federal grant for which the District has received a written commitment or for which an allocation has been approved by the State Bond Commission or from a contract with the state, a state agency or another municipality providing for the reimbursement of capital costs, but only to the extent such indebtedness can be paid from such proceeds. The District did not exceed this statutory debt limitation as of June 30, 2023.

Long-term Debt Service Requirements

The debt service requirements for the District's long-term debt are as follows:

Year ending June 30:	Governmental Activities			
	General Obligation Bonds		Financed Purchases	
	Principal	Interest	Principal	Interest
2024	\$ 735,000	\$ 29,400	\$ 253,179	\$ 24,738
2025	-	-	260,760	17,158
2026	-	-	146,009	9,320
2027	-	-	80,654	3,782
	<u>\$ 735,000</u>	<u>\$ 29,400</u>	<u>\$ 740,602</u>	<u>\$ 54,998</u>

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 6 - LONG-TERM LIABILITIES *(Continued)*

Leases

The District is a lessee for noncancellable leases of copiers. The terms of the noncancellable leases range from 4 to 5 years. The District makes fixed monthly or annual payments with interest rates of 3.00%. The value of the right-to-use assets as of the end of June 30, 2023 was \$255,726 and had accumulated amortization of \$168,997. As of June 30, 2023, the value of the lease liability was \$93,353.

The future principal and interest lease payments as of June 30, 2023, are as follows:

Year Ending June 30:	Principal	Interest
2024	\$ 60,048	\$ 1,979
2025	11,093	847
2026	11,430	510
2027	10,782	162
	\$ 93,353	\$ 3,498

NOTE 7 - PENSION PLANS

The District accounts for activity relating to two defined benefit pension plans, (1) the Connecticut's Municipal Employees' Retirement System, and (2) the Connecticut Teachers' Retirement System. As of and for the year ended June 30, 2023, the plans had the following balances reported in the District's government-wide financial statements:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	On Behalf Revenues	Pension Expense
Connecticut Municipal Employees' Retirement System (proportionate share)	\$ 2,063,632	\$ 817,271	\$ 205,148	\$ -	\$ 426,044
Connecticut Teachers' Retirement System (proportionate share)	-	-	-	2,703,148	2,703,148
	\$ 2,063,632	\$ 817,271	\$ 205,148	\$ 2,703,148	\$ 3,129,192

Detailed disclosures for each plan follow.

Connecticut Municipal Employees' Retirement System

The District participates in the Connecticut's Municipal Employees' Retirement System (CMERS). CMERS is the public pension plan offered by the State of Connecticut for municipal employees in participating municipalities. The plan was established in 1947 and is governed by Connecticut Statute Title 7, Chapter 113. Chapter 113, Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates, and other plan provisions.

Municipalities may designate which departments are to be covered under the CMERS. Only employees covered under the State Teachers' Retirement System may not be included. There are no minimum age or service requirements. Membership is mandatory for all regular full time employees of participating departments except Police and Fire hired after age 60.

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 7 - PENSION PLANS *(Continued)*

Connecticut Municipal Employees' Retirement System *(Continued)*

The plan has 4 sub plans as follows:

- General employees with social security
- General employees without social security
- Policemen and firemen with social security
- Policemen and firemen without social security

Certain employees of the District are eligible to participate in CMERS and are classified within the general employees with social security sub plan. The following disclosures have been provided for this sub plan.

Plan Description

Plan administration - CMERS is a cost-sharing pension plan administered by the Connecticut State Retirement Commission. The State Retirement Commission is responsible for the administration of the CMERS. The State Treasurer is responsible for investing CMERS funds for the exclusive benefit of CMERS members.

Plan membership - All full-time employees of the District, except for certified Board of Education personnel who are eligible for the State Teachers' Retirement System, who are age 55 or younger at the date of hire, participate in the CMERS plan for general employees with social security.

Benefits provided - The Plan provides retirement, disability and death benefits as defined in the Statutes. General employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active non-continuous service. Employees under the age of 55 are eligible to retire with 25 years of service.

For members covered by social security, the benefit is 1.5% of the average final compensation not in excess of the year's breakpoint plus 2.0% of average final compensation in excess of the year's breakpoint, times years of service.

The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include workers' compensation and social security benefits. If any member covered by social security retires before age 62, the benefit until age 62 is reached or a social security disability award is received, is computed as if the member is not under social security.

Employees are eligible for early retirement after 5 years of active continuous or 15 years of active non-continuous service. The benefit is calculated on the basis of average final compensation and service to date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Employees are eligible for service-related disability benefits from being permanently or totally disabled from engaging in the service of the municipality provided such disability has arisen out of and in the course of employment with the municipality. Disability benefits are calculated based on compensation and service to the date of the disability with a minimum benefit (including workers' compensation benefits) of 50% of compensation at the time of disability.

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 7 - PENSION PLANS *(Continued)*

Connecticut Municipal Employees' Retirement System *(Continued)*

Plan Description *(Continued)*

Employees are eligible for non-service-related disability benefits with 10 years of service and being permanently or totally disabled from engaging in gainful employment in the service of the municipality. Disability benefits are calculated based on compensation and service to the date of the disability. The plan also offers a pre-retirement death benefit in the form of a lump sum return of contributions with interest or surviving spouse benefit depending on length of service.

Contributions - The contribution requirements of plan members are established and may be amended by the State Retirement Commission. The District is required to contribute annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the system not met by member contributions. There is also an administrative fee per active and retired member.

For the fiscal year beginning July 1, 2022, employees covered by social security are required to contribute 3.75% of compensation up to the social security taxable wage base plus 6.5% of compensation, if any, in excess of such base. The contribution rate will increase each year through fiscal year 2025 per Public Act 19-124.

Summary of Significant Accounting Policies

Pensions - For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions and pension expense, information about the fiduciary net position of CMERS and additions and deletions from CMERS' net position are prepared on the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Investment policy - The CMERS' policy in regard to the allocation of invested assets is established and may be amended by the State Retirement Commission. It is the policy of the State to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The State Treasurer is responsible for investing CMERS funds for the exclusive benefit of CMERS members.

Collective Net Pension Liability

The total estimated collective net pension liability of the CMERS as of June 30, 2022 was \$1.375 billion, the most recent available reporting provided by the Board. The collective net pension liability of the CMERS sub plan for general employees with social security was \$449.6 million as of June 30, 2022. The portion that was associated with the District totaled \$2,063,632 or approximately 0.459% of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022.

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 7 - PENSION PLANS (Continued)

Connecticut Municipal Employees' Retirement System (Continued)

Collective Net Pension Liability (Continued)

Actuarial assumptions - The total pension liability for the CMERS was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.50% - 10.00%, including inflation
Long-term investment rate of return	7.00%, net of pension plan investment expense, including inflation

For the period after retirement and for dependent beneficiaries, mortality rates were based on the RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees. For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used.

The long-term expected rate of return on pension plan investments was determined using a statistical analysis 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 allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Target Expected Real Rate of Return
Global Equity	37.0%	6.9%
Public Credit	2.0%	2.9%
Core Fixed Income	13.0%	0.4%
Liquidity Fund	1.0%	-0.4%
Risk Mitigation	5.0%	0.1%
Private Equity	15.0%	11.2%
Private Credit	10.0%	6.2%
Real Estate	10.0%	6.3%
Infra. & Natural Resources	7.0%	7.7%
	<u>100.0%</u>	

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 7 - PENSION PLANS (Continued)

Connecticut Municipal Employees' Retirement System (Continued)

Collective Net Pension Liability (Continued)

Discount rate - The discount rate used to measure the CMERS' total pension liability was 7.00%. 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 the actuarially determined rates in future years. 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.

Sensitivity of the net pension liability to changes in the discount rate - The following presents the District's proportionate share of the collective net pension liability for the general employees with social security sub plan calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension 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 rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
Proportionate share of the collective net pension liability	\$ 2,825,856	\$ 2,063,632	\$ 1,418,405

Pension plan fiduciary net position - Detailed information about the CMERS plan's fiduciary net position is included in the State of Connecticut's basic financial statements.

Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2023, the District recognized pension expense related to the CMERS of \$426,044. At June 30, 2023, the District reported its proportionate share of deferred outflows and inflows of resources related to the CMERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferral</u>
Differences between expected and actual experience	\$ 155,065	\$ 87,108	\$ 67,957
Net difference between projected and actual earnings on pension plan investments	303,739	-	303,739
Change of assumptions	-	-	-
Contributions paid to the CMERS subsequent to the measurement date	239,421	-	239,421
Other	119,046	118,040	1,006
Total	<u>\$ 817,271</u>	<u>\$ 205,148</u>	<u>\$ 612,123</u>

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 7 - PENSION PLANS *(Continued)*

Connecticut Municipal Employees' Retirement System *(Continued)*

Pension Expense and Deferred Outflows and Inflows of Resources *(Continued)*

Amounts reported as deferred outflows and inflows of resources related to the CMERS will be recognized as an increase of pension expense in future years as follows:

Year ended June 30,	
2024	\$ 272,461
2025	74,167
2026	64,751
2027	200,744
	<u>\$ 612,123</u>

Connecticut Teachers' Retirement System

Plan Description

The Connecticut Teachers' Retirement System (TRS or the Plan) is the public pension plan offered by the State of Connecticut (the State) to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The Plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board (TRB). The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

Teachers, principals, superintendents or supervisors engaged in the service of public schools are provided with pensions through the Connecticut Teachers' Retirement System - a cost sharing multi-employer defined benefit pension plan administered by the 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.

Benefit Provisions

The Plan provides retirement, disability and death benefits. Employees are eligible to retire at 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.

Normal Retirement: Retirement benefits for the employees are calculated as 2.0% of the average annual salary times the years of credited service (maximum benefit is 75.0% of average annual salary during the 3 years of highest salary). In addition, amounts derived from the accumulation of the 6.0% contributions made prior to July 1, 1989 and voluntary contributions are payable.

Early Retirement: Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6.0% per year for the first 5 years preceding normal retirement age and 4.0% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3.0% per year by which retirement precedes normal retirement date.

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 7 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Benefit Provisions *(Continued)*

Minimum Benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly benefit of \$1,200 to teachers who retire under the normal retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. Disability benefits are calculated as 2.0% per year of service times the average of the highest three years of pensionable salary, but not less than 15.0%, nor more than 50.0%. 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 75.0% of average annual salary. A plan member who leaves service and has attained 10 years of service will be entitled to 100.0% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

Pre-Retirement Death Benefit: The plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

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 are amended and certified by the TRB 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 amounts to finance any unfunded accrued liability.

Employers - School District employers are not required to make contributions to the Plan, as contributions are required only from employees and the State.

Employees - Effective January 1, 2018, each teacher is required to contribute 7.0% of pensionable salary for the pension benefit.

Administrative Expenses

Administrative costs of the plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

Basis of Presentation

The components associated with pension expense and deferred outflows and inflows of resources have been determined based on fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Annual Comprehensive Financial Report as of and for the year ended June 30, 2022. The net pension liability has been calculated using the audited amounts. TRS is included in the State of Connecticut audit as a pension trust fund. The State of Connecticut's Annual Comprehensive Financial Report can be obtained at www.ct.gov.

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 7 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Basis of Presentation *(Continued)*

The accounting standards require participating employers to recognize their proportional share of the collective net pension liability, deferred outflows and inflows of resources and pension expense on the accrual basis of accounting. Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Allocation Methodology

The allocations for participating employers are based on the expected contribution effort for each participating employer. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to the District totaled 0.153% as of the most recent measurement date.

Collective Net Pension Liability

The following summarizes the collective net pension liability of the State for the TRS as of June 30, 2022, the measurement date, in addition to the District's and State's proportionate shares of the collective net pension liability that is attributed to the District:

Collective Net Pension Liability of the State for the TRS		<u>\$ 18,310,559,000</u>
	<u>Proportion</u>	<u>Proportionate Share</u>
District's proportionate share of the Collective Net Pension Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net Pension Liability attributed to the District	0.153%	<u>\$ 27,968,000</u>

Collective Pension Expense

The District's expected contribution effort for allocation purposes totaled \$2,205,084 or 0.153% of the total expected contribution effort. The District has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures in the General Fund for the year ended June 30, 2023.

The collective pension expense includes certain current period changes in the collective net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective pension expense attributed to the District totaled \$2,703,148 or 0.153% of the total collective pension expense and has been recognized as an operating contribution and related education expenses in the statement of activities for the year ended June 30, 2023.

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 7 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% - 6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the General Assembly

Mortality rates were based on the PubT-2010 Healthy Retiree Table, adjusted 105% for males and 103% for females ages 82 and above, projected generationally with MP-2019 for the period after service retirement.

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3.0% and a maximum of 5.0% 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 6.0% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. 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 5.0% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3.0%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

Long-Term 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.

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 7 - PENSION PLANS (Continued)

Connecticut Teachers' Retirement System (Continued)

Long-Term Rate of Return (Continued)

The current capital market assumptions and the target asset allocation as provided by the Treasurer's Office are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20.0%	5.4%
Developed Market Intl. Stock Fund	11.0%	6.4%
Emerging Market Intl. Stock Fund	9.0%	8.6%
Core Fixed Income Fund	13.0%	0.8%
Emerging Market Debt Fund	5.0%	3.8%
High Yield Bond Fund	3.0%	3.4%
Real Estate Fund	19.0%	5.2%
Private Equity	10.0%	9.4%
Private Credit	5.0%	6.5%
Alternative Investments	3.0%	3.1%
Liquidity Fund	2.0%	-0.4%
	100.0%	

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 the State contributions will be made at the actuarially determined rates in future years. 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.

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The District accounts for activity relating to two other post-employment benefits plans, (1) the Board of Education Other Post-Employment Benefit Plan and (2) the Connecticut Teachers' Retirement System. As of and for the year ended June 30, 2023, the two plans had the following balances reported in the District's government-wide financial statements:

	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	On Behalf Revenues	OPEB Expense
Board of Education Other Post-employment Benefits Plan	\$ 1,436,897	\$ 279,648	\$ 326,036	\$ -	\$ 40,234
Connecticut Teachers' Retirement System (proportionate share)	-	-	-	147,641	147,641
	\$ 1,436,897	\$ 279,648	\$ 326,036	\$ 147,641	\$ 187,875

Detailed disclosures for each plan follow.

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Board of Education Other Post-Employment Benefits Plan

Plan Description

The District provides healthcare insurance benefits for eligible retirees and their families through the District's group health insurance plan (the Plan), which covers both active and retired members. Benefit provisions are established through negotiations between the District and the unions representing District employees and are renegotiated each three-year bargaining period. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

Benefits Provided

The Plan provides for medical and dental insurance benefits to eligible retirees, spouses and beneficiaries. Contribution requirements of the plan members are established in the provisions of the program and in accordance with the General Statutes of the State of Connecticut. Currently, participants contribute 100% toward medical and dental premiums. The District finances the plan on a pay-as-you-go-basis. Contribution requirements of the participants and the District are established by and may be amended through negotiations between the District and the unions.

Employees Covered by Benefit Terms

As of July 1, 2021, the valuation date, the following employees were covered by the benefit terms:

Retirees, beneficiaries, and dependents currently receiving benefits	21
Active participants	<u>171</u>
Total	<u><u>192</u></u>

Total OPEB Liability

The District's total OPEB liability reported as of June 30, 2023 totaled \$1,436,897. The total OPEB liability was measured as of June 30, 2023 utilizing an actuarial valuation performed as of July 1, 2021. The total OPEB liability was measured using the Entry Age Normal Method.

Actuarial assumptions and other inputs - The total OPEB liability as of June 30, 2023 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Discount rate	4.09%
Healthcare cost trend rates:	
Medicare Supplement Plans	9.00%
Active Plans	9.00%

The discount rate was based on the S&P Municipal Bond 20-Year High Grade Index as of the measurement date, which represents municipal bond trends based on a portfolio of 20 general obligation bonds that mature in 20 years.

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Board of Education Other Post-Employment Benefits Plan *(Continued)*

Total OPEB Liability *(Continued)*

Mortality rates for pre-retirement mortality were based on the PubG-2010 Mortality Table for Employees projected generationally with scale MP-2020 for males and females. Mortality rates for post-retirement were based on the PubG-2010 Mortality Table for Healthy Annuitants projected generationally with scale MP-2020 for males and females. Mortality rates for disabled mortality were based on the PubG-2010 Mortality Table for Disabled Annuitants projected generationally with scale MP-2020 for males and females.

Changes in the Total OPEB Liability

The following represents the change in the District's total OPEB liability for the year ended June 30, 2023.

	Total OPEB Liability
Balance as of June 30, 2022	\$ 1,408,217
Changes for the year:	
Service cost	60,140
Interest	58,240
Differences between expected and actual experience	-
Change in assumption	-
Benefit payments	(89,700)
Net changes	28,680
Balance as of June 30, 2023	\$ 1,436,897

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1- percentage-point lower (3.09%) or 1-percentage-point higher (5.09%) than the current discount rate:

	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$ 1,534,674	\$ 1,436,897	\$ 1,340,177

Sensitivity of the Total OPEB liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Total OPEB Liability	\$ 1,303,003	\$ 1,436,897	\$ 1,585,688

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Board of Education Other Post-Employment Benefits Plan (Continued)

OPEB Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2023, the District recognized net OPEB expense of \$40,234. As of June 30, 2023, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferral</u>
Difference between expected and actual experience	\$ 25,802	\$ 326,036	\$ (300,234)
Changes in assumptions	253,846	-	253,846
	<u>\$ 279,648</u>	<u>\$ 326,036</u>	<u>\$ (46,388)</u>

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

Year ended June 30,	
2024	\$ 11,554
2025	51,679
2026	(12,474)
2027	(48,573)
2028	(48,574)
	<u>\$ (46,388)</u>

Connecticut Teachers' Retirement System

Plan Description

The Connecticut Teachers' Retirement System (TRS or the Plan) is the public pension plan offered by the State of Connecticut (the State) to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The Plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multi-employer pension plan administered by the Connecticut State Teachers' Retirement Board (TRB). The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with benefits, including retiree health insurance, through the Connecticut Teachers' Retirement System - a cost sharing multi-employer defined benefit pension plan administered by the 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.

Benefit Provisions

The Plan covers retired teachers and administrators of public schools in the State who are receiving benefits from the Plan. The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member that is currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan.

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Benefit Provisions *(Continued)*

Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB 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 \$220 per month for a retired member plus an additional \$220 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, with any remaining portion used to offset the school district's costs. The subsidy amount is set by statute. A subsidy amount of \$440 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 \$440 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. 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).

Employees are eligible to retire at 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.

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 TRB and appropriated by the General Assembly. The State pays for one third of plan costs through an annual appropriation in the General Fund.

Employers - School District employers are not required to make contributions to the Plan.

Employees/Retirees - The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

Administrative Expenses

Administrative costs of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Basis of Presentation

The components associated with the other postemployment benefits (OPEB) expense and deferred outflows and inflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Annual Comprehensive Financial Report as of and for the year ended June 30, 2022. The net OPEB liability has been calculated using the audited amounts. TRS is included in the State of Connecticut audit as a pension trust fund. The State of Connecticut's Annual Comprehensive Financial Report can be obtained at www.ct.gov.

The accounting standards require participating employers to recognize their proportional share of the collective net OPEB liability, deferred outflows and inflows of resources and OPEB expense on the accrual basis of accounting. Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Allocation Methodology

The allocations for participating employers are based on the expected contribution for each participating employer. The employer allocations were then applied to the net OPEB liability and OPEB expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to the District totaled 0.153% as of the most recent measurement date.

Collective Net OPEB Liability

The following summarizes the collective net OPEB liability of the State for the TRS as of June 30, 2022, the measurement date, in addition to the District's and State's proportionate shares of the collective net OPEB liability that is attributed to the District:

Collective Net OPEB Liability of the State for the TRS		<u>\$ 1,603,585,000</u>
	<u>Proportion</u>	<u>Proportionate Share</u>
District's proportionate share of the Collective Net OPEB Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net OPEB Liability attributed to the District	0.153%	<u>\$ 2,449,000</u>

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Collective OPEB Expense

The District's expected contribution effort for allocation purposes totaled \$31,189 or 0.153% of the total expected contribution effort. The District has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures in the General Fund for the year ended June 30, 2023.

The collective OPEB expense includes certain current period changes in the collective net OPEB liability, projected earnings on OPEB plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective OPEB expense attributed to the District totaled \$147,641 or 0.153% of the total collective OPEB expense and has been recognized as an operating contribution and related education expense in the statement of activities for the year ended June 30, 2023.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurements:

Inflation	2.50%
Real Wage Growth	0.50%
Wage Inflation	3.00%
Salary increases	3.00% - 6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Discount rate	3.53%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates:	
Medicare	Known increases until calendar year 2024, then general trend decreasing to an ultimate rate of 4.5% by 2031

Mortality rates were based on the PubT-2010 Healthy Retiree Table, adjusted 105% for males and 103% for females as ages 82 and above, projected generationally with MP-2019 for the period after service retirement.

Long-Term Rate of Return

The long-term expected rate of return on plan assets is reviewed as part of the actuarial valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Long-Term Rate of Return *(Continued)*

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Treasuries (Cash Equivalents)	100.0%	-0.98%

Discount Rate

The discount rate used to measure the total OPEB liability was 3.53%. The projection of cash flows used to determine the discount rate was performed in accordance with the applicable standards. The projection's basis was an actuarial valuation performed as of June 30, 2022. In addition to the actuarial methods and assumptions of the June 30, 2022 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annual at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2027 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

NOTE 9 - OTHER RETIREMENT PLANS

403(b) Plan

The District offers those who are eligible for benefits, a retirement savings plan created in accordance with Internal Revenue Code Section 403(b). Employees eligible include members of the Municipal Employee Union, SEIU Local 506 (paraprofessionals) and administrators. The District is required to match employees' contributions up to a maximum of 5.0% of their base pay only, on a before-tax basis. The District's contribution totaled \$36,532 for the year ended June 30, 2023.

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 10 - FUND BALANCE

Statutory Restrictions

Connecticut General Statutes limits the District's ability to maintain an unrestricted fund balance. Pursuant to Connecticut General Statutes, any budget appropriation that has not been expended must be used by the District to either fund statutory reserves or to reduce the net expenses of the District in future years. Resources accumulated for capital and nonrecurring purposes must be used to fund all or part of the planning, construction, reconstruction or acquisition of any specific capital improvement or the acquisition of any specific item of equipment.

The various components of fund balance at June 30, 2023 are as follows:

	General Fund	Education Grants Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Inventories	\$ -	\$ -	\$ 20,489	\$ 20,489
Restricted for:				
Capital and nonrecurring purposes (statutory)	-	-	264,515	264,515
Cafeteria operations	-	-	255,209	255,209
Education programs	-	-	8,388	8,388
Student activities	-	-	331,248	331,248
Statutory purposes	347,301	-	-	347,301
Assigned to:				
Encumbrances - Support services - school-based administration	209	-	-	209
	<u>\$ 347,510</u>	<u>\$ -</u>	<u>\$ 879,849</u>	<u>\$ 1,227,359</u>

Encumbrances are commitments as of June 30, 2023 related to unperformed (executory) contracts for goods or services. Such amounts have been included in assigned fund balance within the balance sheet of the General Fund.

NOTE 11 - RISK MANAGEMENT

Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The District purchases commercial insurance for all risks of loss, except for health insurance. During fiscal year 2023, deductibles paid by the District were insignificant. Neither the District nor its insurers have settled any claims, which exceeded the District's insurance coverage in any of the last three fiscal years. There have been no significant reductions in any insurance coverage from amounts in the prior year.

The District participates in a health insurance fund administered by Blue Cross/Blue Shield, and maintains an internal service fund for the purpose of providing healthcare benefits for each participant in the fund. The District pays an annual contribution for its coverage. The fund is to be self-sustaining through members' premiums, but reinsures in excess of \$150,000 for each insured occurrence. In addition to Regional School District No. 4, the participating members are as follows: Town of Chester Board of Education, Town of Deep River Board of Education, Town of Essex Board of Education and the Regional Supervision District Board of Education. Members may be subject to additional assessments in the event of a deficiency.

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 11 - RISK MANAGEMENT *(Continued)*

Risk Management *(Continued)*

Health insurance premiums are based on estimates of the number of employees and type of coverages (single or family), trends in insurance claims and estimates for administration. The claims liability of \$378,000 at June 30, 2023 represents a liability for estimated claims "incurred but not reported" (IBNR). The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

An analysis of the claims liability, including the IBNR, for the past two years is as follows:

Year ended	Balance	New Claims/ Change in	Claims	Balance
June 30,	July 1,	Estimate	Paid	June 30,
2023	\$ 612,135	\$ 5,447,631	\$ 5,567,659	\$ 492,107
2022	488,067	4,972,297	4,848,229	612,135

NOTE 12 - CONTINGENCIES

Litigation, Claims and Assessments

The District, in the normal course of operations, is named as defendants in lawsuits, administrative proceedings and other miscellaneous claims. The outcome and eventual liability to the District, if any, for such matters are not known at this time. The District's management, based upon consultation with legal counsel, estimates that potential claims against the District, not covered by insurance, resulting from such matters would not materially affect the financial position of the District.

Federal Awards and State Financial Assistance

The District has received federal awards and state financial assistance for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, management believes such disallowances, if any, will not be material.

NOTE 13 - SUBSEQUENT EVENT

Mold Remediation

In September 2023, the District became aware of a mold infestation at its Middle School. The mold infestation necessitated the temporary relocation of students and faculty to ensure their health and safety. The District is actively engaged in assessing the scope and severity of the mold infestation at the Middle School and efforts to remediate the issue are underway. The financial impact of the mold infestation, including the ongoing relocation of students and faculty, is expected to be in excess of \$1,000,000. The District intends to fund the remediation and relocation costs through a combination of funding sources, which may include repurposing District funds, grant funds from the State of Connecticut and other sources, such as insurance claims and additional assessments to Member Towns.

REQUIRED SUPPLEMENTARY INFORMATION

REGIONAL SCHOOL DISTRICT NO. 4
SCHEDULE OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget Over (Under)
REVENUES				
Member Towns:				
Current Year Assessments	\$21,191,740	\$20,533,316	\$20,533,316	\$ -
Intergovernmental	486,399	486,399	317,728	(168,671)
Interest Income	100	100	-	(100)
Other	7,000	7,000	50,258	43,258
Total revenues	21,685,239	21,026,815	20,901,302	(125,513)
EXPENDITURES				
Current:				
Salaries	11,264,217	11,204,217	10,919,145	(285,072)
Employee benefits	4,085,648	4,085,648	4,039,602	(46,046)
Purchased services	580,242	580,242	566,952	(13,290)
Purchased property services	1,110,663	1,110,663	1,101,891	(8,772)
Other purchased services	2,873,375	2,933,375	2,931,286	(2,089)
Supplies	746,256	746,256	741,875	(4,381)
Equipment	75,309	75,309	73,690	(1,619)
Other objects	120,729	120,729	98,964	(21,765)
Debt service:				
Principal	735,000	735,000	735,000	-
Interest	58,800	58,800	58,800	-
Total expenditures	21,650,239	21,650,239	21,267,205	(383,034)
Excess (deficiency) of revenues over expenditures	35,000	(623,424)	(365,903)	257,521
OTHER FINANCING SOURCES (USES)				
Use of Prior Year Surplus	-	876,536	-	(876,536)
Prior Year Surplus Refunded				
from Regional Supervision District	-	-	89,780	89,780
Transfer Outs:				
Capital Nonrecurring Fund: Prior Year Surplus	-	(218,112)	(218,112)	-
Capital Nonrecurring Fund: Current Year Budget	(35,000)	(35,000)	(35,000)	-
Total other financing sources (uses)	(35,000)	623,424	(163,332)	(786,756)
Net change in fund balance	\$ -	\$ -	\$ (529,235)	\$ (529,235)

See accompanying notes to required supplementary information.

REGIONAL SCHOOL DISTRICT NO. 4
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (UNAUDITED)
LAST NINE FISCAL YEARS*
(Rounded to nearest thousand)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.46%	0.45%	0.45%	0.50%	0.21%	0.34%	0.34%	0.39%	0.26%
District's proportionate share of the net pension liability	<u>\$ 2,064,000</u>	<u>\$ 1,078,000</u>	<u>\$ 1,755,000</u>	<u>\$ 1,839,000</u>	<u>\$ 2,022,000</u>	<u>\$ 841,000</u>	<u>\$ 1,120,000</u>	<u>\$ 747,000</u>	<u>\$ 620,000</u>
District's covered payroll	1,364,000	1,246,000	1,271,000	1,296,000	1,154,000	1,328,000	1,294,839	1,211,000	1,338,359
District's proportionate share of the net pension liability as a percentage of its covered payroll	151.32%	86.52%	138.08%	141.90%	175.22%	63.33%	86.50%	61.68%	46.33%
Plan fiduciary net position as a percentage of the total pension liability	68.71%	82.59%	71.18%	72.69%	73.60%	91.68%	88.29%	92.72%	90.48%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

REGIONAL SCHOOL DISTRICT NO. 4
SCHEDULE OF CONTRIBUTIONS -
CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (UNAUDITED)
LAST NINE FISCAL YEARS*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 239,421	\$ 203,233	\$ 190,062	\$ 177,877	\$ 135,487	\$ 155,944	\$ 145,152	\$ 136,329	\$ 139,454
Contributions in relation to the contractually required contribution	<u>239,421</u>	<u>203,233</u>	<u>190,062</u>	<u>177,877</u>	<u>135,487</u>	<u>155,944</u>	<u>145,152</u>	<u>136,329</u>	<u>139,454</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,364,000	\$ 1,246,000	\$ 1,271,000	\$ 1,296,000	\$ 1,154,000	\$ 1,328,000	\$ 1,295,000	\$ 1,211,000	\$ 1,338,000
Contributions as a percentage of covered payroll	17.55%	16.31%	14.95%	13.73%	11.74%	11.74%	11.21%	11.26%	10.42%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

REGIONAL SCHOOL DISTRICT NO. 4
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY -
CONNECTICUT TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST NINE FISCAL YEARS*
(Rounded to nearest thousand)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the collective net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the collective net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net pension liability attributed to the District	27,968,000	25,086,000	31,674,000	29,781,000	22,963,000	22,570,000	23,812,000	18,872,000	17,443,000
Total	<u>\$ 27,968,000</u>	<u>\$ 25,086,000</u>	<u>\$ 31,674,000</u>	<u>\$ 29,781,000</u>	<u>\$ 22,963,000</u>	<u>\$ 22,570,000</u>	<u>\$ 23,812,000</u>	<u>\$ 18,872,000</u>	<u>\$ 17,443,000</u>
District's covered payroll	\$ 6,983,000	\$ 7,564,000	\$ 7,316,000	\$ 7,657,000	\$ 7,538,000	\$ 7,154,000	\$ 6,895,000	\$ 7,015,000	\$ 6,761,000
District's proportionate share of the collective net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total collective pension liability	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

REGIONAL SCHOOL DISTRICT NO. 4
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY -
OTHER POST-EMPLOYMENT BENEFITS PROGRAM (UNAUDITED)
LAST SIX FISCAL YEARS*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:						
Service cost	\$ 60,140	\$ 100,092	\$ 92,214	\$ 82,797	\$ 31,387	\$ 28,143
Interest	58,240	48,250	47,140	34,120	32,633	41,328
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	(395,104)	-	69,530	-	(306,744)
Changes of assumptions	-	55,092	-	568,081	-	25,869
Benefit payments, including refunds	(89,700)	(108,433)	(105,282)	(93,907)	(45,795)	(72,719)
Net change in total OPEB liability	28,680	(300,103)	34,072	660,621	18,225	(284,123)
Total OPEB liability - beginning	1,408,217	1,708,320	1,674,248	1,013,627	995,402	1,279,525
Total OPEB liability - ending	<u>\$ 1,436,897</u>	<u>\$ 1,408,217</u>	<u>\$ 1,708,320</u>	<u>\$ 1,674,248</u>	<u>\$ 1,013,627</u>	<u>\$ 995,402</u>

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

REGIONAL SCHOOL DISTRICT NO. 4
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY -
CONNECTICUT TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST SIX FISCAL YEARS*
(Rounded to Nearest Thousand)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the collective net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability attributed to the District	2,449,000	2,733,000	4,724,000	4,645,000	4,590,000	5,809,000
Total	<u>\$ 2,449,000</u>	<u>\$ 2,733,000</u>	<u>\$ 4,724,000</u>	<u>\$ 4,645,000</u>	<u>\$ 4,590,000</u>	<u>\$ 5,809,000</u>
District's covered employee payroll	\$ 7,171,000	\$ 7,459,000	\$ 7,459,000	\$ 7,658,000	\$ 7,538,000	\$ 7,154,000
District's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total collective OPEB liability	9.46%	6.11%	2.50%	2.08%	1.49%	1.79%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 1 - BUDGETARY INFORMATION

The District adheres to the following procedures in establishing the budgetary data for the General Fund:

- The District legally adopts an annual budget for the General Fund pursuant to Connecticut General Statutes 10-51. Formal budgetary integration is employed by the District as a management control device during the year for the General Fund. The Capital Nonrecurring Fund employs a project length budget, which is approved by the Board of Education.
- Prior to January, each department head as designated by the Superintendent submits budget requests accompanied by detailed estimates of expenditures to be made and, where appropriate, revenues to be collected during the ensuing fiscal year.
- During January and February, the Superintendent presents to the Board the revenue and expenditure detail for their consideration.
- Not less than two weeks before the annual hearing, which must be held on the first Monday of May, the Board shall hold a public meeting to present a proposed budget for the next fiscal year. Any person may request the addition or deletion of expenditures at such time.
- After the public hearing, the Board shall prepare an annual budget for the next fiscal year, make available or request copies thereof and deliver a reasonable number of copies to the Town clerk of each Town in the District at least five days before the annual meeting.
- At the annual meeting, the Board shall present a budget which includes statements of (1) estimated receipts and expenditures for the next fiscal year, (2) estimated receipts and expenditures for the current fiscal year, (3) estimated surplus or deficit in operating funds at the end of the current fiscal year, (4) bonded or other debt, (5) estimated per pupil expenditure for the current and for the next fiscal year and (6) such other information as is necessary in the opinion of the Board.
- Persons present and eligible to vote may accept or reject the proposed budget. If a majority of such persons voting reject the budget, the Board shall, within two weeks thereafter and upon notice of not less than one week, call a District meeting to consider the same or amended budget. Such meetings shall be convened at such intervals until a budget is approved. It has been Board practice at the District meeting, to move the budget to a District referendum.
- After the budget is approved, the Board shall estimate the share of the net expenditures to be paid by each Member Town in accordance with Connecticut General Statutes 10-51, and notify the respective Town Treasurer, thereof.
- The level of control for a legally adopted budget (the level at which expenditures may not legally exceed appropriations without Board approval) is at the fund level. Transfers from one budget line to another within the same object code may be made by the Finance Director with the approval of the Superintendent. Transfers between object codes require approval of the Board of Education.
- The Board does not have the authority to expend beyond the total budget appropriations without District meeting approval. No additional appropriations were made during the year.
- Except for encumbrance accounting, the budget is prepared on the modified accrual basis of accounting. Generally, all unencumbered appropriations lapse at year-end, except those of the capital projects fund. Encumbered appropriations are carried forward to the ensuing fiscal year. Appropriations for capital projects are continued until the completion of applicable projects, even when those projects extend more than one fiscal year.

REGIONAL SUPERVISION DISTRICT BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - BUDGETARY INFORMATION *(Continued)*

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP basis). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2023:

	Total Revenues	Total Expenditures	Other Financing Sources (Uses)	Net Change In Fund Balance
Budgetary basis	\$ 20,901,302	\$ 21,267,205	\$ (163,332)	\$ (529,235)
"On-behalf" payments - State Teachers Retirement Fund	2,236,273	2,236,273	-	-
Adjustment for encumbrances	-	53,129	-	(53,129)
Financed purchase not recorded for budgetary purposes	-	386,007	386,007	-
Reimbursement for certain costs recorded as a reduction to expenditures for budgetary purposes	214,969	214,969	-	-
Certain items recorded as transfers for budgetary purposes	<u>-</u>	<u>(317,077)</u>	<u>(317,077)</u>	<u>-</u>
GAAP basis	<u>\$ 23,352,544</u>	<u>\$ 23,840,506</u>	<u>\$ (94,402)</u>	<u>\$ (582,364)</u>

NOTE 2 - SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY - CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

The District began to report this schedule when it implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, in fiscal year 2015.

Actuarial valuations are prepared every year with the most recent available actuarial valuation performed as of June 30, 2022. This information is utilized by the District for reporting as of June 30, 2023.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the collective net pension liability reported as of June 30, 2023.

Assumption Changes - There have been no changes in assumptions that have had a significant effect on the measurement of the collective net pension liability reported as of June 30, 2023.

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 3 - SCHEDULE OF CONTRIBUTIONS - CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

The District began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, in fiscal year 2015.

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Utilized:

- Actuarial cost method: Entry Age Actuarial Cost Method;
- Amortization method: Level dollar, closed;
- Remaining amortization period: 20 years;
- Asset valuation method: 5-year smoothed market
- Inflation: 2.50%;
- Salary increases: 3.50% to 10.00%, including inflation
- Investment rate of return: 7.00%, net of investment related expenses; and
- Mortality rates - For the period after retirement and for dependent beneficiaries, mortality rates were based on the RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees and the RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire. For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used.

NOTE 4 - SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY - CONNECTICUT TEACHERS' RETIREMENT SYSTEM

The District began to report this schedule when it implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, in fiscal year 2015. GASB Statement No. 68 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2022. The liabilities were estimated based on a measurement date of June 30, 2022. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. This information is utilized by the District for reporting as of June 30, 2023.

Benefit Changes - There were no benefit term changes that had a significant effect on the measurement of the collective net pension liability reported as of June 30, 2023.

Assumption Changes - There were no changes in assumptions that had a significant effect on the measurement of the collective net pension liability reported as of June 30, 2023.

REGIONAL SCHOOL DISTRICT NO. 4
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 5 - SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY - OTHER POST-EMPLOYMENT BENEFITS PLAN

The District began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years.

The District measures the total OPEB liability as of July 1 prior to the end of each fiscal year using the Entry Age Normal Method.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total OPEB liability reported as of June 30, 2023.

Assumption Changes - There were no changes in assumptions that had a significant effect on the measurement of the total OPEB liability reported as of June 30, 2023.

NOTE 6 - SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY - CONNECTICUT TEACHERS' RETIREMENT SYSTEM

The District began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2022. The liabilities were estimated based on a measurement date of June 30, 2022. The employer allocations were then applied to the net OPEB liability and OPEB expense to determine the amount applicable to each employer. This information is utilized by the Town for reporting as of June 30, 2023.

Benefit Changes - There were no benefit term changes that had a significant effect on the measurement of the collective net OPEB liability reported as of June 30, 2023.

Assumption Changes - The following assumption changes had a significant effect on the measurement of the collective net OPEB liability reported as of June 30, 2023.

- The discount rate was increased from 2.17% to 3.53% to reflect the change in the Municipal Bond Index rate.
- The 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.
- The expected rate of inflation was decreased and the Real Wage Growth assumption was increased.

COMBINING INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

REGIONAL SCHOOL DISTRICT NO. 4
GENERAL FUND - SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
				Over (Under)
REVENUES:				
Member Towns - Assessments:				
Chester	\$ 4,752,918	\$ 4,596,996	\$ 4,596,996	\$ -
Deep River	7,154,132	6,924,108	6,924,108	-
Essex	8,490,890	8,218,412	8,218,412	-
Debt Service - Town contributions	793,800	793,800	793,800	-
Total District Towns - assessments	<u>21,191,740</u>	<u>20,533,316</u>	<u>20,533,316</u>	<u>-</u>
Intergovernmental:				
Adult Education	12,179	12,179	13,710	1,531
Excess Cost Grant	474,220	474,220	304,018	(170,202)
Total Intergovernmental	<u>486,399</u>	<u>486,399</u>	<u>317,728</u>	<u>(168,671)</u>
Interest Income	<u>100</u>	<u>100</u>	<u>-</u>	<u>(100)</u>
Other	<u>7,000</u>	<u>7,000</u>	<u>50,258</u>	<u>43,258</u>
Total revenues	<u>21,685,239</u>	<u>21,026,815</u>	<u>20,901,302</u>	<u>(125,513)</u>
OTHER FINANCING SOURCES:				
Prior Year Surplus Refunded				
from Regional Supervision District	-	-	89,780	89,780
Use of prior year surplus	<u>-</u>	<u>876,536</u>	<u>-</u>	<u>(876,536)</u>
Total Other Financing Sources	<u>-</u>	<u>876,536</u>	<u>89,780</u>	<u>(786,756)</u>
Total revenues and other financing sources	<u>\$ 21,685,239</u>	<u>\$ 21,903,351</u>	<u>\$ 20,991,082</u>	<u>\$ (912,269)</u>

REGIONAL SCHOOL DISTRICT NO. 4
GENERAL FUND - SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
EXPENDITURES:				
Salaries:				
Administration	\$ 718,433	\$ 718,433	\$ 762,106	\$ 43,673
Department Coordinators	134,932	83,321	75,181	(8,140)
Teachers	6,465,092	6,516,703	6,204,935	(311,768)
Secretaries	410,572	410,572	401,261	(9,311)
Custodians	600,684	600,684	677,753	77,069
Food Service Salary	152,784	152,784	128,359	(24,425)
Nurses	113,029	113,029	131,458	18,429
Para-Educators	825,885	765,885	583,613	(182,272)
Substitute Teachers	144,000	144,000	143,984	(16)
Substitute Others	7,500	7,500	32,354	24,854
Coaches and Extra-curricular	428,789	428,789	489,695	60,906
Secretaries Overtime - Board Clerk Salary	1,000	1,000	400	(600)
Custodians Overtime	15,000	15,000	9,272	(5,728)
Sick Time Payouts	2,500	2,500	-	(2,500)
Cafeteria Overtime	2,000	2,000	28,013	26,013
Building Rental Reimbursements	-	-	8,744	8,744
Supervision District	1,242,017	1,242,017	1,242,017	-
Total salaries	11,264,217	11,204,217	10,919,145	(285,072)
Employee Benefits:				
Health Insurance	2,860,860	2,860,860	2,860,859	(1)
Life Insurance	12,200	12,200	17,025	4,825
MERF - Pension	238,705	238,705	239,033	328
FICA - Medicare	309,726	309,726	296,330	(13,396)
Unemployment Compensation	45,000	45,000	1,521	(43,479)
Workers' Compensation	78,200	78,200	95,958	17,758
Annuities	31,516	31,516	19,435	(12,081)
Supervision District	509,441	509,441	509,441	-
Total employee Benefits	4,085,648	4,085,648	4,039,602	(46,046)
Purchased Services:				
Purchased Services	4,900	4,900	6,898	1,998
Other Programs	55,174	55,174	29,831	(25,343)
Other Professional Services	194,713	194,713	111,652	(83,061)
Technical Services	147,140	147,140	240,256	93,116
Supervision District	178,315	178,315	178,315	-
Total Purchased Services	580,242	580,242	566,952	(13,290)
Purchased Property Services:				
Electricity	339,000	339,000	305,310	(33,690)
Snow Plowing	28,000	28,000	54,000	26,000
Repairs and Maintenance	452,285	452,285	398,052	(54,233)
Rentals	277,297	277,297	330,448	53,151
Supervision District	14,081	14,081	14,081	-
Total Purchased Property Services	1,110,663	1,110,663	1,101,891	(8,772)

(Continued)

REGIONAL SCHOOL DISTRICT NO. 4
GENERAL FUND - SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS (Concluded)
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
				Over (Under)
EXPENDITURES (Continued):				
Other Purchased Services:				
Transportation - Vocational Education	\$ 55,218	\$ 55,218	\$ 63,859	\$ 8,641
Transportation - Out-of-District	496,864	506,864	505,949	(915)
Transportation - Field Trips	12,200	12,200	43,805	31,605
Transportation - Athletics	90,865	90,865	99,802	8,937
Transportation - Late Bus	33,380	33,380	21,720	(11,660)
Insurance	112,000	112,000	97,029	(14,971)
Communications	12,500	12,500	19,056	6,556
Advertising	2,500	2,500	4,078	1,578
Tuition - Magnet & VoAg	45,424	45,424	30,403	(15,021)
Tuition - Out-of-District	1,553,476	1,603,476	1,595,568	(7,908)
Travel and Conferences	25,280	25,280	16,349	(8,931)
Supervision District	433,668	433,668	433,668	-
Total Other Purchased Services	<u>2,873,375</u>	<u>2,933,375</u>	<u>2,931,286</u>	<u>(2,089)</u>
Supplies:				
General Supplies	81,020	81,020	76,691	(4,329)
Instructional Supplies	290,804	289,554	295,145	5,591
Maintenance Supplies	54,500	54,500	65,189	10,689
Bottled Gas	750	750	168	(582)
Heating Fuel	192,404	192,404	182,662	(9,742)
Gasoline	1,340	1,340	807	(533)
Textbooks and Workbooks	60,745	61,995	57,448	(4,547)
Library and Professional Books	17,689	17,689	16,761	(928)
Supervision District	47,004	47,004	47,004	-
Total Supplies	<u>746,256</u>	<u>746,256</u>	<u>741,875</u>	<u>(4,381)</u>
Equipment	<u>75,309</u>	<u>75,309</u>	<u>73,690</u>	<u>(1,619)</u>
Other Objects:				
Dues and Fees	115,403	115,403	93,638	(21,765)
Supervision District	5,326	5,326	5,326	-
Total Other Objects	<u>120,729</u>	<u>120,729</u>	<u>98,964</u>	<u>(21,765)</u>
Debt Service:				
Principal	735,000	735,000	735,000	-
Interest	58,800	58,800	58,800	-
Total Debt Service	<u>793,800</u>	<u>793,800</u>	<u>793,800</u>	<u>-</u>
OTHER FINANCING USES:				
Transfers Out:				
Capital Nonrecurring Fund: Prior Year Surplus	-	218,112	218,112	-
Capital Nonrecurring Fund: Current Year Budget	35,000	35,000	35,000	-
Total Other Financing Uses	<u>35,000</u>	<u>253,112</u>	<u>253,112</u>	<u>-</u>
 Total expenditures and other financing uses	<u>\$ 21,685,239</u>	<u>\$ 21,903,351</u>	<u>\$ 21,520,317</u>	<u>\$ (383,034)</u>
				<i>(Concluded)</i>

REGIONAL SCHOOL DISTRICT NO. 4
SCHEDULE OF DEBT LIMITATION -
CONNECTICUT GENERAL STATUTES SECTION 7-374(b)
AS OF JUNE 30, 2023

	Total Member Towns - Assessments
	<u> </u>
Total cash collections for the year ended June 30, 2023:	<u>\$ 20,533,316</u>
	<u>District</u>
Debt limitation: 2-1/4 times base	<u>\$ 46,199,961</u>
Indebtedness:	
Bonds payable	<u>735,000</u>
Total indebtedness	<u>735,000</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 45,464,961</u>
Total capacity of borrowing (2-1/4 times base)	\$ 46,199,961
Total present indebtedness	<u>735,000</u>
Margin for additional borrowing	<u>\$ 45,464,961</u>

NONMAJOR GOVERNMENTAL FUNDS

REGIONAL SCHOOL DISTRICT NO. 4
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2023

	Nonmajor Special Revenue Funds				Nonmajor Capital Project Fund	
	School Cafeteria Fund	Scholarship Fund	Student Activities Fund	Total Nonmajor Special Revenue Funds	Capital and Nonrecurring Fund	Total Nonmajor Governmental Funds
ASSETS						
Cash	\$ 215,288	\$ -	\$ 339,636	\$ 554,924	\$ -	\$ 554,924
Receivables:						
Grants and contracts	63,625	-	-	63,625	48,000	111,625
Other	8,255	-	-	8,255	-	8,255
Due from other funds	-	8,388	-	8,388	216,515	224,903
Inventories	20,489	-	-	20,489	-	20,489
Total assets	<u>\$ 307,657</u>	<u>\$ 8,388</u>	<u>\$ 339,636</u>	<u>\$ 655,681</u>	<u>\$ 264,515</u>	<u>\$ 920,196</u>
LIABILITIES						
Accrued payroll and benefits	\$ 1,470	\$ -	\$ -	\$ 1,470	\$ -	\$ 1,470
Due to other funds	30,489	-	8,388	38,877	-	38,877
Total liabilities	<u>31,959</u>	<u>-</u>	<u>8,388</u>	<u>40,347</u>	<u>-</u>	<u>40,347</u>
FUND BALANCES						
Nonspendable	20,489	-	-	20,489	-	20,489
Restricted	255,209	8,388	331,248	594,845	264,515	859,360
Total fund balances	<u>275,698</u>	<u>8,388</u>	<u>331,248</u>	<u>615,334</u>	<u>264,515</u>	<u>879,849</u>
Total liabilities and fund balances	<u>\$ 307,657</u>	<u>\$ 8,388</u>	<u>\$ 339,636</u>	<u>\$ 655,681</u>	<u>\$ 264,515</u>	<u>\$ 920,196</u>

REGIONAL SCHOOL DISTRICT NO. 4
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Nonmajor Special Revenue Funds			Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
	School Cafeteria Fund	Scholarship Fund	Student Activities Fund	Capital and Nonrecurring Fund	
REVENUES					
Intergovernmental	\$ 389,948	\$ -	\$ -	\$ 48,000	\$ 437,948
Charges for goods and services	59,478	-	295,761	-	355,239
Other	17,921	20,500	3,500	-	41,921
Total revenues	<u>467,347</u>	<u>20,500</u>	<u>299,261</u>	<u>48,000</u>	<u>835,108</u>
EXPENDITURES					
Current:					
Instruction:					
General instruction	-	20,500	-	-	20,500
Support services:					
Support services - students	-	-	256,289	-	256,289
Food services	665,121	-	-	-	665,121
Total support services	665,121	-	256,289	-	921,410
Capital outlays	-	-	-	180,937	180,937
Total expenditures	<u>665,121</u>	<u>20,500</u>	<u>256,289</u>	<u>180,937</u>	<u>1,122,847</u>
Excess (deficiency) of revenues over expenditures	(197,774)	-	42,972	(132,937)	(287,739)
OTHER FINANCING SOURCES					
Transfers in	<u>317,077</u>	<u>-</u>	<u>-</u>	<u>253,112</u>	<u>570,189</u>
Net change in fund balances	119,303	-	42,972	120,175	282,450
Fund balances - beginning	<u>156,395</u>	<u>8,388</u>	<u>288,276</u>	<u>144,340</u>	<u>597,399</u>
Fund balances - ending	<u>\$ 275,698</u>	<u>\$ 8,388</u>	<u>\$ 331,248</u>	<u>\$ 264,515</u>	<u>\$ 879,849</u>