

AMITY REGIONAL SCHOOL DISTRICT NO. 5

FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2021**

AMITY REGIONAL SCHOOL DISTRICT NO. 5
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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Amity Regional School District No. 5
Woodbridge, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Amity Regional School District No. 5 (the "District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Amity Regional School District No. 5, as of June 30, 2021, 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.

Change in Accounting Principle

As disclosed in Note 1 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*, during the year ended June 30, 2021. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 and the information on pages 64 through 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

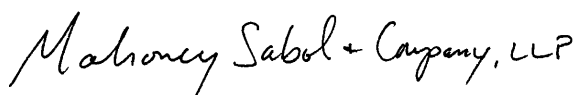
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules on pages 76 through 81 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 December 22, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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
December 22, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

AMITY REGIONAL SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

As management of Amity Regional School District No. 5 (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$77,437,851 (net position). Included in this amount is a deficit in unrestricted net position of \$2,587,460. This deficit is caused by long-term liabilities for pension and other post-employment benefits, which are being funded on an annual basis by the District based on actuarially determined contributions.
- The District's total net position for the year ended June 30, 2021 increased by \$3,315,893.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$6,873,333, an increase of \$4,349,685 in comparison with the prior year.
- The principal balance outstanding on the District's long-term bonded debt increased by \$2,905,000 or 14.5% from \$20,025,000 as of June 30, 2020 to \$22,930,000 as of June 30, 2021.
- As of June 30, 2021, the District has recorded a liability to return the current year budgetary General Fund surplus of \$2,836,112 to its member towns.

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 net position as the residual of these other amounts. 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.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Government-wide Financial Statements *(Continued)*

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 only 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 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 District does not have any business-type activities.

The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The 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 Reserve Fund for Capital and Nonrecurring, both of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for these nonmajor governmental funds is provided in the form of a combining statement elsewhere in this report.

The basic governmental fund financial statements can be found on pages 15 through 18 of this report.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Fund Financial Statements *(Continued)*

Proprietary Funds

The District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses an internal service fund to account for its risk management activities. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 19 through 21 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to the District's own programs. The accounting used for fiduciary funds is much like that used for the government-wide financial statements.

The basic fiduciary fund financial statements can be found on pages 22 and 23 of this report.

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 63 of this report.

Required Supplementary Information

The General Fund budgetary schedules and the schedules on the District's pension and other post-employment benefit plans can be found on pages 64 through 75 of this report.

Other Information

Combining and individual fund statements and schedules can be found on pages 76 through 81 of this report.

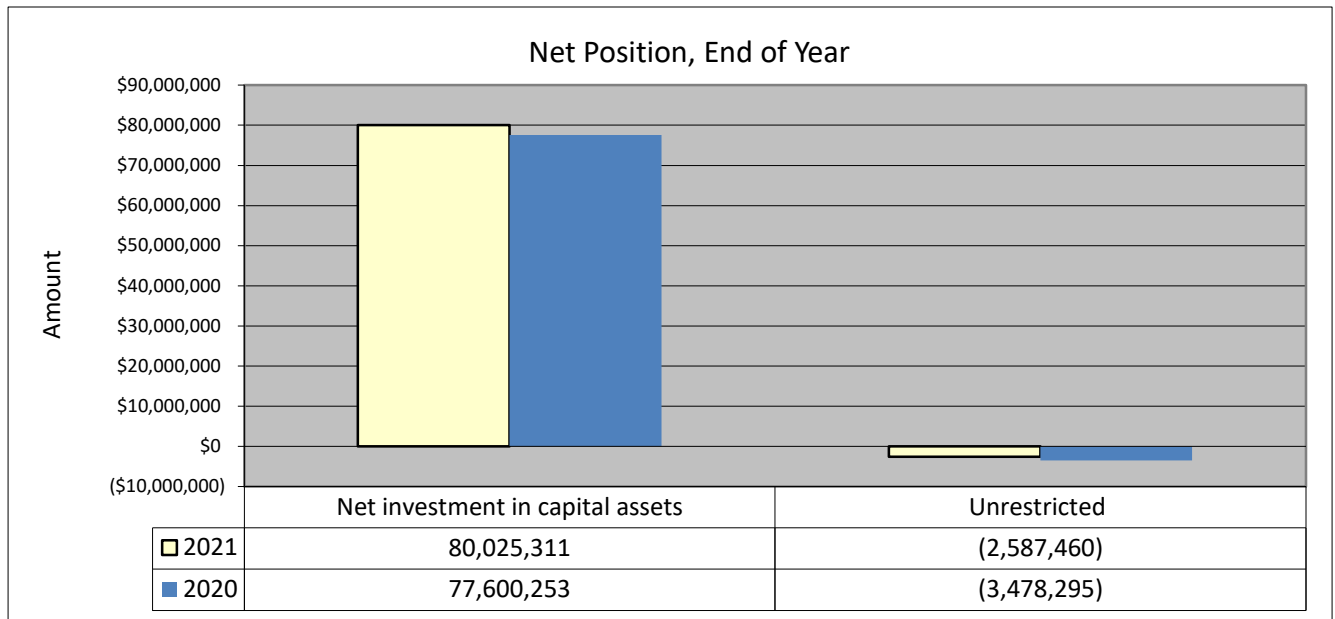
AMITY REGIONAL SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Over time, net position may serve as one measure of a government's financial position. The District's net position as of June 30, 2020 has been restated for the implementation of GASB Statement No. 84, *Fiduciary Activities*. The effect of implementing GASB Statement No. 84 resulted in an increase to the District's net position of \$597,342. The District's net position totaled \$77,437,851 as of June 30, 2021 and \$74,121,958, as restated, as of June 30, 2020 and are summarized as follows:

	2021	2020 (As Restated)	\$ Variance	% Variance
Current and other assets	\$ 13,080,022	\$ 8,053,862	\$ 5,026,160	62%
Capital assets, net	101,468,029	98,609,521	2,858,508	3%
Total assets	114,548,051	106,663,383	7,884,668	7%
Deferred outflows of resources	892,910	1,174,981	(282,071)	-24%
Long-term liabilities	28,277,629	27,568,257	709,372	3%
Other liabilities	5,206,731	4,520,798	685,933	15%
Total liabilities	33,484,360	32,089,055	1,395,305	4%
Deferred inflows of resources	4,518,750	1,627,351	2,891,399	178%
Net position:				
Net investment in capital assets	80,025,311	77,600,253	2,425,058	3%
Unrestricted	(2,587,460)	(3,478,295)	890,835	-26%
Total net position	\$ 77,437,851	\$ 74,121,958	\$ 3,315,893	4%



AMITY REGIONAL SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)

The District's net position primarily reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets 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.

Change in Net Position

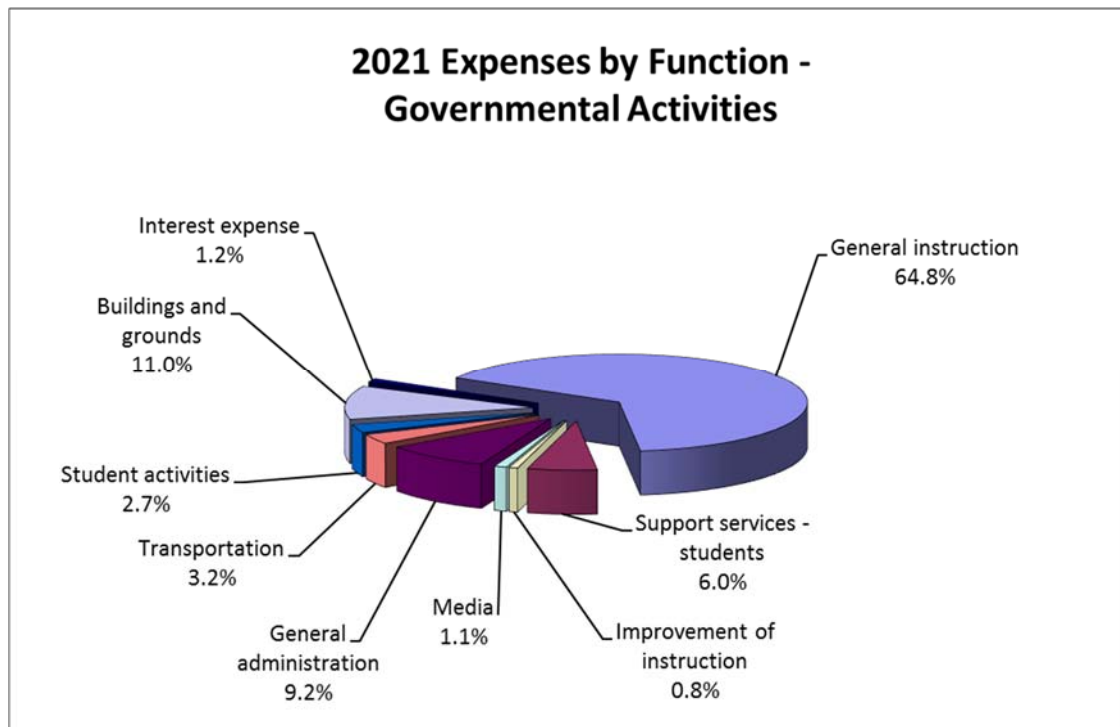
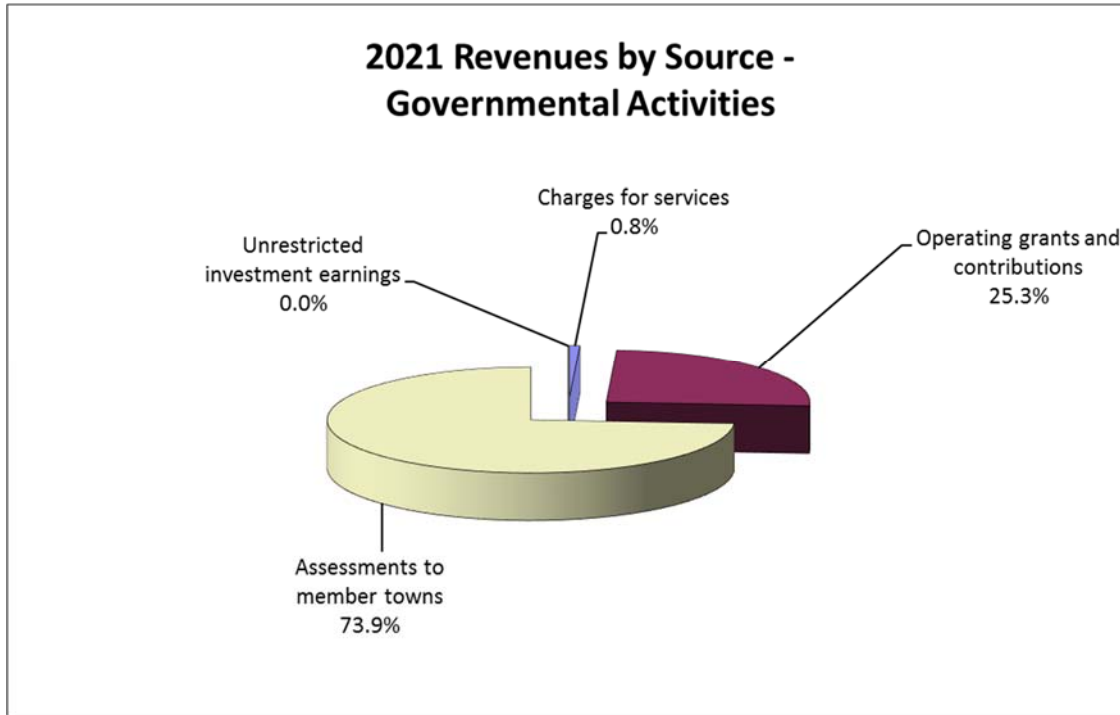
Changes in net position for the years ended June 30, 2021 and 2020 are as follows. Amounts reported for the year ended June 30, 2020 have not been restated for the implementation of GASB Statement No. 84, *Fiduciary Activities*.

	<u>2021</u>	<u>2020</u>	<u>\$ Variance</u>	<u>% Variance</u>
Revenues				
Program revenues:				
Charges for services	\$ 521,276	\$ 863,039	\$ (341,763)	-39.6%
Operating grants and contributions	16,075,809	10,892,136	5,183,673	47.6%
General revenues:				
Assessments to member towns	46,924,677	46,641,731	282,946	0.6%
Unrestricted investment earnings	3,493	52,292	(48,799)	-93.3%
Total revenues	<u>63,525,255</u>	<u>58,449,198</u>	<u>5,076,057</u>	8.7%
Program expenses:				
General instruction	39,062,514	34,876,435	4,186,079	12.0%
Support services - students	3,585,944	3,867,521	(281,577)	-7.3%
Improvement of instruction	455,897	514,405	(58,508)	-11.4%
Media	643,561	645,595	(2,034)	-0.3%
General administration	5,515,843	5,621,460	(105,617)	-1.9%
Transportation	1,954,571	1,752,876	201,695	11.5%
Student activities	1,645,695	1,474,242	171,453	11.6%
Buildings and grounds	6,647,457	5,620,106	1,027,351	18.3%
Interest expense	697,880	615,610	82,270	13.4%
Total expenses	<u>60,209,362</u>	<u>54,988,250</u>	<u>5,221,112</u>	9.5%
Change in net position	<u>\$ 3,315,893</u>	<u>\$ 3,460,948</u>	<u>\$ (145,055)</u>	-4.2%

AMITY REGIONAL SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Change in Net Position *(Continued)*



AMITY REGIONAL SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Change in Net Position *(Continued)*

The change in net position for the current fiscal year was an increase of \$3,315,893 over the prior year. Revenues increased by \$5,076,057 or 8.7% and expenses increased by \$5,221,112 or 9.5%.

Operating grants and general instruction expenses increased by \$4,331,400 from the prior year due to an increase in the amount of on-behalf pension and OPEB expenses recognized by District in connection with its participation in the State of Connecticut Teachers' Retirement System.

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 inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, committed and assigned 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 close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$6,873,333, an increase in fund balance of \$4,349,685 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 \$555,815, which consists of amounts encumbered for specific purposes.

The overall fund balance of the General Fund decreased by \$415,686 during the current year.

Reserve for Capital and Nonrecurring Fund

The Reserve for Capital and Nonrecurring Fund has a fund balance of \$5,370,857 as of June 30, 2021. This represents an increase in fund balance of \$4,723,351 compared to the prior year. This increase was driven by the issuance of general obligation bonds in the amount of \$6,570,000, the proceeds of which are being used to fund authorized capital projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's original budget did not contemplate the use of fund balance and there were no additional appropriations authorized during the fiscal year. Transfers between budget line items occurred throughout the year with the Board of Education's approval. Overall, there was no change in the District's budgetary fund balance as any budgetary surplus is returned to the District's member towns. Nonmember revenues were \$236,148 higher than anticipated primarily due to the special education grant from the State of Connecticut. Expenditures were \$2,755,444 lower than anticipated due to increased budgetary monitoring and favorable experience on the cost of health insurance.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

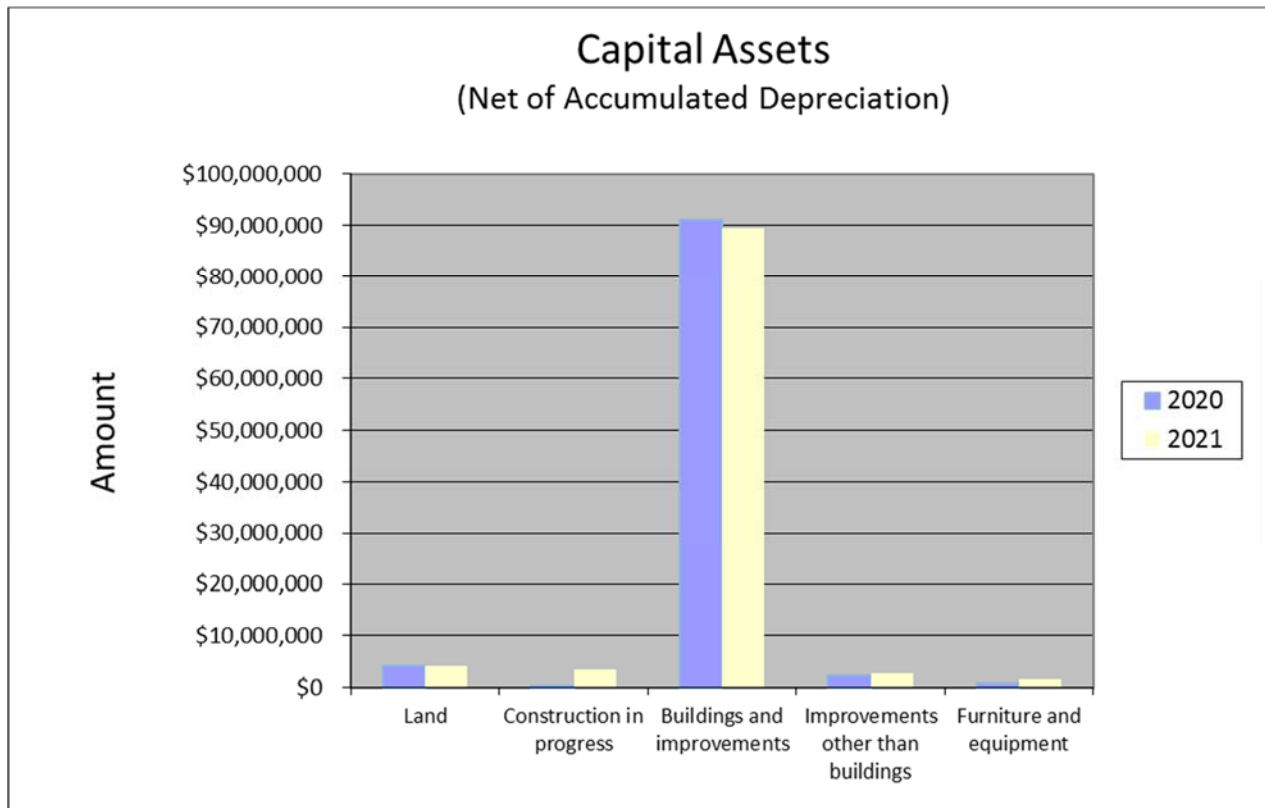
CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2021 totaled \$101,468,029 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, improvements other than buildings, and furniture and equipment. The net increase in the District's investment in capital assets for the current fiscal year was \$2,858,508 or 2.9%. This was primarily due depreciation expense of \$2,040,611, offset by capital additions of \$4,901,620.

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

	2021	2020	\$ Variance	% Variance
Land	\$ 4,186,566	\$ 4,186,566	\$ -	0.0%
Construction in progress	3,434,033	377,750	3,056,283	809.1%
Buildings and improvements	89,436,996	91,001,283	(1,564,287)	-1.7%
Improvements other than buildings	2,768,840	2,249,177	519,663	23.1%
Furniture and equipment	1,641,594	794,745	846,849	106.6%
Totals	<u>\$ 101,468,029</u>	<u>\$ 98,609,521</u>	<u>\$ 2,858,508</u>	2.9%



AMITY REGIONAL SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

Additional information on the District's capital assets can be found in Note 4 of this report.

Long-term Debt

Direct Placements

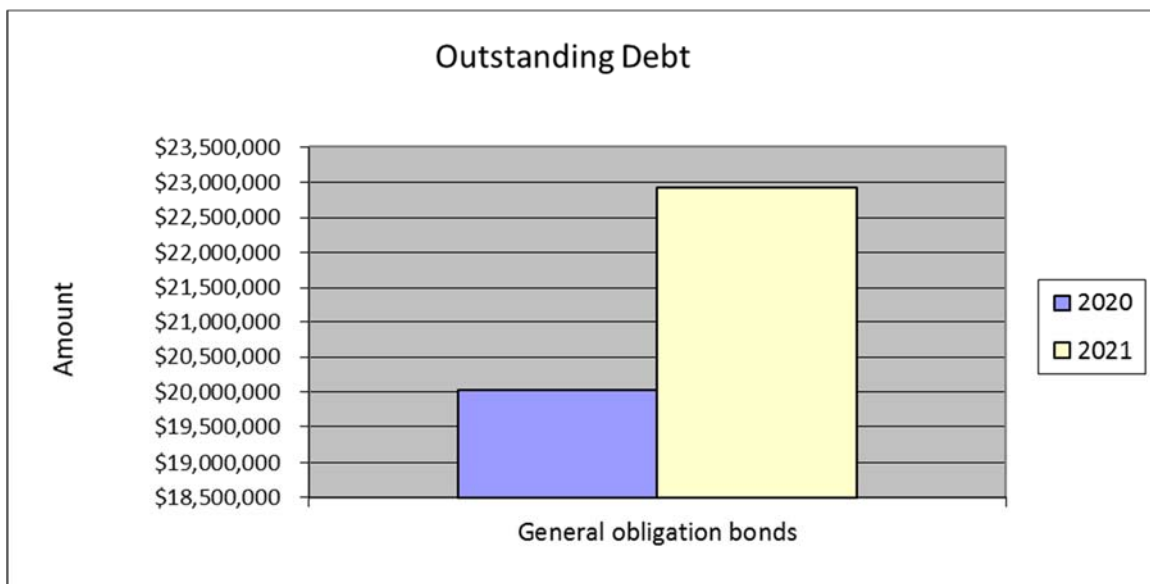
At the end of the current fiscal year, the District had total bonded debt outstanding of \$22,930,000, all of which is backed by the full faith and credit of the District and its member towns of Bethany, Orange and Woodbridge. Total long-term debt increased by \$2,905,000 or 14.5% due to the issuance of \$6,570,000 in general obligation bonds, offset by regularly scheduled debt service repayments.

The District maintains an "AA+" and an "Aa1" rating from Fitch Ratings and Moody's Investor Service, respectively, for general obligation debt.

State statutes limit the amount of general obligation debt the District may issue to four and a half times its annual receipts from member towns, as defined by the statutes. 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:

	2021	2020	\$ Variance	% Variance
General obligation bonds	<u>\$ 22,930,000</u>	<u>\$ 20,025,000</u>	<u>\$ 2,905,000</u>	14.5%



Additional information on the District's long-term debt can be found in Note 8 of this report.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

A summary of key economic factors affecting the District are as follows:

- The District receives a significant amount of revenue from federal and state grants. Any loss or significant reduction in these grants could have an impact on the District's budget and program services.
- The District's healthcare plan is self-insured. Budgeted contributions from the General Fund into the Internal Service Fund are based on historical claims experience, but actual contributions may fluctuate significantly based on actual claims incurred. The District experienced a favorable claims year during fiscal year 2021.

All of these factors were considered in preparing the District's budget for fiscal year 2022. The District's fiscal year 2022 General Fund budget was approved on May 6, 2021. The fiscal year 2022 budget contemplates expenditures of \$51,698,207, an increase of \$913,698 or 1.8% over the fiscal year 2021 budgeted 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 Superintendent, 25 Newtown Road, Woodbridge, CT 06525.

BASIC FINANCIAL STATEMENTS

AMITY REGIONAL SCHOOL DISTRICT NO. 5

STATEMENT OF NET POSITION

AS OF JUNE 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 12,485,266
Receivables:	
Grants and contracts	73,082
Other	29,601
Inventories	41,595
Net sick and severance asset	450,478
Capital assets:	
Non-depreciable	7,620,599
Depreciable, net	93,847,430
Total assets	<u>114,548,051</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refundings	261,273
Pension related	245,938
OPEB related	385,699
Total deferred outflows of resources	<u>892,910</u>
LIABILITIES	
Accounts payable	1,360,097
Accrued liabilities	290,463
Accrued interest	351,303
Unearned revenue	153,030
Claims payable	215,726
Due to member towns	2,836,112
Noncurrent liabilities:	
Due within one year	4,611,839
Due in more than one year	23,665,790
Total liabilities	<u>33,484,360</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related	2,472,465
OPEB related	2,046,285
Total deferred inflows of resources	<u>4,518,750</u>
NET POSITION	
Net investment in capital assets	80,025,311
Unrestricted deficit	(2,587,460)
Total net position	<u>\$ 77,437,851</u>

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position- Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Instruction:					
General instruction	\$ 39,062,514	\$ 135,806	\$ 15,113,819	\$ -	\$ (23,812,889)
Total instruction	<u>39,062,514</u>	<u>135,806</u>	<u>15,113,819</u>	<u>-</u>	<u>(23,812,889)</u>
Support services:					
Support services - students	3,585,944	11,035	622,838	-	(2,952,071)
Improvement of instruction	455,897	-	63,257	-	(392,640)
Media	643,561	-	-	-	(643,561)
General administration	5,515,843	79,810	-	-	(5,436,033)
Transportation	1,954,571	-	101,225	-	(1,853,346)
Student activities	1,645,695	269,555	41,467	-	(1,334,673)
Buildings and grounds	6,647,457	25,070	133,203	-	(6,489,184)
Total support services	<u>20,448,968</u>	<u>385,470</u>	<u>961,990</u>	<u>-</u>	<u>(19,101,508)</u>
Interest expense	697,880	-	-	-	(697,880)
	<u>\$ 60,209,362</u>	<u>\$ 521,276</u>	<u>\$ 16,075,809</u>	<u>\$ -</u>	<u>(43,612,277)</u>
General revenues:					
Assessments to member towns					46,924,677
Unrestricted investment earnings					<u>3,493</u>
Total general revenues					<u>46,928,170</u>
Change in net position					3,315,893
Net position - beginning, as originally reported					73,524,616
Cumulative effect of implementing new accounting standard (see Note 1)					<u>597,342</u>
Net position - beginning					<u>74,121,958</u>
Net position - ending					<u>\$ 77,437,851</u>

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5

BALANCE SHEET -
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2021

	General Fund	Reserve Fund for Capital and Nonrecurring	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 4,790,565	\$ 5,289,176	\$ 1,239,345	\$ 11,319,086
Receivables:				
Grants and contracts	-	-	73,082	73,082
Other	29,601	-	-	29,601
Due from other funds	58,439	507,844	-	566,283
Inventories	-	-	41,595	41,595
Total assets	<u>\$ 4,878,605</u>	<u>\$ 5,797,020</u>	<u>\$ 1,354,022</u>	<u>\$ 12,029,647</u>
LIABILITIES				
Accounts payable	\$ 688,370	\$ 426,163	\$ 245,564	\$ 1,360,097
Accrued liabilities	290,463	-	-	290,463
Due to member towns	2,836,112	-	-	2,836,112
Due to other funds	507,845	-	58,438	566,283
Unearned revenue	-	-	103,359	103,359
Total liabilities	<u>4,322,790</u>	<u>426,163</u>	<u>407,361</u>	<u>5,156,314</u>
FUND BALANCES				
Nonspendable	-	-	41,595	41,595
Restricted	-	4,043,170	-	4,043,170
Committed	-	1,327,687	905,066	2,232,753
Assigned	555,815	-	-	555,815
Total fund balances	<u>555,815</u>	<u>5,370,857</u>	<u>946,661</u>	<u>6,873,333</u>
Total liabilities and fund balances	<u>\$ 4,878,605</u>	<u>\$ 5,797,020</u>	<u>\$ 1,354,022</u>	<u>\$ 12,029,647</u>

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

Total fund balances for governmental funds \$ 6,873,333

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	\$ 4,186,566	
Construction in progress	3,434,033	
Buildings and improvements	114,672,345	
Improvements other than buildings	3,253,463	
Furniture and equipment	2,715,864	
Less: accumulated depreciation and amortization	<u>(26,794,242)</u>	
Total capital assets, net		101,468,029

The net sick and severance asset is not recognized in the governmental funds. The net sick and severance asset results from the difference between the plan's fiduciary net position and the portion of the present value of projected benefit payments to be provided through the sick and severance plan. 450,478

Deferred inflows and outflows of resources resulting from changes in the components of the net pension and OPEB liabilities are reported in the statement of net position. (3,887,113)

Long-term liabilities applicable to the 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 payable	(351,303)	
Long-term debt:		
Bonds payable	(22,930,000)	
Unamortized bond premiums	(1,924,216)	
Deferred charges on refundings	261,273	
Capital lease obligations	(892,945)	
Other long-term liabilities:		
Net OPEB liability	(1,096,999)	
Net pension liability	(1,379,005)	
Vacation accrual payable	<u>(54,464)</u>	
Total long-term liabilities		(28,367,659)

An internal service fund is used to charge the cost of risk management activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 900,783

Net position of governmental activities \$ 77,437,851

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Reserve Fund for Capital and Nonrecurring	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Assessments to member towns	\$ 46,924,677	\$ -	\$ -	\$ 46,924,677
Intergovernmental	6,977,618	-	1,507,542	8,485,160
Charges for services	132,810	-	369,885	502,695
Interest income	3,338	-	155	3,493
Other	18,581	-	41,467	60,048
Total revenues	<u>54,057,024</u>	<u>-</u>	<u>1,919,049</u>	<u>55,976,073</u>
EXPENDITURES				
Current:				
General instruction	27,638,033	-	561,786	28,199,819
Support services:				
Support services - student	2,485,099	-	758,144	3,243,243
Improvement of instruction	378,086	-	24,473	402,559
Media	549,001	-	-	549,001
General administration	4,821,536	-	21,114	4,842,650
Transportation	1,872,846	-	81,725	1,954,571
Employee benefits	4,950,267	-	38,784	4,989,051
Student activities	1,189,733	-	307,240	1,496,973
Buildings and grounds	4,551,673	-	133,203	4,684,876
Capital outlays	1,756,499	3,321,809	-	5,078,308
Debt service:				
Principal payments	4,065,914	-	57,000	4,122,914
Interest and fiscal charges	791,330	54,962	-	846,292
Total expenditures	<u>55,050,017</u>	<u>3,376,771</u>	<u>1,983,469</u>	<u>60,410,257</u>
Excess (deficiency) of revenues over expenditures	(992,993)	(3,376,771)	(64,420)	(4,434,184)
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	6,570,000	-	6,570,000
Premium on bonds issued	-	1,022,278	-	1,022,278
Leases (as lessee)	1,191,591	-	-	1,191,591
Transfers in	-	507,844	128,368	636,212
Transfers out	(614,284)	-	(21,928)	(636,212)
Total other financing sources (uses)	<u>577,307</u>	<u>8,100,122</u>	<u>106,440</u>	<u>8,783,869</u>
Net changes in fund balances	(415,686)	4,723,351	42,020	4,349,685
Fund balances - beginning, as originally reported	971,501	647,506	307,299	1,926,306
Adjustments (see Note 1)	-	-	597,342	597,342
Fund balances - beginning, as adjusted	<u>971,501</u>	<u>647,506</u>	<u>904,641</u>	<u>2,523,648</u>
Fund balances - ending	<u>\$ 555,815</u>	<u>\$ 5,370,857</u>	<u>\$ 946,661</u>	<u>\$ 6,873,333</u>

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances for governmental funds \$ 4,349,685

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 capital outlays exceeded depreciation and amortization in the current period is as follows:

Expenditures for capital assets	\$ 4,901,620	
Depreciation and amortization expense	<u>(2,040,611)</u>	
Net adjustment		2,861,009

The statement of activities reports losses arising from the disposal of existing capital assets. Conversely, governmental funds do not report any gain or loss on disposal of capital assets. This amount represents the loss on disposal of capital assets. (2,501)

Deferred outflows and inflows of resources resulting from changes in the components of the net pension and OPEB liabilities are amortized as a component of expense in the statement of activities. (3,124,083)

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. The effect of these differences in the treatment of long-term debt and related items is as follows:

Debt issued or incurred:		
Bonds	(6,570,000)	
Premium on bonds	(1,022,278)	
Capital lease financing	(1,191,591)	
Principal repayments:		
Bonds	3,665,000	
Capital leases	<u>457,914</u>	
Net adjustment		(4,660,955)

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. 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 such items is as follows:

Accrued interest	(54,965)	
Amortization of deferred charges on refundings	(49,387)	
Amortization of bond premiums	252,764	
Net OPEB liability	1,064,068	
Net pension liability	2,623,711	
Net sick and severance asset	252,915	
Vacation accrual payable	<u>11,040</u>	
Net adjustment		4,100,146

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of a certain internal service fund is reported with governmental activities. (207,408)

Change in net position of governmental activities \$ 3,315,893

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5**STATEMENT OF NET POSITION -****PROPRIETARY FUND****AS OF JUNE 30, 2021**

	Governmental Activities Internal Service Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,166,180
Total assets	<u>1,166,180</u>
LIABILITIES	
Current liabilities:	
Claims payable	215,726
Unearned revenue	49,671
Total liabilities	<u>265,397</u>
NET POSITION	
Unrestricted	900,783
Total net position	<u>\$ 900,783</u>

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Activities Internal Service Fund
OPERATING REVENUES	
Charges for services	\$ 4,027,970
Total operating revenues	<u>4,027,970</u>
OPERATING EXPENSES	
Claims incurred	3,566,503
Administrative and other	668,875
Total operating expenses	<u>4,235,378</u>
Change in net position	(207,408)
Net position - beginning	<u>1,108,191</u>
Net position - ending	<u><u>\$ 900,783</u></u>

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5

STATEMENT OF CASH FLOWS -

PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from employer and plan participants	\$ 4,587,985
Cash payments for claims incurred	(3,571,128)
Cash payments to contractors for administration	(668,875)
Net cash provided by operating activities	<u>347,982</u>
Net increase in cash and cash equivalents	347,982
Cash and cash equivalents, beginning of year	<u>818,198</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,166,180</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (207,408)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Decrease in accounts payable	(4,625)
Increase in unearned revenue	920
Change in due from other funds	559,095
Net cash used in operating activities	<u><u>\$ 347,982</u></u>

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
AS OF JUNE 30, 2021

	Pension, Other Post-Employment Benefit and Sick & Severance Trust Funds
ASSETS	
Cash and cash equivalents	\$ 402,213
Investments - mutual funds	<u>21,183,409</u>
Total assets	<u>21,585,622</u>
LIABILITIES	
Accounts payable	<u>21,372</u>
Total liabilities	<u>21,372</u>
NET POSITION	
Restricted for pension benefits, other post-employment benefits and other purposes	<u><u>\$ 21,564,250</u></u>

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Pension, Other Post-Employment Benefit and Sick & Severance Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 821,912
Employee	88,848
Other	57,416
Total contributions	<u>968,176</u>
Investment earnings:	
Interest and dividends	373,151
Net change in the fair value of investments	4,304,268
	<u>4,677,419</u>
Less investment fees	<u>(15,991)</u>
Total investment earnings	<u>4,661,428</u>
Total additions	<u>5,629,604</u>
DEDUCTIONS	
Benefit payments	<u>972,558</u>
Total deductions	<u>972,558</u>
Change in net position	4,657,046
Net position - beginning	<u>16,907,204</u>
Net position - ending	<u><u>\$ 21,564,250</u></u>

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Amity Regional School District No. 5 (the "District") conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

Financial Reporting Entity

History and Organization

The District was formed in 1953 for the purpose of providing secondary school education to the residents of the towns of Orange, Woodbridge and Bethany, Connecticut. It consists of one senior high school and two middle schools.

The District is governed by a Regional Board of Education consisting of thirteen members selected by the three towns it serves. The members of the Board serve for four-year terms. In addition, the District has a Superintendent of Schools and a Director of Finance and Administration, hired by the Board of Education, who manage the day-to-day affairs of the District.

The District's operating and debt service expenses are paid by the member towns in proportion to the number of attending pupils. The approximate current year (fiscal 2020 - 2021) assessment percentages are: Bethany 18.1%, Orange 50.2% and Woodbridge 31.7%.

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.

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, except for fiduciary activities. 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 District has no business-type activities.

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. 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 member towns and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary - 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 governmental funds.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

Fund Financial Statements (Continued)

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 and reported in another fund.

Reserve Fund for Capital and Nonrecurring - This fund accounts for financial resources used for the financing of the planning, construction, reconstruction or acquisition of any specific capital improvement or the acquisition of specific equipment.

In addition, the District reports the following fund types:

Internal Service Fund (proprietary) - This fund accounts for self-insurance activities that provide goods or services to other funds or departments of the District on a cost-reimbursement basis. The District utilizes this fund to account for risk management activities relating to health insurance.

Pension Trust Fund - This fund is used to account for the activities of the Amity Regional School District No. 5 Pension Plan, which accumulates resources for pension benefit payments to qualified employees.

Other Post-Employment Benefits Trust Fund - This fund is used to account for the accumulation of resources to pay retiree medical benefits.

Sick and Severance Trust Fund - This fund is used to account for the accumulation of resources to pay sick and severance benefits to eligible employees.

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 transactions or events for recognition in the financial statements.

The government-wide 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 assessed. 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 as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Measurement Focus and Basis of Accounting *(Continued)*

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

Revenues from member towns, grants and contracts, and interest associated with the current 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 received during the period or within the availability period for this revenue source (within 60 days of yearend). 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 received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when the cash is received.

Proprietary, pension and other post-employment benefit trusts, and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting.

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

Implementation of Accounting Standards

Effective July 1, 2020, the District implemented the provisions of GASB Statement No. 84, *Fiduciary Activities* ("Statement No. 84"). The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Based on the application of Statement No. 84, the District has recharacterized certain activities previously reported as fiduciary activities. The District has reported the cumulative effect of applying Statement No. 84 as a restatement of its beginning net position and fund balances as follows:

	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Net Position/Fund balance - beginning, as originally reported	\$ 73,524,616	\$ 1,926,306
Recharacterization of certain activities previously reported as fiduciary activities	<u>597,342</u>	<u>597,342</u>
Net Position/Fund balance - beginning, as adjusted	<u><u>\$ 74,121,958</u></u>	<u><u>\$ 2,523,648</u></u>

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

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

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.

Investments

Investments are measured by the District at fair value (generally based on quoted market prices), except for investments in certain external investments pools as described below.

Investments in external investment pools consist of money market mutual funds and the Short-Term Investment Fund (STIF), which is managed by the State of Connecticut Treasurer's Office. Investments in these types of funds, which are permitted to measure their investment holdings at amortized costs, are measured by the District at the net asset value per share as determined by the pool.

Inventories

Inventories are reported at cost using the first-in first-out (FIFO) method, except for USDA donated commodities, which are recorded at market value. Inventories are recorded as expenditures when consumed rather than when purchased.

Capital Assets

Capital assets, which include land, buildings and improvements, improvements other than buildings and furniture and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

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

Capital Assets *(Continued)*

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

Assets	Years
Buildings and improvements	20 - 75
Improvements other than building	10 - 20
Furniture and equipment	5 - 40

Unearned Revenue

Unearned revenue 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 position that applies to a future period(s) and so will not be recognized as an outflow or inflow 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 life of the related bonds. 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 or OPEB expense on a systematic and rational basis.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the related bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, bond 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.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

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

Compensated Absences

Certain employees are granted vacation and sick leave based upon length of employment. A maximum of five days vacation may be carried over only with the approval of the Superintendent. Sick days can also be accumulated up to certain limits and are payable upon death, retirement or termination using a prescribed formula.

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.

Net Position/Fund Balance

The government-wide statement of net position presents the District's non-fiduciary assets, liabilities and deferred outflows and inflows of resources, with net position as the residual of these elements. Net position is reported in three categories:

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 capital assets.

Restricted net position - This component of net position consists of amounts restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

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

The District's governmental funds report the following fund balance categories:

Nonspendable - Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

Restricted - Constraints are placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through enabling legislation.

Committed - Amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education (the highest level of decision making authority of the District) and cannot be used for any other purpose unless the District removes or changes the specified use by taking the same formal action.

Assigned - Amounts are constrained by the District's intent to be used for specific purposes, but are not restricted or 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 and Director of Finance and Administration.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

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

Net Position/Fund Balance *(Continued)*

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.

Net Position Flow Assumption

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.

In accordance with the District's policy, the District considers restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

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.

In accordance with the District's policy, the District uses restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned.

Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables

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

Interfund Services Provided and Used

Sales and purchases of goods and services between funds for a price approximating their external exchange value are reported as revenues and expenditures, or expenses, in the applicable funds.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Activities (Continued)

Interfund Transfers

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In the governmental fund financial statements, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers.

Interfund Reimbursements

Interfund reimbursements represent repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

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.

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

Cash Deposits – 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 the possession of an outside party. The District limits its exposure to custodial credit risk through a formal written policy that requires, among other things, that the District monitor the financial condition of its financial institutions on a quarterly basis.

As of June 30, 2021, \$9,477,008 of the District's bank balance of \$9,727,008 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 8,529,307
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the District's name	<u>947,701</u>
	<u><u>\$ 9,477,008</u></u>

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)

Cash Deposits – Custodial Credit Risk (Continued)

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.

A reconciliation of the District's cash deposits as of June 30, 2021 is as follows:

Government-wide statement of net position:

Cash and cash equivalents	\$ 12,485,266
Less: cash equivalents considered investments for disclosure purposes	<u>(3,061,372)</u>
	9,423,894

Statement of fiduciary net position:

Cash and cash equivalents	402,213
Less: cash equivalents considered investments for disclosure purposes	<u>(557,745)</u>
	<u>(155,532)</u>
	<u>\$ 9,268,362</u>

Investments

A reconciliation of the District's investments as of June 30, 2021 is as follows:

Government-wide statement of net position:

Investments	\$ -
Add: cash equivalents considered investments for disclosure purposes	<u>3,061,372</u>
	3,061,372

Statement of fiduciary net position:

Investments	21,183,409
Add: cash equivalents considered investments for disclosure purposes	<u>557,745</u>
	<u>21,741,154</u>
	<u>\$ 24,802,526</u>

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 - CASH DEPOSITS AND INVESTMENTS *(Continued)*

Investments *(Continued)*

As of June 30, 2021, the District's investments consisted of the following:

Investment type	Valuation Basis	Credit Rating	Value	Investment Maturities (In Years) Less Than 1
Debt Securities:				
<i>Government-wide statement of net position:</i>				
Short-term Investment Fund (STIF)	Net asset value	AAA	\$ 3,061,372	\$ 3,061,372
<i>Statement of fiduciary net position:</i>				
Short-term Investment Fund (STIF)	Net asset value	AAA	155,532	155,532
Money market mutual funds	Net asset value	Unrated	402,213	402,213
			<u>3,619,117</u>	<u>\$ 3,619,117</u>
Other investments:				
<i>Statement of fiduciary net position:</i>				
Mutual funds	Fair Value		21,183,409	
Total			<u>\$ 24,802,526</u>	

Because investments in the Short-term Investment Fund and the money market mutual funds have weighted average maturities of less than 90 days, they have been presented as investments with maturities of less than one year.

Interest Rate Risk

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

Credit Risk

Connecticut state statutes permit the District to invest in: (1) obligations of the United States, including its instrumentalities and agencies; (2) in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; (3) in shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations; (4) or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of pension funds do not specify permitted investments. Therefore, the investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments are not exposed to custodial credit risk because they are either not evidenced by securities that exist in physical or book entry form or they are held by a reputable custodian in the name of the District.

Concentrations of Credit Risk

The District places no limit on the amount of investment in any one issuer. As of June 30, 2021, 100% of the District's governmental activities investments were invested in the Short-term Investment Fund.

Pension trust fund investments may be invested in fixed income, equities and cash. The target asset allocation is 35% fixed income and 65% equities. There are also minimum and maximum target levels defined. Investment managers are employed to manage the assets allocated to them. The Board of Education, as trustee of the pension plan, is responsible for overall investment policy. Any change in investment manager or individual security purchase must have their approval.

The Other Post-Employment Benefits Trust Fund (OPEB) investments may be invested in fixed income, equities and cash. The target asset allocation is 40% fixed income and 60% equities. There are also minimum and maximum target levels defined. Professional money managers are employed to manage the assets allocated to them. The Board of Education, as trustee of the OPEB trust, is responsible for overall investment policy. Any change in investment manager or individual security purchase must have their approval.

The Sick and Severance Benefits Trust Fund may be invested in fixed income, equities and cash. The target asset allocation is 50% fixed income and 50% equities. There are also minimum and maximum target levels defined. Professional money managers are employed to manage the assets allocated to them. The Board of Education, as trustee of the sick and severance trust, is responsible for overall investment policy. Any change in investment manager or individual security purchase must have their approval.

NOTE 3 - FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs). The District classifies its assets and liabilities measured at fair value into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which market inputs are observable, either directly or indirectly, and Level 3 (securities valued based on unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 - FAIR VALUE MEASUREMENTS *(Continued)*

The District's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2021, by level within the fair value hierarchy are presented in the table below.

Financial Assets Measured at Fair Value	Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 21,183,409	\$ -	\$ -

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 consisted of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 4,186,566	\$ -	\$ -	\$ -	\$ 4,186,566
Construction in progress	377,750	3,697,797	-	(641,514)	3,434,033
Total capital assets, not being depreciated	4,564,316	3,697,797	-	(641,514)	7,620,599
Capital assets, being depreciated:					
Buildings and improvements	114,672,345	-	-	-	114,672,345
Improvements other than buildings	2,611,949	-	-	641,514	3,253,463
Furniture and equipment	1,526,005	1,203,823	13,964	-	2,715,864
Total capital assets, being depreciated	118,810,299	1,203,823	13,964	641,514	120,641,672
Less accumulated depreciation and amortization for:					
Buildings and improvements	23,671,062	1,564,287	-	-	25,235,349
Improvements other than buildings	362,772	121,851	-	-	484,623
Furniture and equipment	731,260	354,473	11,463	-	1,074,270
Total accumulated depreciation and amortization	24,765,094	2,040,611	11,463	-	26,794,242
Total capital assets, being depreciated, net	94,045,205	(836,788)	2,501	641,514	93,847,430
Governmental activities capital assets, net	\$ 98,609,521	\$ 2,861,009	\$ 2,501	\$ -	\$ 101,468,029

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

Governmental Activities:	
General instruction	\$ 322,300
Support services:	
Support services - students	33,226
General administration	341
Buildings and grounds	1,684,745
Total depreciation and amortization expense	\$ 2,040,611

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2021 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	Other Governmental Funds	\$ 58,438
Reserve for Capital and Nonrecurring Fund	General Fund	507,844
		<u>\$ 566,282</u>

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

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2021 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
Reserve for Capital and Nonrecurring Fund	General Fund	\$ 507,844
Other Governmental Funds	General Fund	106,440
	Other Governmental Funds	21,928
		<u>128,368</u>
		<u>\$ 636,212</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 7 - FUND BALANCE

The various components of fund balance as of June 30, 2021 are as follows:

	<u>General Fund</u>	<u>Reserve Fund for Capital and Nonrecurring</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:				
Inventories	\$ -	\$ -	\$ 41,595	\$ 41,595
Restricted for:				
Capital purposes	-	4,043,170	-	4,043,170
Committed to:				
Capital purposes	-	1,327,687	-	1,327,687
Cafeteria operations	-	-	81,326	81,326
Educational purposes	-	-	222,461	222,461
Scholarships	-	-	217,479	217,479
Student Activities	-	-	383,800	383,800
Assigned to:				
Encumbrances:				
General instruction	73,067	-	-	73,067
Support services - student	14,712	-	-	14,712
Improvement of instruction	6,475	-	-	6,475
Media	292	-	-	292
General administration	11,769	-	-	11,769
Transportation	-	-	-	-
Employee benefits	3,149	-	-	3,149
Student activities	24,242	-	-	24,242
Buildings and grounds	328,474	-	-	328,474
Capital outlays	93,635	-	-	93,635
	<u>\$ 555,815</u>	<u>\$ 5,370,857</u>	<u>\$ 946,661</u>	<u>\$ 6,873,333</u>

NOTE 8 - LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2021, were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Direct Placements:					
General obligation bonds	\$ 20,025,000	\$ 6,570,000	\$ 3,665,000	\$ 22,930,000	\$ 4,195,000
Unamortized premiums	1,154,702	1,022,278	252,764	1,924,216	-
Total bonds payable	21,179,702	7,592,278	3,917,764	24,854,216	4,195,000
Direct Borrowings:					
Capital leases	159,268	1,191,591	457,914	892,945	386,839
	<u>\$ 21,338,970</u>	<u>\$ 8,783,869</u>	<u>\$ 4,375,678</u>	<u>\$ 25,747,161</u>	<u>\$ 4,581,839</u>

Debt service is typically liquidated in the General Fund.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 - LONG-TERM DEBT *(Continued)*

General Obligation Bonds

A summary of general obligation bonds outstanding at June 30, 2021 is as follows:

Purpose of Bonds	Final Maturity Dates	Interest Rates	Amount Outstanding
Governmental Activities			
Bonds Payable			
General obligation bonds issued 7/26/12, original amount of \$4,010,000	2023	2.00% - 4.00%	\$ 1,480,000
General obligation bonds issued 1/5/17, original amount of \$1,960,000	2027	4.00%	1,300,000
General obligation refunding bonds issued 1/5/17, original amount of \$12,130,000	2025	1.37% - 2.95%	5,290,000
General obligation refunding bonds issued 4/26/18, original amount of \$10,300,000	2026	3.00% - 5.00%	8,290,000
General obligation refunding bonds issued 7/14/20, original amount of \$6,570,000	2036	2.00% - 5.00%	6,570,000
			<u>\$ 22,930,000</u>

Annual debt service requirements to maturity at June 30, 2021 are as follows:

Year ending June 30:	General Obligation Bonds		
	Principal	Interest	Total
2022	\$ 4,195,000	\$ 839,317	\$ 5,034,317
2023	4,190,000	682,549	4,872,549
2024	3,990,000	523,987	4,513,987
2025	3,615,000	368,978	3,983,978
2026	2,325,000	235,850	2,560,850
2027-2031	3,545,000	380,350	3,925,350
2032-2036	1,070,000	53,300	1,123,300
	<u>\$ 22,930,000</u>	<u>\$ 3,084,331</u>	<u>\$ 26,014,331</u>

Bond Refundings

In prior years, the District advanced refunded general obligation bonds to reduce its total future debt service payments. The amount for which the reacquisition price exceeded the carrying amount of the old debt, has been presented as a deferred charge on refunding and 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 refundings totaled \$261,273 as of June 30, 2021 and amortization expense for the year ended June 30, 2021 totaled \$49,387.

Legal Debt Limit

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the District shall not exceed four and a half times base receipts, as defined in the Statute. The District did not exceed the statutory debt limitation as of June 30, 2021.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 - LONG-TERM DEBT *(Continued)*

Capital Leases from Direct Borrowings

The District has capital leases from direct borrowings outstanding of \$892,945 as of June 30, 2021. The capital leases include non-appropriation clauses and provide the obligors with a security interest in the underlying equipment in the event of default.

A summary of assets under capital leases is as follows as of June 30, 2021:

	Governmental Activities
Equipment	\$ 1,525,376
Less: accumulated amortization	323,596
	<u>\$ 1,201,780</u>

Amortization expense on equipment under capital leases totaled \$287,199 for the year ended June 30, 2021 and is included in depreciation and amortization expense disclosed in Note 4.

Annual debt service requirements to maturity on the capital leases are as follows as of June 30, 2021:

Year ending June 30:	Capital Leases		
	Principal	Interest	Total
2022	\$ 386,839	\$ 17,573	\$ 404,412
2023	339,246	13,529	352,775
2024	81,177	9,261	90,438
2025	85,683	4,755	90,438
	<u>\$ 892,945</u>	<u>\$ 45,118</u>	<u>\$ 938,063</u>

NOTE 9 - OTHER LONG-TERM LIABILITIES

Changes in other long-term liabilities for the year ended June 30, 2021 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Vacation accrual payable	\$ 65,504	\$ 16,283	\$ 27,323	\$ 54,464	\$ 30,000
Net pension liability <i>(see Note 10)</i>	4,002,716	-	2,623,711	1,379,005	-
Net OPEB liability <i>(see Note 11)</i>	2,161,067	-	1,064,068	1,096,999	-
	<u>\$ 6,229,287</u>	<u>\$ 16,283</u>	<u>\$ 3,715,102</u>	<u>\$ 2,530,468</u>	<u>\$ 30,000</u>

Other long-term liabilities are typically liquidated in the General Fund.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 9 - OTHER LONG-TERM LIABILITIES *(Continued)*

Sick and Severance Benefits

The District provides sick and severance payments to teachers and department coordinators upon retirement, death or severe illness and to administrators upon retirement or the elimination of a position. To qualify for benefits, the employee must achieve normal retirement with 15 consecutive years of service. Benefits are also provided to those who qualify for early retirement: age 55 with 20 years of service for early retirement, 25 years of service, or age 60 with 10 years of service. The District funds the severance cost for the 72 eligible participants. All benefit amounts were frozen as of June 30, 1994.

In connection with the sick and severance benefits payable, the District has created a trust fund to accumulate resources for future projected payments. Current year sick and severance payments made to retirees totaled \$21,372 for the year ended June 30, 2021. The components of the District's net sick and severance asset as of June 30, 2021, were as follows:

Total sick and severance liability	\$ 355,639
Assets held in Trust	<u>806,117</u>
District's net sick and severance asset	<u><u>\$ (450,478)</u></u>
Plan fiduciary net position as a percentage of the total sick and severance liability	226.67%

The total sick and severance benefits liability for the District was determined by an actuarial valuation as of July 1, 2021. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Projections of benefits include the types of benefits in force at the valuation date. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Valuation date	July 1, 2021
Actuarial cost method	Entry Age Normal Actuarial Cost Method
Amortization method	Level Dollar
Remaining amortization period	
Teachers and Administrators	5 years, closed
Other participants	10 years, closed
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.50%
Mortality	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees and Teachers), projected to the valuation date with Scale MP-2021.
Sick time accrual	Maximum number of sick days per year
Salary increases	Varies from 2.4% to 7.4%
Retirement age	Ranges from 55 to 70

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 9 - OTHER LONG-TERM LIABILITIES *(Continued)*

Sick and Severance Benefits *(Continued)*

Sick and Severance Financial Statements

The following presents the statement of fiduciary net position and the statement of changes in fiduciary net position for the District's sick and severance plan as of and for the year ended June 30, 2021.

	Sick & Severance Trust Fund
ASSETS	
Cash and cash equivalents	\$ 1,681
Investments	825,808
Total assets	<u>827,489</u>
LIABILITIES	
Accounts payable	<u>21,372</u>
NET POSITION	
Restricted for sick and severance benefits	<u><u>\$ 806,117</u></u>
ADDITIONS	
Contributions:	
Employer contributions	<u>\$ -</u>
Total contributions	<u>-</u>
Investment earnings:	
Interest and dividends	11,423
Net changes in the fair value of investments	<u>133,949</u>
	145,372
Less investment fees	<u>(2,181)</u>
Total investment earnings	<u>143,191</u>
Total additions	<u>143,191</u>
DEDUCTIONS	
Benefit payments	<u>21,372</u>
Total deductions	<u>21,372</u>
Change in net position	121,819
Net position - beginning	<u>684,298</u>
Net position - ending	<u><u>\$ 806,117</u></u>

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - PENSION PLANS

Defined Benefit Plan

Plan Description

Plan administration - The District maintains a single-employer, defined benefit pension plan: the Amity Regional School District No. 5 Pension Plan (the "Retirement Plan"). The Retirement Plan covers substantially all District employees other than teachers. The Retirement Plan is administered by the Board of Education.

Plan membership - Membership of the Retirement Plan consisted of the following at July 1, 2020, the date of the most recent actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefits	45
Inactive plan members entitled to but not yet receiving benefits	7
Active employees	48
	<u>100</u>

Benefits provided - The Retirement Plan provides for retirement, death and disability benefits for all eligible employees. The Retirement Plan covers substantially all noncertified District employees. The monthly retirement benefit is calculated at 2.5% of the average of the annual salaries during the highest five consecutive calendar years of employment multiplied by years of service. Plan members are eligible to retire at age 65 with 10 years of service or are eligible for early retirement at age 55 with 10 years of service. Participants are 100% vested after 10 years of continuous service if their contributions remain in the fund. Death benefits include the accrued benefit earned for participants who were eligible for normal retirement on or prior to the date of death, or participant contributions multiplied by the actuarial conversion factor for those participants who were not eligible for normal retirement benefits on or prior to the date of death. Disability retirement benefits, which include the accrued benefit as of the date of disability, are available for participants who are 40 years in age and have completed 5 years of service.

Contributions - The contribution requirements of plan members and the District are established and may be amended by the Board of Education. The District's funding policy provides for periodic employer contributions at rates that, when expressed as a percentage of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The contribution rates for normal costs for all plans were actuarially determined.

For the year ended June 30, 2021, employer contributions to the Retirement Plan were \$790,234 and represented approximately 25.99% of covered payroll. District employees are required to contribute 2.25% of their earnings to the Retirement Plan.

Summary of Significant Accounting Policies

Investments - Investments are measured by the District at fair value (generally based on quoted market prices), except for investments in certain external investments pools, which are measured at net asset value.

Fair value of other securities is determined by the most recent bid and asked prices as obtained from dealers that make markets in such securities. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the District, with the assistance of a valuation service. Securities traded on national exchanges are valued at the last reported sales price. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date. Administrative costs are funded through investment earnings of the Retirement Plan.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

Summary of Significant Accounting Policies (Continued)

Investment policy - The Retirement Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Education. The Retirement Plan's trust fund investments may be invested in fixed income, equities and cash. The target asset allocation is 35% fixed income and 65% equities. There are also minimum and maximum target levels defined.

Concentrations - The Retirement Plan's investments consist solely of investment in various mutual funds and are therefore not exposed to concentrations of credit risk, as these investments are considered to be diversified by nature.

Rate of return - For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 27.74%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of the District's Plan at June 30, 2021, were as follows:

Total pension liability	\$ 18,835,836
Plan fiduciary net position	<u>17,456,831</u>
District's net pension liability	<u><u>\$ 1,379,005</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	 92.68%

The components of the change in the net pension liability of the District's Plan for the year ended June 30, 2021, were as follows:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balance as of June 30, 2020	\$ 17,651,256	\$ 13,648,540	\$ 4,002,716
Changes for the year:			
Service cost	510,895	-	510,895
Interest	1,240,598	-	1,240,598
Difference between expected and actual experience	11,260	-	11,260
Change of assumptions	315,597	-	315,597
Contributions - employer	-	790,234	(790,234)
Contributions - member	-	88,848	(88,848)
Net investment income	-	3,822,979	(3,822,979)
Benefit payments, including refunds	<u>(893,770)</u>	<u>(893,770)</u>	<u>-</u>
Net changes	<u>1,184,580</u>	<u>3,808,291</u>	<u>(2,623,711)</u>
Balance as of June 30, 2021	<u><u>\$ 18,835,836</u></u>	<u><u>\$ 17,456,831</u></u>	<u><u>\$ 1,379,005</u></u>

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

Net Pension Liability (Continued)

Actuarial assumptions - The total pension liability for the District was determined by an actuarial valuation as of July 1, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	2.40% - 7.40%
Investment rate of return	6.875%
Discount rate	6.875%

The long-term expected rate of return on pension plan investments was determined using a building-block method 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Weighting
US Large Cap	37.50%	5.25%	1.97%
US Mid/Small Cap	12.50%	5.75%	0.72%
Developed International Equities	15.00%	5.75%	0.86%
Intermediate Corporate Bonds	17.50%	1.75%	0.31%
Intermediate Government Bonds	17.50%	0.75%	0.13%

Discount rate - The discount rate used to measure the total District pension liability was 6.875%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the District contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the District'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 net pension liability of the District, calculated using the discount rate of 6.875% as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.875%) or 1- percentage point higher (7.875%) than the current rate:

	1% Decrease (5.875%)	Current Discount Rate (6.875%)	1% Increase (7.875%)
Net pension liability as of June 30, 2021	\$ 3,300,032	\$ 1,379,005	\$ (280,774)

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - PENSION PLANS *(Continued)*

Defined Benefit Plan *(Continued)*

Pension Plan Financial Statements

The following presents the statement of fiduciary net position and the statement of changes in fiduciary net position for the District's defined benefit plan as of and for the year ended June 30, 2021.

	Pension Trust Fund
ASSETS	
Cash and cash equivalents	\$ 355,195
Investments	<u>17,101,636</u>
Total assets	<u>17,456,831</u>
 NET POSITION	
Restricted for pension benefits	<u><u>\$ 17,456,831</u></u>
 ADDITIONS	
Contributions:	
Employer contributions	\$ 790,234
Employee contributions	<u>88,848</u>
Total contributions	<u>879,082</u>
Investment earnings:	
Interest and dividends	303,705
Net changes in the fair value of investments	<u>3,530,261</u>
	3,833,966
Less investment fees	<u>(10,987)</u>
Total investment earnings	<u>3,822,979</u>
Total additions	<u>4,702,061</u>
 DEDUCTIONS	
Benefit payments	<u>893,770</u>
Total deductions	<u>893,770</u>
 Change in net position	3,808,291
 Net position - beginning	<u>13,648,540</u>
 Net position - ending	<u><u>\$ 17,456,831</u></u>

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - PENSION PLANS *(Continued)*

Defined Benefit Plan *(Continued)*

Pension Expense and Deferred Outflows and Inflows of Resources

At June 30, 2021, the District reported deferred outflows and inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Net Deferrals
Differences between expected and actual experience	\$ 25,976	\$ (280,453)	\$ (254,477)
Changes of assumptions	219,962	(36,700)	183,262
Net difference between projected and actual earnings on pension plan investments	-	(2,155,312)	(2,155,312)
Total	<u>\$ 245,938</u>	<u>\$ (2,472,465)</u>	<u>\$ (2,226,527)</u>

Amounts reported as deferred outflows and inflows of resources related to the Plan will be recognized as a component of pension expense in future years as follows:

Year ended June 30,	
2022	\$ (624,363)
2023	(540,429)
2024	(488,116)
2025	(573,619)
	<u>\$ (2,226,527)</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.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

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% per year by which retirement precedes normal retirement date.

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 July 1, 1992, each teacher was required to contribute 6.0% of pensionable salary for the pension benefit. Effective January 1, 2018, the required contribution increased to 7.0% of pensionable salary.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

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 Comprehensive Annual Financial Report as of and for the year ended June 30, 2020. The net pension liability at June 30, 2020 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 Comprehensive Annual Financial Report can be obtained at www.ct.gov.

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. 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 2020 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 District totaled 0.474% 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, 2020, 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>\$ 18,846,090,000</u>
	Proportion	Proportionate Share
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	0.474%	<u>\$ 89,397,000</u>

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - PENSION PLANS (Continued)

Connecticut Teachers' Retirement System (Continued)

Collective Pension Expense

The District's expected contribution effort for allocation purposes totaled \$5,734,095 or 0.474% 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, 2021.

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 \$12,805,749 or 0.474% of the total collective pension expense and has been recognized as an operating contribution and related education expense in the statement of activities for the year ended June 30, 2021.

Actuarial Assumptions

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

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 as 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.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - 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%	5.6%
Developed Market Intl. Stock Fund	11.0%	6.0%
Emerging Market Intl. Stock Fund	9.0%	7.9%
Core Fixed Income Fund	16.0%	2.1%
Inflation Linked Bond Fund	5.0%	1.1%
Emerging Market Debt Fund	5.0%	2.7%
High Yield Bond Fund	6.0%	4.0%
Real Estate Fund	10.0%	4.5%
Private Equity	10.0%	7.3%
Alternative Investments	7.0%	2.9%
Liquidity Fund	1.0%	0.4%
	<u>100.0%</u>	

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 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Amity Regional School District No. 5 Other Post-Employment Benefits (OPEB) Plan

Plan Description

Plan administration - The District administers a single-employer post-retirement healthcare plan, the Amity Regional School District No. 5 Other Post-Employment Benefits (OPEB) Plan (the "Plan"), to provide health benefits for eligible retirees and their spouses. The Plan is considered to be part of the District's financial reporting entity and is included in the District's financial reports as an Other Post-Employment Benefits Trust Fund. The Plan does not issue stand-alone financial reports.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Amity Regional School District No. 5 Other Post-Employment Benefits (OPEB) Plan *(Continued)*

Plan Description *(Continued)*

Plan membership - As of July 1, 2020, the date of the most recent actuarial valuation, membership data was as follows:

Active plan members	361
Retirees and beneficiaries receiving benefits	<u>21</u>
	<u><u>382</u></u>

Benefits provided - Health benefits for retired teachers are determined by State law. Retired or disabled teachers receiving benefits from TRS can receive health insurance coverage from the Teachers' Retirement Board if they are eligible for Medicare Part A hospital insurance. Those who are not eligible for Medicare Part A are allowed to participate by law in the same plan offer by the District to active teachers if they were last employed by the District. Benefits are established by contract and may be amended by union negotiations.

Contributions - Contribution requirements of the District are established in the Plan document and may be amended by the District. State law requires that the premium charged to retirees may not be greater than that charged for the same form of coverage for active teachers. In addition, State law requires that the TRS provide a subsidy to the District to offset the cost to retirees. In 2000, the subsidy amount was statutorily frozen at \$110 per person per month. For the year ended June 30, 2021, the District was credited for making \$89,094 in contributions toward Plan benefits, for which \$31,678 was contributed directly into the OPEB Trust.

Summary of Significant Accounting Policies

The Plan is accounted for using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. District contributions are recognized when due and when the District has made a formal commitment to provide the contributions. Benefits and refunds are recognized when they are due and payable in accordance with terms of the Plan.

Investments - Investments are recorded at fair value. Short-term investments are reported at cost, which approximates fair value. Fair value of other securities is determined by the most recent bid and asked prices as obtained from dealers that make markets in such securities. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the District, with the assistance of a valuation service. Securities traded on national exchanges are valued at the last reported sales price. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date.

Investment policy - The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Education. The Plan's trust fund investments may be invested in fixed income, equities and cash. The target asset allocation is 40% fixed income and 60% equities. There are also minimum and maximum target levels defined.

Concentrations - The Plan's investments consist solely of investment in various mutual funds and are therefore not exposed to concentrations of credit risk, as these investments are considered to be diversified by nature.

Rate of return - For the year ended June 30, 2021, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 27.01%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Amity Regional School District No. 5 Other Post-Employment Benefits (OPEB) Plan *(Continued)*

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020. The components of the net OPEB liability of the District's Plan at June 30, 2021, were as follows:

Total OPEB liability	\$ 4,398,301
Plan fiduciary net position	<u>3,301,302</u>
District's net OPEB liability	<u><u>\$ 1,096,999</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	75.06%

The components of the change in the net OPEB liability of the District's Plan for the year ended June 30, 2021, were as follows:

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance as of June 30, 2020	\$ 4,735,433	\$ 2,574,366	\$ 2,161,067
Changes for the year:			
Service cost	97,152	-	97,152
Interest	342,209	-	342,209
Differences between expected and actual experience	(766,551)	-	(766,551)
Changes of assumptions	(124,088)	-	(124,088)
Contributions - employer	-	31,678	(31,678)
Contribution - TRB subsidy	-	57,416	(57,416)
Net investment income	-	695,258	(695,258)
Benefit payments, including refunds of member contributions	(57,416)	(57,416)	-
Other	171,562	-	171,562
Net changes	<u>(337,132)</u>	<u>726,936</u>	<u>(1,064,068)</u>
Balances as of June 30, 2021	<u><u>\$ 4,398,301</u></u>	<u><u>\$ 3,301,302</u></u>	<u><u>\$ 1,096,999</u></u>

Benefit payments are reported net of retiree cost shares.

Actuarial Assumptions - The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Investment rate of return	6.50%
Discount rate	6.50%
Salary increases	2.40% - 7.40%
Inflation rate	2.40%
Healthcare cost trend rate:	
Initial	6.50%
Ultimate	4.40%

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Amity Regional School District No. 5 Other Post-Employment Benefits (OPEB) Plan *(Continued)*

Net OPEB Liability *(Continued)*

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables (with separate tables for General employees and Teachers) and for non-annuitants and annuitants, projected to the valuation date with Scale MP-2019.

The long-term expected rate of returns on OPEB Plan investments were determined using a building-block method 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. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *	Weighting
Core Fixed Income	40.00%	1.25%	0.50%
U.S. Large Cap Equities	30.00%	5.25%	1.58%
U.S. Small Cap Equities	10.00%	5.75%	0.58%
Developed Foreign Equities	20.00%	5.75%	1.15%

Discount rate - The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rates and that the District's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the OPEB 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 rates of return on the OPEB Plan's investments were applied to all periods of projected benefit payments to determine the OPEB Plan's total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate - The following presents the District's net OPEB liability for the OPEB Plan, calculated using the discount rate disclosed above, as well as what the District's net OPEB liability would be for the OPEB Plan if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Discount Rates		
	1% Decrease (5.50%)	Current (6.50%)	1% Increase (7.50%)
Net OPEB liability as of June 30, 2021	\$ 1,531,457	\$ 1,096,999	\$ 717,799

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates - The following presents the District's net OPEB liability for the OPEB Plan, calculated using the discount rate disclosed above, as well as what the District's net OPEB liability would be for the OPEB Plan if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Healthcare Cost Trend Rates		
	1% Decrease	Current	1% Increase
Net OPEB liability as of June 30, 2021	\$ 650,600	\$ 1,096,999	\$ 1,616,303

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Amity Regional School District No. 5 Other Post-Employment Benefits (OPEB) Plan *(Continued)*

OPEB Plan Financial Statements

The following presents the statements of fiduciary net position and the statement of changes in fiduciary net position for the District's OPEB Plan as of and for the year ended June 30, 2021.

	Other Post-Employment Benefits Trust Fund
ASSETS	
Cash and cash equivalents	\$ 45,337
Investments	<u>3,255,965</u>
Total assets	<u>3,301,302</u>
NET POSITION	
Restricted for other post-employment benefits	<u>\$ 3,301,302</u>
ADDITIONS	
Contributions:	
Employer	\$ 31,678
Other	<u>57,416</u>
Total contributions	<u>89,094</u>
Investment earnings:	
Interest and dividends	58,023
Net changes in the fair value of investments	<u>640,058</u>
	698,081
Less investment fees	<u>(2,823)</u>
Total investment earnings	<u>695,258</u>
Total additions	<u>784,352</u>
DEDUCTIONS	
Benefit payments	<u>57,416</u>
Total deductions	<u>57,416</u>
Change in net position	726,936
Net position - beginning	<u>2,574,366</u>
Net position - ending	<u>\$ 3,301,302</u>

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Amity Regional School District No. 5 Other Post-Employment Benefits (OPEB) Plan *(Continued)*

OPEB Expense and Deferred Outflows and Inflows of Resources

As of June 30, 2021, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Net Deferrals
Differences between expected and actual experience	\$ -	\$ (1,705,581)	\$ (1,705,581)
Changes of assumptions	385,699	(118,103)	267,596
Net difference between projected and actual earnings on OPEB plan investments	-	(222,601)	(222,601)
Total	<u>\$ 385,699</u>	<u>\$ (2,046,285)</u>	<u>\$ (1,660,586)</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as a component of OPEB expense as follows:

Year Ended June 30:	
2022	\$ (151,640)
2023	(150,099)
2024	(172,234)
2025	(205,012)
2026	(114,096)
Thereafter	(867,505)
	<u>\$ (1,660,586)</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 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.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

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. 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 \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

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 the other postemployment benefits (OPEB) expense and deferred inflows and outflows 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 Comprehensive Annual Financial Report as of and for the year ended June 30, 2020. The net OPEB liability at June 30, 2020 has been calculated using the audited amounts. The OPEB trust fund is included in the TRS, and the TRS is included in the State of Connecticut audit as a pension trust fund. The State of Connecticut's Comprehensive Annual 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. 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 as measured June 30, 2020, the date of the latest biennial valuation. 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 District totaled 0.474% 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, 2020, 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>\$ 2,810,895,000</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	0.474%	<u>\$ 13,334,000</u>

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Collective OPEB Expense

The District's expected contribution effort for allocation purposes totaled \$138,384 or 0.474% 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, 2021.

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 a \$615,912 or 0.474% 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, 2021.

Actuarial Assumptions

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

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
Healthcare cost trend rates:	
Medicare	5.125% for 2020 decreasing to an ultimate rate of 4.5% by 2023

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 evaluation 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.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - 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	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
U.S. Treasuries (Cash Equivalents)	100.0%	-0.42%	1.78%

Discount Rate

The discount rate used to measure the total OPEB liability was 2.21%. 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, 2020.

In addition to the actuarial methods and assumptions of the June 30, 2020 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 2021 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 12 - RISK MANAGEMENT AND UNCERTAINTIES

Risk Management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The District purchases commercial insurance for all risks of loss except workers' compensation and liability-automobile-property insurance for which it participates in risk sharing pools, and medical benefits for which the District is self-insured. During the year ended June 30, 2020, deductibles paid by the District were insignificant. Neither the District nor its insurers have settled any claims which exceeded the District's insurance coverage during the past three years. In addition, there have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

The District is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies that was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program.

Risk Management (Continued)

Workers' Compensation Pool

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

Liability-Automobile-Property Pool

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

Self-Insured Medical Benefits

The District established an internal service fund to account for and finance the risk of loss for the District's employee medical benefits claims. The internal service fund provides coverage for all eligible full-time employees. The District retains the risk of loss under the plan. A third party processes the claims filed under the self-insured health plan, for which the District is charged an administrative fee. The District has purchased a stop-loss policy for total claims in any one year exceeding an aggregate of 120% of expected claims and for individual claims exceeding \$150,000 for combined hospital and major medical.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 12 - RISK MANAGEMENT (Continued)

The District establishes claims liabilities based on estimates of claims that have been incurred but not reported at year end. Claims liabilities are recorded if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of possible loss can be reasonably estimated. The amount of the claims accrual is based on the ultimate costs of settling the claims, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claims accrual does not include other allocated or unallocated claims adjustment expenses.

A summary of claims activity for the years ended June 30, 2021 and 2020 are as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2020	\$ 395,735	\$ 3,390,343	\$ 3,565,727	\$ 220,351
2021	220,351	3,566,503	3,571,128	215,726

NOTE 13 - COMMITMENTS AND CONTINGENCIES

There are several lawsuits pending against the District. The outcome and eventual liability to the District, if any, in these cases 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 litigation would not materially affect the financial position of the District.

The District has received state and federal grants 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, District management believes such disallowances, if any, will not be material.

As of June 30, 2021, the District has recorded \$555,815 in encumbrances. Such encumbrances represent legal commitments for the purchase of goods or services and have been included in assigned fund balance within the balance sheet of the General Fund.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 14 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the District's reporting period beginning July 1, 2021. The District is currently evaluating the potential impact of adopting this Statement on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement should be applied prospectively and are effective for the District's reporting period beginning July 1, 2021. The District does not expect this statement to have a material effect on its financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the District's reporting period beginning July 1, 2022. The District does not expect this statement to have a material effect on its financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and the requirements of this statement are effective for the District's reporting period beginning July 1, 2021. The District does not expect this statement to have a material effect on its financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the District's reporting period beginning July 1, 2022. The District is currently evaluating the potential impact of adopting this Statement on its financial statements.

In May 2020, the GASB issued Statement 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this statement are effective for the District's reporting period beginning July 1, 2022. The District does not expect this statement to have a material effect on its financial statements.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 14 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE (Continued)

In June 2020, the GASB issued Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - An Amendment of GASB Statement No. 14 and No. 84*, and a Supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement that relate to the accounting and reporting of Section 457 plans are effective for the District's reporting period beginning July 1, 2021. The District does not expect this statement to have a material effect on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

AMITY REGIONAL SCHOOL DISTRICT NO. 5
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL -BUDGETARY BASIS - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Assessments to member towns	\$ 49,760,789	\$ 49,760,789	\$ 46,924,677	\$ (2,836,112)
Intergovernmental	761,295	761,295	1,105,139	343,844
Charges for services	188,425	188,425	132,810	(55,615)
Interest income	35,000	35,000	3,338	(31,662)
Other	39,000	39,000	18,581	(20,419)
Total revenues	<u>50,784,509</u>	<u>50,784,509</u>	<u>48,184,545</u>	<u>(2,599,964)</u>
EXPENDITURES				
Current:				
Salaries	27,168,752	27,418,418	26,973,878	(444,540)
Employee benefits	6,186,149	5,944,614	4,801,671	(1,142,943)
Instruction	472,389	434,591	370,032	(64,559)
Pupil transport	3,669,099	3,414,837	2,968,215	(446,622)
Tuition	3,446,498	3,425,686	3,206,117	(219,569)
Purchased services	2,075,851	2,118,939	2,009,884	(109,055)
Rental and other services	636,567	698,874	625,615	(73,259)
Buildings and grounds	990,911	1,019,300	923,188	(96,112)
Utilities	819,739	819,747	708,467	(111,280)
Property and liability insurance	247,562	255,504	255,504	-
Travel and memberships	177,164	124,449	80,854	(43,595)
Contingency	150,000	-	-	-
Capital outlays	289,993	655,714	651,805	(3,909)
Debt service:				
Principal	3,665,000	3,665,000	3,665,000	-
Interest	788,835	788,836	788,835	(1)
Total expenditures	<u>50,784,509</u>	<u>50,784,509</u>	<u>48,029,065</u>	<u>(2,755,444)</u>
Excess of revenues over expenditures	-	-	155,480	155,480
OTHER FINANCING SOURCES (USES)				
Cancellation of prior year encumbrances	-	-	352,364	352,364
Transfers out	-	-	(507,844)	(507,844)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(155,480)</u>	<u>(155,480)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to required supplementary information.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
SCHEDULE OF CHANGES IN NET PENSION LIABILITY -
AMITY REGIONAL SCHOOL DISTRICT NO. 5 PENSION PLAN (UNAUDITED)
LAST EIGHT FISCAL YEARS *

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 510,895	\$ 544,055	\$ 546,532	\$ 539,815	\$ 542,547	\$ 493,768	\$ 479,386	\$ 408,199
Interest	1,240,598	1,202,276	1,165,984	1,095,440	1,096,406	988,845	930,362	882,103
Differences between expected and actual experience	11,260	(271,511)	(454,769)	138,984	(143,763)	19,949	(247,484)	-
Changes of assumptions	315,597	(47,566)	-	(99,030)	210,599	529,757	962,070	-
Benefit payments, including refunds	(893,770)	(801,082)	(674,698)	(673,617)	(670,971)	(623,779)	(677,103)	(703,532)
Net change in total pension liability	1,184,580	626,172	583,049	1,001,592	1,034,818	1,408,540	1,447,231	586,770
Total pension liability - beginning	17,651,256	17,025,084	16,442,035	15,440,443	14,405,625	12,997,085	11,549,854	10,963,084
Total pension liability - ending	18,835,836	17,651,256	17,025,084	16,442,035	15,440,443	14,405,625	12,997,085	11,549,854
Plan fiduciary net position								
Contributions - employer	790,234	851,987	892,845	886,831	862,404	772,191	738,934	707,554
Contributions - members	88,848	72,237	77,728	77,655	81,533	80,951	77,564	75,449
Net investment income	3,822,979	628,125	836,401	886,762	1,099,641	176,783	281,561	1,271,801
Benefit payments, including refunds	(893,770)	(801,082)	(674,698)	(673,617)	(670,971)	(623,779)	(677,103)	(703,532)
Administrative expense	-	-	-	-	(8,216)	-	-	(6,644)
Other	-	-	-	-	-	196	129	94
Net change in plan fiduciary net position	3,808,291	751,267	1,132,276	1,177,631	1,364,391	406,342	421,085	1,344,722
Plan fiduciary net position - beginning	13,648,540	12,897,273	11,764,997	10,587,366	9,222,975	8,816,633	8,395,548	7,050,826
Plan fiduciary net position - ending	17,456,831	13,648,540	12,897,273	11,764,997	10,587,366	9,222,975	8,816,633	8,395,548
District's net pension liability	\$ 1,379,005	\$4,002,716	\$4,127,811	\$4,677,038	\$4,853,077	\$5,182,650	\$4,180,452	\$3,154,306
Plan fiduciary net position as a percentage of total pension liability	92.68%	77.32%	75.75%	71.55%	68.57%	64.02%	67.84%	72.69%
Covered payroll	\$ 3,040,958	\$3,312,394	\$3,484,925	\$3,423,413	\$3,368,174	\$3,473,851	\$3,264,904	\$3,183,014
District's net pension liability as a percentage of covered payroll	45.35%	120.84%	118.45%	136.62%	144.09%	149.19%	128.04%	99.10%

* 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.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS -
AMITY REGIONAL SCHOOL DISTRICT NO. 5 PENSION PLAN (UNAUDITED)
LAST EIGHT FISCAL YEARS*

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 790,234	\$ 851,987	\$ 892,845	\$ 886,831	\$ 862,402	\$ 772,191	\$ 738,934	\$ 707,554
Contributions in relation to the actuarially determined contribution	<u>790,234</u>	<u>851,987</u>	<u>892,845</u>	<u>886,831</u>	<u>862,404</u>	<u>772,191</u>	<u>738,934</u>	<u>707,554</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,040,958	\$ 3,312,394	\$ 3,484,925	\$ 3,423,413	\$ 3,368,174	\$ 3,473,851	\$ 3,264,904	\$ 3,183,014
Contributions as a percentage of covered payroll	25.99%	25.72%	25.62%	25.90%	25.60%	22.23%	22.63%	22.23%
Annual money-weighted rate of return, net of investment expense	27.74%	4.81%	6.92%	8.16%	11.46%	1.96%	3.27%	17.61%

* 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.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY -
CONNECTICUT TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST SEVEN FISCAL YEARS*
(Rounded to nearest thousand)

	<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 collective net pension liability	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	<u>89,397,000</u>	<u>81,597,000</u>	<u>62,916,000</u>	<u>63,998,000</u>	<u>67,518,000</u>	<u>51,711,000</u>	<u>47,796,000</u>
Total	<u><u>\$ 89,397,000</u></u>	<u><u>\$ 81,597,000</u></u>	<u><u>\$ 62,916,000</u></u>	<u><u>\$ 63,998,000</u></u>	<u><u>\$ 67,518,000</u></u>	<u><u>\$ 51,711,000</u></u>	<u><u>\$ 47,796,000</u></u>
District's covered payroll	\$ 20,648,000	\$ 20,980,000	\$ 20,654,000	\$ 20,286,000	\$ 19,553,000	\$ 19,209,000	\$ 18,515,000
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%
Plan fiduciary net position as a percentage of the total collective pension liability	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.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY -
CONNECTICUT TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST FOUR FISCAL YEARS*
(Rounded to Nearest Thousand)

	<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%
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability attributed to the District	13,334,000	12,725,000	12,557,000	16,472,000
Total	<u>\$ 13,334,000</u>	<u>\$ 12,725,000</u>	<u>\$ 12,557,000</u>	<u>\$ 16,472,000</u>
District's covered payroll	\$ 21,054,000	\$ 20,980,000	\$ 20,654,000	\$ 20,286,000
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%
Plan fiduciary net position as a percentage of the total collective OPEB liability	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.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
SCHEDULE OF CHANGES IN NET OPEB LIABILITY -
OTHER POST-EMPLOYMENT BENEFITS PLAN (UNAUDITED)
LAST FIVE FISCAL YEARS*

	2021	2020	2019	2018	2017
Total OPEB liability					
Service cost	\$ 97,152	\$ 94,104	\$ 94,804	\$ 108,167	\$ 105,426
Interest	342,209	334,998	321,315	315,156	293,998
Differences between expected and actual experience	(766,551)	(735,952)	(213,246)	(266,055)	(1,788)
Changes of assumptions	(124,088)	377,326	77,972	(3,351)	-
Benefit payments, including refunds	(57,416)	(52,322)	(116,010)	8,789	(203,200)
Other	171,562	-	-	-	-
Net change in total OPEB liability	(337,132)	18,154	164,835	162,706	194,436
Total OPEB liability - beginning	4,735,433	4,717,279	4,552,444	4,389,738	4,195,302
Total OPEB liability - ending	4,398,301	4,735,433	4,717,279	4,552,444	4,389,738
Plan fiduciary net position					
Contributions - employer	31,678	93,272	178,920	45,377	282,793
Contributions - retirees' subsidies	57,416	64,709	70,408	51,371	77,679
Net investment income	695,258	11,748	52,854	152,252	169,538
Benefit payments, including refunds	(57,416)	(52,322)	(116,010)	8,789	(203,200)
Administrative expense	-	-	-	-	-
Net change in plan fiduciary net position	726,936	117,407	186,172	257,789	326,810
Plan fiduciary net position - beginning	2,574,366	2,456,959	2,270,787	2,012,998	1,686,188
Plan fiduciary net position - ending	3,301,302	2,574,366	2,456,959	2,270,787	2,012,998
District's net OPEB liability	\$ 1,096,999	\$ 2,161,067	\$ 2,260,320	\$ 2,281,657	\$ 2,376,740
Plan fiduciary net position as a percentage of total OPEB liability	75.06%	54.36%	52.08%	49.88%	45.86%
Covered employee payroll	\$ 27,487,263	\$ 26,530,584	\$ 25,670,057	\$ 25,121,818	\$ 24,809,512
District's net OPEB liability as a percentage of covered employee payroll	3.99%	8.15%	8.81%	9.08%	9.58%

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

AMITY REGIONAL SCHOOL DISTRICT NO. 5
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS -
OTHER POST-EMPLOYMENT BENEFITS PLAN (UNAUDITED)
LAST FIVE FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 318,874	\$ 341,547	\$ 343,728	\$ 323,526	\$ 442,313
Contributions in relation to the actuarially determined contribution	<u>31,678</u>	<u>93,272</u>	<u>178,920</u>	<u>45,377</u>	<u>282,793</u>
Contribution deficiency (excess)	<u>\$ 287,196</u>	<u>\$ 248,275</u>	<u>\$ 164,808</u>	<u>\$ 278,149</u>	<u>\$ 159,520</u>
Covered employee payroll	\$ 27,487,263	\$ 26,530,584	\$ 25,670,057	\$ 25,121,818	\$ 24,809,512
Contributions as a percentage of covered employee payroll	0.12%	0.35%	0.70%	0.18%	1.14%
Annual money-weighted rate of return, net of investment expense	27.01%	3.11%	5.43%	7.56%	10.05%

* 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.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND

Budgetary Information

The District adheres to the following procedures in establishing the budgetary data reported in the financial statements:

- The District legally adopts an annual budget for the General Fund pursuant to Connecticut General Statutes Section 10-51. Formal budgetary integration is employed by the District as a management control device during the year for the General Fund.
- Prior to January, each department head or other agency 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.
- Annually, prior to the annual meeting of the Board, a public budget meeting is held for the purpose of presenting and voting upon a regional school budget.
- After the budget is approved, the Board estimates the share of the net expenditures to be paid by each member District in accordance with Connecticut General Statutes Section 10-51, and notifies the respective member District's 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 program level. Transfers from one budget line to another may be made by the Director of Finance and Administration with the approval of the Superintendent, Finance Committee and Board of Education.
- The Board does not have the authority to expend beyond the total budget appropriation without Board of Education and member District approval.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in budgetary reports as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the Capital Project Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.
- No additional appropriations were authorized during the year ended June 30, 2021.

Accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). The differences consist primarily of payments made by the State of Connecticut "on-behalf" of the District into the State Teachers' Retirement System, which are not recorded for budgetary purposes.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND *(Continued)*

Budgetary Information (Continued)

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, 2021:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Change in Fund Balance</u>
Budgetary basis	\$ 48,184,545	\$ 48,029,065	\$ (155,480)	\$ -
"On-behalf" payments -				
State Teachers' Retirement Fund	5,872,479	5,872,479	-	-
expenditures for budgetary purposes	-	(106,440)	(106,440)	-
Changes in encumbrances	-	63,322	(352,364)	(415,686)
Noncash financing sources not recognized for budgetary purposes:				
Capital lease financing activity	-	1,191,591	1,191,591	-
GAAP basis	<u>\$ 54,057,024</u>	<u>\$ 55,050,017</u>	<u>\$ 577,307</u>	<u>\$ (415,686)</u>

NOTE 2 - SCHEDULE OF THE CHANGES IN NET PENSION LIABILITY - AMITY REGIONAL SCHOOL DISTRICT NO. 5 PENSION PLAN

The District began to report this schedule when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years. Information prior to fiscal year 2014 is not available.

Actuarial valuations are prepared every year with the most recent available actuarial valuation performed as of July 1, 2020. The July 1, 2020 was utilized to calculate the total pension liability as of July 1, 2020, which was rolled forward to the most recent measurement date of June 30, 2021.

Benefit Changes - There have been no benefit term changes that have had a significant effect on the measurement of the District's total pension liability.

Assumption Changes - There have been no assumption changes that have had a significant effect on the measurement of the total pension liability as of June 30, 2021. The District lowered the discount rate utilized to measure its total pension liability from 8.0% as of the June 30, 2015 to 7.5% as of the June 30, 2016 and then again to 7.0% as of the June 30, 2017 measurement date. As of June 30, 2021 the District lowered the discount rate from 7.0% to 6.875%.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - AMITY REGIONAL SCHOOL DISTRICT NO. 5 PENSION PLAN

The District began to report this schedule when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years. Information prior to fiscal year 2014 is not available.

Actuarially determined contributions rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2021.

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of salary, closed
Remaining amortization period	20 years
Asset valuation method	5 year smoothed market
Inflation rate	2.60%
Salary increases	Varies from 2.60% to 7.60%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Retirement age	Ranges from 55 to 70
Mortality	RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2018

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, 2020. The liabilities were estimated based on a measurement date of June 30, 2020. 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, 2021.

Benefit Changes - There were no benefit term changes that had a significant effect on the measurement of the District's collective net pension liability reported as of June 30, 2021.

Assumption Changes - The following assumption changes had a significant effect on the measurement of the District's collective net pension liability reported as of June 30, 2021.

- a decrease in the annual rate of real wage increase assumption from 0.75% to 0.50%;
- a decrease in the payroll growth assumption from 3.25% to 3.00%; and
- rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

The District began to report this schedule when it implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, in fiscal year 2018. GASB Statement No. 74 requires the information within this schedule to be presented for the ten most recent fiscal years. Information prior to fiscal year 2018 is not available.

Actuarial valuations are prepared every year with the most recent available actuarial valuation performed as of July 1, 2020. The July 1, 2020 was utilized to calculate the total OPEB liability as of July 1, 2020, which was rolled forward to the most recent measurement date of June 30, 2021.

Benefit Changes - There have been no benefit term changes that have had a significant effect on the measurement of the District's total OPEB liability.

Assumption Changes - There have been no assumption changes that have had a significant effect on the measurement of the District's total OPEB liability. The District lowered the discount rate utilized to measure its total OPEB liability from 7.0% as of the June 30, 2020 to 6.5% as of the June 30, 2021.

NOTE 6 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - OTHER POST-EMPLOYMENT BENEFITS PLAN

The District began to report this schedule when it implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, in fiscal year 2017. GASB Statement No. 74 requires the information within this schedule to be presented for the ten most recent fiscal years. Information prior to fiscal year 2017 is not available.

Actuarially determined contributions rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2021.

Valuation date	July 1, 2019
Actuarial cost method:	Entry Age Normal
Amortization method:	Level Percentage of Salary
Remaining amortization period	20 years, closed (16 years remaining as of July 1, 2019)
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.00%
Discount rate	7.00%
Salary increases	2.60% - 7.60%
Inflation rate	2.60%
Healthcare cost trend rate:	
Initial	7.00%
Ultimate	4.60%

AMITY REGIONAL SCHOOL DISTRICT NO. 5
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 7 - SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OTHER POST-EMPLOYMENT BENEFITS 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 Pension*, 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, 2020. This information is utilized by the District for reporting as of June 30, 2021.

Benefit Changes - There were no benefit term changes that had a significant effect on the measurement of the District's collective net OPEB liability reported as of June 30, 2021.

Assumption Changes - The following assumption changes had a significant effect on the measurement of the District's collective net OPEB liability reported as of June 30, 2021.

- a decrease in the annual rate of real wage increase assumption from 0.75% to 0.50%;
- a decrease in the payroll growth assumption from 3.25% to 3.00%; and
- rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

AMITY REGIONAL SCHOOL DISTRICT NO. 5
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
ASSESSMENTS TO MEMBER TOWNS				
Bethany	\$ 9,000,731	\$ 9,000,731	\$ 8,486,790	\$ (513,941)
Orange	25,003,802	25,003,802	23,576,529	(1,427,273)
Woodbridge	15,756,256	15,756,256	14,861,358	(894,898)
Total assessment to member towns	<u>49,760,789</u>	<u>49,760,789</u>	<u>46,924,677</u>	<u>(2,836,112)</u>
INTERGOVERNMENTAL				
Adult education	3,042	3,042	4,286	1,244
Transportation income	26,600	26,600	19,500	(7,100)
Special education	731,653	731,653	1,081,048	349,395
Health services	-	-	305	305
Total intergovernmental	<u>761,295</u>	<u>761,295</u>	<u>1,105,139</u>	<u>343,844</u>
CHARGES FOR SERVICES				
Parking income	32,000	32,000	25,045	(6,955)
Athletics	22,000	22,000	-	(22,000)
Tuition revenue	129,675	129,675	102,968	(26,707)
Shared services	4,750	4,750	4,797	47
Total charges for services	<u>188,425</u>	<u>188,425</u>	<u>132,810</u>	<u>(55,615)</u>
INTEREST INCOME	<u>35,000</u>	<u>35,000</u>	<u>3,338</u>	<u>(31,662)</u>
OTHER REVENUES				
Rental income	14,000	14,000	25	(13,975)
Miscellaneous	25,000	25,000	18,556	(6,444)
Total other revenues	<u>39,000</u>	<u>39,000</u>	<u>18,581</u>	<u>(20,419)</u>
Total revenues	50,784,509	50,784,509	48,184,545	(2,599,964)
OTHER FINANCING SOURCES				
Cancellation of prior year encumbrances	-	-	352,364	352,364
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 50,784,509</u>	<u>\$ 50,784,509</u>	<u>\$ 48,536,909</u>	<u>\$ (2,247,600)</u>

AMITY REGIONAL SCHOOL DISTRICT NO. 5
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
SALARIES				
Certified	\$ 22,123,005	\$ 22,393,822	\$ 22,041,066	\$ (352,756)
Classified	5,045,747	5,024,596	4,932,812	(91,784)
Total salaries	<u>27,168,752</u>	<u>27,418,418</u>	<u>26,973,878</u>	<u>(444,540)</u>
EMPLOYEE BENEFITS				
Medicare	393,384	393,384	369,840	(23,544)
FICA	315,690	315,690	300,649	(15,041)
Workers' compensation	237,774	205,308	205,308	-
Medical and dental insurance	4,229,925	4,014,925	2,913,911	(1,101,014)
OPEB trust	31,678	31,678	31,678	-
Life insurance	47,280	47,280	44,550	(2,730)
Disability insurance	10,529	10,766	10,765	(1)
Pension plan - classified	790,234	790,234	790,234	-
Defined contribution retirement plan	120,224	121,218	121,217	(1)
Unemployment compensation	7,431	12,131	12,131	-
Clothing allowance	2,000	2,000	1,388	(612)
Total employee benefits	<u>6,186,149</u>	<u>5,944,614</u>	<u>4,801,671</u>	<u>(1,142,943)</u>
INSTRUCTION				
Instructional program improvement	22,200	38,371	37,973	(398)
Instructional supplies	366,196	299,471	244,348	(55,123)
Text and digital resources	63,778	77,291	68,321	(8,970)
Library books & periodicals	20,215	19,458	19,390	(68)
Total instruction	<u>472,389</u>	<u>434,591</u>	<u>370,032</u>	<u>(64,559)</u>
PUPIL TRANSPORT				
Pupil transportation	3,544,897	3,290,635	2,874,413	(416,222)
Transportation supplies	124,202	124,202	93,802	(30,400)
Total pupil transport	<u>3,669,099</u>	<u>3,414,837</u>	<u>2,968,215</u>	<u>(446,622)</u>
TUITION	<u>3,446,498</u>	<u>3,425,686</u>	<u>3,206,117</u>	<u>(219,569)</u>
PURCHASED SERVICES				
Data processing	102,829	102,829	99,936	(2,893)
Other professional & technical services	1,759,359	1,738,395	1,657,059	(81,336)
Communications	114,356	93,598	88,161	(5,437)
Other purchased services	99,307	184,117	164,728	(19,389)
Total purchased services	<u>2,075,851</u>	<u>2,118,939</u>	<u>2,009,884</u>	<u>(109,055)</u>
RENTAL AND OTHER SERVICES				
Rentals - land, building, equipment	113,634	132,387	99,808	(32,579)
Other supplies	522,933	566,487	525,807	(40,680)
Total rental and other services	<u>636,567</u>	<u>698,874</u>	<u>625,615</u>	<u>(73,259)</u>

(Continued)

AMITY REGIONAL SCHOOL DISTRICT NO. 5
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Continued)
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
BUILDINGS AND GROUNDS				
Repairs, maintenance and cleaning	\$ 761,354	\$ 798,387	\$ 764,059	\$ (34,328)
Maintenance and custodial supplies	229,557	220,913	159,129	(61,784)
Total buildings and grounds	990,911	1,019,300	923,188	(96,112)
UTILITIES				
Utilities, excluding heat	709,866	709,866	616,751	(93,115)
Oil and natural gas used for heating	42,700	58,000	49,788	(8,212)
Natural gas	67,173	51,881	41,928	(9,953)
Total utilities	819,739	819,747	708,467	(111,280)
PROPERTY AND LIABILITY INSURANCE	247,562	255,504	255,504	-
TRAVEL AND MEMBERSHIPS				
Staff travel	24,850	15,181	3,137	(12,044)
Travel - conferences	46,660	21,640	14,472	(7,168)
Dues and fees	105,654	87,628	63,245	(24,383)
Total travel and memberships	177,164	124,449	80,854	(43,595)
CONTINGENCY	150,000	-	-	-
CAPITAL OUTLAYS				
Equipment - new	70,947	186,718	182,810	(3,908)
Equipment - replacement	63,106	137,617	137,616	(1)
Improvements to sites	-	5,000	5,000	-
Improvements to buildings	155,940	326,379	326,379	-
Total capital outlays	289,993	655,714	651,805	(3,909)
DEBT SERVICE				
Principal	3,665,000	3,665,000	3,665,000	-
Interest	788,835	788,836	788,835	(1)
Total debt service	4,453,835	4,453,836	4,453,835	(1)
TOTAL EXPENDITURES	50,784,509	50,784,509	48,029,065	(2,755,444)
OTHER FINANCING USES				
Transfers out	-	-	507,844	507,844
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 50,784,509</u>	<u>\$ 50,784,509</u>	<u>\$ 48,536,909</u>	<u>\$ (2,247,600)</u>
				(Concluded)

AMITY REGIONAL SCHOOL DISTRICT NO. 5
SCHEDULE OF DEBT LIMITATION -
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Orange</u>	<u>Woodbridge</u>	<u>Bethany</u>	<u>Total</u>
Total cash collections for the year ended June 30, 2021:	<u>\$ 23,576,529</u>	<u>\$ 14,861,358</u>	<u>\$ 8,486,790</u>	<u>\$ 46,924,677</u>
				<u>District</u>
Debt limitation: 4-1/2 times base				<u>\$ 211,161,047</u>
Indebtedness:				
Bonds payable				<u>22,930,000</u>
Net indebtedness				<u>22,930,000</u>
Debt limitation in excess of outstanding and authorized debt				<u>\$ 188,231,047</u>
Total capacity of borrowing (4-1/2 times base)				\$ 211,161,047
Total present indebtedness				<u>22,930,000</u>
Margin for additional borrowing				<u>\$ 188,231,047</u>

NONMAJOR GOVERNMENTAL FUNDS

AMITY REGIONAL SCHOOL DISTRICT NO. 5
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2021

	Nonmajor Special Revenue Funds						Total Nonmajor Governmental Funds
	Education Grants Fund	Continuing Education Fund	School Operating Fund	Cafeteria Fund	School Activity Fund	Scholarship Fund	
ASSETS							
Cash and cash equivalents	\$ 171,178	\$ 49,989	\$ 187,202	\$ 82,686	\$ 479,010	\$ 269,280	\$ 1,239,345
Grants and contracts receivables	1,934	-	-	71,148	-	-	73,082
Inventories	-	-	-	41,595	-	-	41,595
Total assets	<u>\$ 173,112</u>	<u>\$ 49,989</u>	<u>\$ 187,202</u>	<u>\$ 195,429</u>	<u>\$ 479,010</u>	<u>\$ 269,280</u>	<u>\$ 1,354,022</u>
LIABILITIES							
Accounts payable	\$ 76,447	\$ -	\$ 1,500	\$ 20,606	\$ 95,210	\$ 51,801	\$ 245,564
Due to other funds	58,438	-	-	-	-	-	58,438
Unearned revenue	38,122	13,335	-	51,902	-	-	103,359
Total liabilities	<u>173,007</u>	<u>13,335</u>	<u>1,500</u>	<u>72,508</u>	<u>95,210</u>	<u>51,801</u>	<u>407,361</u>
FUND BALANCES							
Nonspendable	-	-	-	41,595	-	-	41,595
Committed	105	36,654	185,702	81,326	383,800	217,479	905,066
Total fund balances	<u>105</u>	<u>36,654</u>	<u>185,702</u>	<u>122,921</u>	<u>383,800</u>	<u>217,479</u>	<u>946,661</u>
Total liabilities and fund balances	<u>\$ 173,112</u>	<u>\$ 49,989</u>	<u>\$ 187,202</u>	<u>\$ 195,429</u>	<u>\$ 479,010</u>	<u>\$ 269,280</u>	<u>\$ 1,354,022</u>

AMITY REGIONAL SCHOOL DISTRICT NO. 5
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Nonmajor Special Revenue Funds						Total Nonmajor Governmental Funds
	Education Grants Fund	Continuing Education Fund	School Operating Fund	Cafeteria Fund	School Activity Fund	Scholarship Fund	
REVENUES							
Intergovernmental	\$ 1,136,776	\$ -	\$ -	\$ 370,766	\$ -	\$ -	\$ 1,507,542
Charges for services	-	9,485	79,810	11,035	269,555	-	369,885
Interest Income	-	-	-	-	-	155	155
Other	-	-	-	-	-	41,467	41,467
Total revenues	<u>1,136,776</u>	<u>9,485</u>	<u>79,810</u>	<u>381,801</u>	<u>269,555</u>	<u>41,622</u>	<u>1,919,049</u>
EXPENDITURES							
Current:							
General instruction	549,510	12,276	-	-	-	-	561,786
Support services:							
Support services - student	230,146	-	8,454	519,544	-	-	758,144
Improvement of instruction	24,473	-	-	-	-	-	24,473
General administration	-	-	21,114	-	-	-	21,114
Transportation	81,725	-	-	-	-	-	81,725
Employee benefits	38,784	-	-	-	-	-	38,784
Student activities	-	-	-	-	255,439	51,801	307,240
Buildings and grounds	133,203	-	-	-	-	-	133,203
Debt service:							
Principal payments	57,000	-	-	-	-	-	57,000
Total expenditures	<u>1,114,841</u>	<u>12,276</u>	<u>29,568</u>	<u>519,544</u>	<u>255,439</u>	<u>51,801</u>	<u>1,983,469</u>
Excess (deficiency) of revenues over expenditures	21,935	(2,791)	50,242	(137,743)	14,116	(10,179)	(64,420)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	128,368	-	-	128,368
Transfers out	(21,928)	-	-	-	-	-	(21,928)
Total other financing sources (uses)	<u>(21,928)</u>	<u>-</u>	<u>-</u>	<u>128,368</u>	<u>-</u>	<u>-</u>	<u>106,440</u>
Net change in fund balance	7	(2,791)	50,242	(9,375)	14,116	(10,179)	42,020
Fund balances - beginning, as originally reported	98	39,445	135,460	132,296	-	-	307,299
Adjustments (see Note 1)	-	-	-	-	369,684	227,658	597,342
Fund balances - beginning, as adjusted	<u>98</u>	<u>39,445</u>	<u>135,460</u>	<u>132,296</u>	<u>369,684</u>	<u>227,658</u>	<u>904,641</u>
Fund balances - ending	<u>\$ 105</u>	<u>\$ 36,654</u>	<u>\$ 185,702</u>	<u>\$ 122,921</u>	<u>\$ 383,800</u>	<u>\$ 217,479</u>	<u>\$ 946,661</u>