

**Farmington River Regional School District
Otis/Sandisfield
555 Main Road, Otis MA 01253
School Committee Regular Meeting #424
Friday November 7, 2022, 7:00PM
Farmington River Library**

Members Present: Jess Drenga, Deb Fogel, Amanda Leavenworth,, Carl Nett, Roger Kohler, Arlene Tolopko, Carol Lombardo. **Also present:** Eric Jesner and Robert Putnam

The meeting was called to order at 7:00 PM by Carol Lombardo.

Public Comment

- Denise Hardy read a statement regarding recently released executive session minutes. She said that the minutes showed that the three Sandisfield members had proposed a full investigation of accusations against the superintendent/principal, a proposal that the four Otis members opposed. She opined that the lack of investigation removed any leverage the school committee might have had in negotiations over the separation agreement which resulted in a financial burden for the district. She expressed personal outrage while noting that the community appeared to want to forget about it. She expressed a desire to see the school committee members focus on policy, community relations, and health and safety and to see the two towns working together for the good of the district.

1. Acceptance of Minutes

- a. The discussion of the minutes identified several minor points requiring correction. Arlene Tolopko made a motion to accept the minutes with the corrections. The motion was seconded by Deb Fogel. Jessica Drenga, Deb Fogel, Roger Kohler, Carl Nett, Carol Lombardo, and Arlene Tolopko voted in the affirmative. Amanda Leavenworth had not yet arrived at the time of the vote. There were no negative votes.

2. Principal/Superintendent updates

- a. Principal Search

Robert Putnam explained that the FRES Principal Search Committee, composed of individuals nominated by and representing all of the major stakeholders in the district (see committee composition below) met on the evening of Thursday, November 3, 2022. The primary purpose of the meeting was to review all of the cover letters, resumes, and any additional materials that were submitted in the application process in order to determine which of the applicants should be interviewed. The materials had been distributed at the beginning of the week so that members could have time to review the materials in advance of the meeting.

He went on to say that the response to the posting resulted in fewer applications than anticipated. The Principal Search Committee therefore voted unanimously to reopen the search in the spring in the hopes of attracting a larger pool of applicants. This raised the question of how to cover the responsibilities of the principal from now until a permanent principal is hired. He said that there is an administration model, already in place, that can be implemented that will suffice through the rest of the school year without requiring his presence on a full-time basis.

Over the past several years Laurie Flower and Mike Saporito have stepped in as Administrator on Duty when the principal was out of the building. In that capacity they would handle the daily operation of the school which included dealing with students issues, coverage of classrooms, health and hygiene of the building, fielding parent and agency phone calls, and other such tasks. In this plan, they will be in a position to handle all operational issues as they arise with the caveat that Putnam can always be reached by telephone and/or that decisions can be deferred until his return.

In this model, he will remain as the principal of record in which capacity he will handle all supervision and evaluation, instruction and curriculum issues, personnel issues, family and community engagement, family concerns, managing conflict, and establishing a shared vision.

For the most part, Laurie Flower will be serving as the Administrator on Duty on Tuesdays and Wednesdays. Michael Saporito will serve on Thursdays. Putnam will be in the building on Mondays and Fridays and a half-day on Wednesdays or Thursdays depending on scheduled appointments. He would also be on site for two days on shortened weeks.

This model would require Laurie Flower to be compensated with a stipend of \$150 for each day she is the Administrator on Duty which would cover the additional hours she would put in before and after school to complete both her additional task and her regular responsibilities. Mike Saporito would not require any additional compensation.

Principal Search Committee

Otis: Terry Gould, Brandi Page

Sandisfield: Jon Sylbert, Dawn Odell Lemon

School Committee: Carol Lombardo, Roger Kohler

FRES Administrators: Mike Saporito, Eric Jesner

PTS: Cecily Goulange, Aimee Magovern, Alicia Newsome, Emily Gallagher

FRES Staff: Sarah Tracy, Rebecca Hamill, Katherine Sild, Terri DiGrigoli, Jonina Decker, Meaghan Martin

b. Character Week

Throughout the week of October 17-21 the whole school focused on the six pillars of the nationally acclaimed Character Counts Program: Trustworthiness, Respect, Responsibility, Fairness, Caring, and Citizenship. Years of research have confirmed that the Six Pillars of Character and non-cognitive skills are all learned. Studies in psychology, economics, education, and neuroscience have coalesced toward one important conclusion: the non-cognitive qualities of perseverance, conscientiousness, optimism, curiosity, and self-discipline (all of which can be included under the general category of 'character') are more likely to produce success than a high IQ and highly developed cognitive skills.

The development of character requires a daily commitment to the pillars. Each day the FRES students start the day with a pledge to aspire to the six pillars and the whole school is committed to producing well rounded members of our society.

c. Veterans Day Celebration

Bethany Mielke, our FRES 4th Grade teacher, has taken on the responsibility of organizing the school-wide Veteran's Day Celebration on November 10, 2022. Veterans from Otis and Sandisfield have been invited to a 9:00-9:45 Brunch. Students will greet and welcome our local veterans to our school. We are hoping to have student volunteers to greet, sit with veterans and interview them about their service. We will then have an assembly from 9:45-10:30 during which time each grade level will perform something that honors the veterans. This will be a great way to honor our veterans and help our students to learn about service to our country.

d. After School Programming

The FRES After School opportunities for students are well underway. The first table below presents the clubs that are up and running, some of which are offered every trimester. The second table presents clubs that will be starting later in the school year.

Club	Days	Hours	Offered	Student Participation
Chess	Tues.	3:00-4:00	Trimester	11
Band	Wed.	3:00-4:30	All Year	14
GOTR	Mon. and Wed.	3:00-4:40	Until 11-17	16
K-2 Intramural	Thurs.	3:00-4:00	Trimester	18
3-6 Intramural	Tues.	3:00-4:00	Trimester	14
Afterschool	Mon.-Thurs.	3:00-5:00	All Year	41
Student Council	Thurs.	Lunch Recess	Oct-June	18

e. School Bus Arrival Times

We are happy to announce that the Dufour buses are now arriving at school by 8:30 most of the time.

3. Financial Report (See attached reports)

a. E&D Certification

- i. E&D was certified at \$371,348. This is \$134,213 in excess of the 5% allowed by DOR.

b. FY23 Budget Adjustments Conversation

- i. The committee discussed how to utilize certified E&D and decided to hold off on making any decisions.

c. FY23 Rural School Aid

- i. The committee discussed options for how to use the \$33,087.81 of awarded funds. Use for building maintenance was discussed but no decisions were made.

d. Presentation of FY21 Audit Results (See attached)

- i. No findings were reported by the auditors.

4. Policy

- a. The committee reviewed the MASC options (see attached) for updating current FRRSD policies and ensuring that they are up to date. They also reviewed options for publishing policies (see attached) so that they are easily available. The committee asked the superintendent to identify policy manuals that could be adopted.

5. Personnel Report

- a. The superintendent announced the hiring of Caroline Stamm (see attached) as the Administrative Assistant to the Principal/Superintendent.
- 6. Adjournment.** A motion to adjourn the meeting was made by Jess Drenga and seconded by Carl Nett. Jessica Drenga, Deb Fogel, Roger Kohler, Carl Nett, Amanda Leavenworth, Carol Lombardo, and Arlene Tolopko voted in the affirmative. There were no negative votes.

Respectfully Submitted,
Robert R. Putnam, Interim Principal/ Superintendent



Farmington River Regional School District

Striving to be the best students and citizens.

555 North Main Road • Otis, MA 01253 • Ph (413) 269-4466 • Fx (413) 269-7659

FARMINGTON RIVER REGIONAL SCHOOL DISTRICT

Financial Statements
For the Year Ended June 30, 2021

(With Independent Auditor's Report Thereon)

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	13
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities in the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Fiduciary Funds:	
Statement of Fiduciary Net Position	17
Statement of Changes in Fiduciary Net Position	18
Notes to Financial Statements	19
REQUIRED SUPPLEMENTARY INFORMATION:	
Budget and Actual:	
Statement of Revenues, Expenditures, and Other Financing Sources (Uses) – Budget and Actual – General Fund	42
Notes to the Required Supplementary Information for General Fund Budget	43
Pension:	
Schedule of Proportionate Share of the Net Pension Liability	44
Schedule of Pension Contributions	45
OPEB:	

Schedule of Changes in the Total OPEB Liability	46
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OTHER INFORMATION:

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	47
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INDEPENDENT AUDITOR'S REPORT

To the School Committee
Farmington River Regional School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Farmington River Regional School District (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The School District's 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 (GAAP); 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 (GAAS). 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 the Farmington River Regional School District, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with generally accepted accounting principles.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Budgetary Comparison of the General Fund, and certain pension and OPEB schedules 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 generally accepted accounting standards, 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 evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Combining Statement of Revenues, Expenditures, and Changes in Fund Balance for the Nonmajor Governmental Funds is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and



other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Greenfield, Massachusetts
October 17, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Farmington River Regional School District (the School District), we offer readers this narrative overview and analysis of the financial activities of the School District for the fiscal year ended June 30, 2021.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows/inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The Statement of Activities presents information showing how the School 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 (e.g., earned, but unused vacation and sick leave).

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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The School District's funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School 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 School 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.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's programs.

Notes to Financial Statements

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

Required and Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America and other supplementary information.

Financial Highlights

- As of the close of the current fiscal year, net position in governmental activities was \$(3,324,068), a change of \$(93,814), as further discussed in the Government-Wide Financial Analysis section.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$1,410,841 a change of \$184,949 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$381,635, a change of \$99,661 in comparison to the prior year.

Government-Wide Financial Analysis

The following is a summary of condensed government-wide financial data for the current and prior fiscal year.

	NET POSITION	
	<u>2021</u>	<u>2020</u>
Assets		
Current assets	\$ 1,872,580	\$ 1,284,286
Capital assets	<u>3,685,550</u>	<u>3,765,759</u>
Total Assets	5,558,130	5,050,045
Deferred Outflows of Resources	1,219,508	1,552,416
Liabilities		
Other liabilities	461,739	58,394
Long-term liabilities	<u>7,588,163</u>	<u>8,889,091</u>
Total Liabilities	8,049,902	8,947,485
Deferred Inflows of Resources	2,051,804	885,230
Net Position		
Net investment in capital assets	3,689,027	3,769,236
Restricted	853,707	775,279
Unrestricted	<u>(7,866,802)</u>	<u>(7,774,769)</u>
Total Net Position	\$ <u>(3,324,068)</u>	\$ <u>(3,230,254)</u>

As noted earlier, net position may serve over time as a useful indicator of a School District's financial position. At the close of the most recent fiscal year, total net position was \$(3,324,068), a change of \$(93,814) in comparison to the prior year.

The largest portion of net position \$3,689,027 reflects our investment in capital assets (e.g., buildings, improvements, furnishings, and equipment), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in 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.

An additional portion of net position \$853,707 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects a deficit of \$(7,866,802), primarily resulting from unfunded pension and OPEB liabilities.

CHANGE IN NET POSITION

	<u>2021</u>	<u>2020</u>
Revenues		
Program revenues:		
Charges for services	\$ 3,634	\$ 29,259
Operating grants and contributions	1,211,587	1,142,870
General revenues:		
Assessments to member towns	4,005,058	3,943,676
Grants and contributions not restricted to specific programs	580,601	494,950
Investment income	1,198	3,171
Miscellaneous income	<u>10,612</u>	<u>4,733</u>
Total Revenues	5,812,690	5,618,659
Expenses		
Administration	296,803	314,778
Instruction	2,306,831	2,346,509
Other school services	567,821	556,449
Operations and maintenance	439,324	441,109
Fixed charges	39,260	35,926
Special education	999,927	1,172,803
Intergovernmental	1,240,627	858,094
Capital outlay	<u>15,911</u>	<u>32,098</u>
Total Expenses	<u>5,906,504</u>	<u>5,757,766</u>
Change in Net Position	(93,814)	(139,107)
Net Position - Beginning of Year	<u>(3,230,254)</u>	<u>(3,091,147)</u>
Net Position - End of Year	<u>\$ (3,324,068)</u>	<u>\$ (3,230,254)</u>

Governmental Activities

Governmental activities for the year resulted in a change in net position of \$(93,814). Key elements of this change are as follows:

General Fund operations	\$ 106,521
Revolving funds operations	43,473
Nonmajor governmental funds operations	34,955
Depreciation expense	(161,791)
Capital asset purchases	81,582
Change in net pension liability, net of deferrals	81,122
Change in total OPEB liability, net of deferrals	(261,596)
Change in accrued employee benefits	<u>(18,080)</u>
Total	<u>\$ (93,814)</u>

Financial Analysis of the School District's Funds

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

General Fund

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$381,635, while total fund balance was \$553,657. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to General Fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>	<u>% of General Fund Expenditures*</u>
Unassigned Fund Balance	\$381,635	\$281,974	\$99,661	8.2%
Total Fund Balance	\$553,657	\$447,136	\$106,521	11.9%

* Expenditure amounts used to calculate the above percentages have been adjusted to exclude the on-behalf payment from the Commonwealth of Massachusetts to the Massachusetts Teachers Retirement System of \$229,114.

The total fund balance of the General Fund changed by \$106,521 during the current fiscal year. Key elements of this change are as follows:

Excess of revenues as compared to budget	\$ 404,468
Budgetary appropriations unspent by departments	441,256
Transfers out under budget	(201,620)
Use of excess and deficiency as a funding source	(145,000)
Difference between current year encumbrances to be spent in the subsequent period and prior year encumbrances spent in the current year	51,860
Change in stabilization fund	(40,000)
Accrual of intergovernmental payable	(404,175)
Other	<u>(268)</u>
Total	<u>\$ 106,521</u>

Included in the total General Fund balance is the School District's stabilization account with a balance of \$120,000 as of June 30, 2021.

Revolving Funds

The fund balance of revolving funds changed by \$43,473, primarily from timing differences between the receipt and disbursement of school choice, circuit breaker, and regional transportation funds.

Nonmajor Governmental Funds

The fund balance of nonmajor governmental funds changed by \$34,955, primarily from timing differences between the receipt and disbursement of grants.

General Fund Budgetary Highlights

There were no changes in overall budget appropriations.

Capital Assets

Total investment in capital assets for governmental activities at year end amounted to \$3,685,550 (net of accumulated depreciation). This investment in capital assets includes buildings and improvements, furnishings and equipment, vehicles, textbooks, and office equipment.

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

Purchase of a transit van	\$ 41,787
Computer purchases	14,683
Fire alarm and panel upgrades	10,802
Chromebook purchases	9,000
Purchase of air purifiers	5,310
Current year depreciation	<u>(161,791)</u>
Net change	\$ <u><u>(80,209)</u></u>

Additional information on capital assets can be found in the Notes to Financial Statements.

Requests for Information

This financial report is designed to provide a general overview of the Farmington River Regional School District's finances for all those with an interest in the School District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Mr. Eric Jesner
Business Manager
Farmington River Regional School
555 Main Street
Otis, MA 01253

FARMINGTON RIVER REGIONAL SCHOOL DISTRICT

Statement of Net Position
June 30, 2021

	Governmental <u>Activities</u>
Assets	
Current:	
Cash and short-term investments	\$ 1,869,182
Inventory	<u>3,398</u>
Total Current Assets	1,872,580
Noncurrent:	
Capital assets, net of accumulated depreciation	<u>3,685,550</u>
Total Assets	5,558,130
Deferred Outflows of Resources	
Related to pension	99,056
Related to OPEB	<u>1,120,452</u>
Total Deferred Outflows of Resources	1,219,508
Liabilities	
Current:	
Warrants payable	42,625
Accrued payroll and withholdings	14,939
Intergovernmental payable	<u>404,175</u>
Total Current Liabilities	461,739
Noncurrent:	
Net pension liability	152,594
Total OPEB liability	7,312,439
Compensated absences	<u>123,130</u>
Total Noncurrent Liabilities	<u>7,588,163</u>
Total Liabilities	8,049,902
Deferred Inflows of Resources	
Related to pension	230,287
Related to OPEB	<u>1,821,517</u>
Total Deferred Inflows of Resources	2,051,804
Net Position	
Net investment in capital assets	3,689,027
Restricted for:	
Grants and other statutory restrictions	853,707
Unrestricted	<u>(7,866,802)</u>
Total Net Position	\$ <u><u>(3,324,068)</u></u>

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

FARMINGTON RIVER REGIONAL SCHOOL DISTRICT

Statement of Activities
For the Year Ended June 30, 2021

		<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
Administration	\$ 296,803	\$ -	\$ -	\$ (296,803)
Instruction	2,306,831	-	486,855	(1,819,976)
Other school services	567,821	3,634	525,124	(39,063)
Operations and maintenance	439,324	-	-	(439,324)
Fixed charges	39,260	-	-	(39,260)
Special education	999,927	-	199,608	(800,319)
Intergovernmental	1,240,627	-	-	(1,240,627)
Capital outlay	<u>15,911</u>	<u>-</u>	<u>-</u>	<u>(15,911)</u>
Total Governmental Activities	\$ <u>5,906,504</u>	\$ <u>3,634</u>	\$ <u>1,211,587</u>	(4,691,283)
General Revenues				
				4,005,058
				580,601
				1,198
				<u>10,612</u>
				<u>4,597,469</u>
				(93,814)
Net Position				
				<u>(3,230,254)</u>
				\$ <u>(3,324,068)</u>

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

FARMINGTON RIVER REGIONAL SCHOOL DISTRICT

Governmental Funds
Balance Sheet
June 30, 2021

	<u>General Fund</u>	<u>Revolving Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and short-term investments	\$ 1,015,396	\$ 811,188	\$ 42,598	\$ 1,869,182
Inventory	<u>-</u>	<u>-</u>	<u>3,398</u>	<u>3,398</u>
Total Assets	\$ <u><u>1,015,396</u></u>	\$ <u><u>811,188</u></u>	\$ <u><u>45,996</u></u>	\$ <u><u>1,872,580</u></u>
Liabilities				
Warrants payable	\$ 42,625	\$ -	\$ -	\$ 42,625
Accrued payroll and withholdings	14,939	-	-	14,939
Intergovernmental payable	<u>404,175</u>	<u>-</u>	<u>-</u>	<u>404,175</u>
Total Liabilities	461,739	-	-	461,739
Fund Balances				
Restricted	-	811,188	45,996	857,184
Assigned	172,022	-	-	172,022
Unassigned	<u>381,635</u>	<u>-</u>	<u>-</u>	<u>381,635</u>
Total Fund Balances	<u><u>553,657</u></u>	<u><u>811,188</u></u>	<u><u>45,996</u></u>	<u><u>1,410,841</u></u>
Total Liabilities and Fund Balances	\$ <u><u>1,015,396</u></u>	\$ <u><u>811,188</u></u>	\$ <u><u>45,996</u></u>	\$ <u><u>1,872,580</u></u>

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

FARMINGTON RIVER REGIONAL SCHOOL DISTRICT

Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
in the Statement of Net Position
June 30, 2021

Total governmental fund balances	\$ 1,410,841
<ul style="list-style-type: none">Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	3,685,550
<ul style="list-style-type: none">Deferred outflows of resources related to pension to be recognized in pension expense in future periods.	99,056
<ul style="list-style-type: none">Deferred outflows of resources related to OPEB to be recognized in OPEB expense in future periods.	1,120,452
<ul style="list-style-type: none">Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Net pension liability	(152,594)
Total OPEB liability	(7,312,439)
Compensated absences	(123,130)
<ul style="list-style-type: none">Deferred inflows of resources related to pension to be recognized in pension expense in future periods.	(230,287)
<ul style="list-style-type: none">Deferred inflows of resources related to OPEB to be recognized in OPEB expense in future periods.	<u>(1,821,517)</u>
Net position of governmental activities	\$ <u><u>(3,324,068)</u></u>

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

FARMINGTON RIVER REGIONAL SCHOOL DISTRICT

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

	<u>General Fund</u>	<u>Revolving Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Assessments to member towns	\$ 4,005,058	\$ -	\$ -	\$ 4,005,058
Charges for services	-	892	2,742	3,634
Intergovernmental	1,027,462	137,102	336,737	1,501,301
Investment income	1,198	-	-	1,198
Miscellaneous income	<u>10,612</u>	<u>-</u>	<u>-</u>	<u>10,612</u>
Total Revenues	5,044,330	137,994	339,479	5,521,803
Expenditures				
Current:				
Administration	217,979	-	-	217,979
Instruction	1,188,091	36,805	129,196	1,354,092
Other school services	351,996	45,486	129,076	526,558
Operations and maintenance	256,498	-	15,560	272,058
Fixed charges	39,260	-	-	39,260
Special education	648,124	27,230	53,312	728,666
Employee benefits	941,703	-	-	941,703
Intergovernmental	1,240,627	-	-	1,240,627
Capital outlay	<u>15,911</u>	<u>-</u>	<u>-</u>	<u>15,911</u>
Total Expenditures	<u>4,900,189</u>	<u>109,521</u>	<u>327,144</u>	<u>5,336,854</u>
Excess (Deficiency) of Revenues Over Expenditures	144,141	28,473	12,335	184,949
Other Financing Sources (Uses)				
Transfers in	288,000	303,000	22,620	613,620
Transfers out	<u>(325,620)</u>	<u>(288,000)</u>	<u>-</u>	<u>(613,620)</u>
Total Other Financing Sources (Uses)	<u>(37,620)</u>	<u>15,000</u>	<u>22,620</u>	<u>-</u>
Change in Fund Balance	106,521	43,473	34,955	184,949
Fund Balances, at Beginning of Year	<u>447,136</u>	<u>767,715</u>	<u>11,041</u>	<u>1,225,892</u>
Fund Balances, at End of Year	\$ <u><u>553,657</u></u>	\$ <u><u>811,188</u></u>	\$ <u><u>45,996</u></u>	\$ <u><u>1,410,841</u></u>

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

FARMINGTON RIVER REGIONAL SCHOOL DISTRICT

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 - total governmental funds	\$ 184,949
<ul style="list-style-type: none">Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital asset purchases	81,582
Depreciation	(161,791)
<ul style="list-style-type: none">Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Change in net pension liability and related deferred outflows and inflows	81,122
Change in total OPEB liability and related deferred outflows and inflows	(261,596)
Change in compensated absences	<u>(18,080)</u>
Change in net position of governmental activities	\$ <u>(93,814)</u>

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

FARMINGTON RIVER REGIONAL SCHOOL DISTRICT

Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2021

	Custodial Funds
Assets	
Cash and short-term investments	\$ <u>9,548</u>
Total Assets	\$ <u><u>9,548</u></u>
 Net Position	
Restricted for student activities	\$ <u>9,548</u>
Total Net Position	\$ <u><u>9,548</u></u>

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

FARMINGTON RIVER REGIONAL SCHOOL DISTRICT

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
June 30, 2021

	Custodial Funds
Additions	
Fees collected on behalf of students	\$ <u>1,223</u>
Total Additions	1,223
Deductions	
Payments on behalf of students	<u>2,101</u>
Total Deductions	<u>2,101</u>
Change in Net Position	(878)
Restricted Net Position	
Beginning of Year	<u>10,426</u>
End of Year	\$ <u><u>9,548</u></u>

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

FARMINGTON RIVER REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Farmington River Regional School District (the School District) conform to Generally Accepted Accounting Principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

Reporting Entity

The School District is a municipal corporation governed by an elected School Committee. As required by GAAP, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2021, it was determined that no entities met the component unit requirements of Governmental Accounting Standards Board (GASB) No. 14, *The Financial Reporting Entity* (as amended).

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Member assessments and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided and (2) operating grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

Fund Financial Statements

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. All other revenue items are considered to be measurable and available only when cash is received by the School District. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, OPEB, and pension are recorded only when payment is due.

The School District reports the following major governmental funds:

- The *General Fund* is the School District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Revolving Funds* are used to account for activity for multiple revolving funds, in accordance with Massachusetts General Laws.

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

The School District reports the following fiduciary fund:

- The *Custodial Funds* account for fiduciary assets held by the School District in a custodial capacity as an agent on behalf of others and are not required to be reported elsewhere on the financial statements. Custodial Funds consist of student activity fees collected on behalf of students.

Cash and Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits and money market accounts. Generally, a cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the financial statements under the caption "cash and short-term investments."

Capital Assets

Capital assets, which include buildings and improvements, furnishings and equipment, vehicles, office equipment, and textbooks are reported in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of four 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 the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	50
Furnishings and equipment	20
Vehicles	5-10
Office equipment and textbooks	5

Compensated Absences

It is the School District's policy to permit employees to accumulate earned, but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements, compensated absences and other post-employment benefits are reported as liabilities in the Statement of Net Position.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance

Generally, fund balance represents the difference between current assets/deferred outflows and current liabilities/deferred inflows. The School District reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and, therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods. The General Fund is the only fund that reports a positive unassigned fund balance.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the School District uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

Net Position

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenses/expenditures during the fiscal year. Actual results could vary from estimates that were used.

2. Stewardship, Compliance and Accountability

Budgetary Information

The School Committee annually determines the amount to be raised (after deducting the amount of anticipated revenue the School District expects to receive) to maintain and operate the School District during the next fiscal year. The School District then calculates the assessments to each town based on its approved budget and seeks an appropriation in the amount of that assessment from each town's annual town meeting. After assessments are appropriated by each town that are consistent with the School Committee's budget (either its initial budget or a budget revised to be consistent with the town's appropriations), the School District Treasurer certifies the assessments to the treasurers of the towns.

Formal budgetary integration is employed as a management control device during the year for the General Fund.

At year-end, appropriation balance lapse, except for certain unexpended capital items and encumbrances, which will be honored during the subsequent year.

Assessments of Member Towns

Most capital and operating costs of the School District in excess of each town's net minimum contribution are apportioned to the member towns on the basis of their respective pupil enrollments in the School District on October 1 of the preceding year. Certain costs, such as transportation and debt service, are outside of the net school spending requirements established by the Commonwealth of Massachusetts. These costs are apportioned to the member towns based on either the above percentage or on a member-specific basis.

For the year-ended June 30, 2021, the assessments were calculated as follows:

<u>Member Town</u>	<u>Minimum Contribution</u>	<u>Contribution Outside Net Sch. Spending</u>	<u>Additional Contribution</u>	<u>Total Assessments</u>
Otis	\$ 1,099,913	\$ 1,206,391	\$ 46,027	\$ 2,352,331
Sandisfield	<u>785,670</u>	<u>835,193</u>	<u>31,864</u>	<u>1,652,727</u>
Total	<u>\$ 1,885,583</u>	<u>\$ 2,041,584</u>	<u>\$ 77,891</u>	<u>\$ 4,005,058</u>

3. Deposits and Investments

Massachusetts General Laws (MGL) Chapter 44, Section 55 place certain limitations on the nature of deposits and investments available to the School District. Deposits, including demand deposits, money markets, certificates of deposits in any one financial institution, may not exceed 60% of the capital and surplus of such institution unless

collateralized by the institution involved. Investments may be made in unconditionally guaranteed U.S government obligations having maturities of a year or less from the date of purchase, or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consist of such obligations. Other allowable investments include certificates of deposits having a maturity date of up to 3 years from the date of purchase, national banks, and Massachusetts Municipal Depository Trust (MMDT). MGL Chapter 44, Section 54, provides additional investment options for certain special revenue, trust, and OPEB funds.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk.

As of June 30, 2021, none of the School District's bank balance of \$1,844,095 was exposed to custodial credit risk as uninsured and/or uncollateralized.

4. Capital Assets

Capital assets activity for the year-ended June 30, 2021, was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental Activities				
Capital assets, being depreciated:				
Buildings and improvements	\$ 6,128,387	\$ -	\$ -	\$ 6,128,387
Furnishings and equipment	361,861	39,795	-	401,656
Vehicles	190,408	41,787	(70,813)	161,382
Textbooks	36,995	-	-	36,995
Office equipment	<u>5,400</u>	<u>-</u>	<u>-</u>	<u>5,400</u>
Total Capital Assets, Being Depreciated	6,723,051	81,582	(70,813)	6,733,820
Less accumulated depreciation for:				
Buildings and improvements	(2,597,774)	(127,220)	-	(2,724,994)
Furnishings and equipment	(215,303)	(16,094)	-	(231,397)
Vehicles	(101,820)	(18,477)	70,813	(49,484)
Textbooks	(36,995)	-	-	(36,995)
Office equipment	<u>(5,400)</u>	<u>-</u>	<u>-</u>	<u>(5,400)</u>
Total Accumulated Depreciation	<u>(2,957,292)</u>	<u>(161,791)</u>	<u>70,813</u>	<u>(3,048,270)</u>
Governmental Activities Capital Assets, Net	\$ <u><u>3,765,759</u></u>	\$ <u><u>(80,209)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>3,685,550</u></u>

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

Governmental Activities	
Instruction	\$ 2,368
Other school services	17,971
Operations and maintenance	<u>141,452</u>
Total Depreciation Expense - Governmental Activities	\$ <u>161,791</u>

5. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets by the School District that apply to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pension and OPEB, in accordance with GASB Statements No. 68 and 75 are more formally discussed in the corresponding pension and OPEB notes.

6. Long-Term Debt

Changes in Long-Term Liabilities

During the year-ended June 30, 2021, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Long-Term Portion Balance
Governmental Activities						
Net pension liability	\$ 364,497	\$ -	\$ (211,903)	\$ 152,594	\$ -	\$ 152,594
Total OPEB liability	8,419,544	-	(1,107,105)	7,312,439	-	7,312,439
Compensated absences	<u>105,050</u>	<u>18,080</u>	<u>-</u>	<u>123,130</u>	<u>-</u>	<u>123,130</u>
Total	\$ <u>8,889,091</u>	\$ <u>18,080</u>	\$ <u>(1,319,008)</u>	\$ <u>7,588,163</u>	\$ <u>-</u>	\$ <u>7,588,163</u>

7. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of net assets by the School District that apply to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB, in accordance with GASB Statements No. 68 and 75 are more formally discussed in the corresponding pension and OPEB notes.

8. Transfers

The School District reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is an analysis of major interfund transfers.

Governmental Funds	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 288,000	\$ (325,620)
Revolving Funds	303,000	(288,000)
Nonmajor Governmental Funds:		
School lunch funds	<u>22,620</u>	<u>-</u>
Total	<u>\$ 613,620</u>	<u>\$ (613,620)</u>

9. Governmental Funds – Fund Balances

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The School District has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at June 30, 2021:

Restricted

Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes various special revenue funds.

Assigned

Represents amounts that are constrained by the School District's intent to use these resources for a specific purpose. This fund balance classification includes General Fund encumbrances that have been established by various School District departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period, and surplus to be set aside to be used in the subsequent year.

Unassigned

Represents amounts that are available to be spent in future periods and the general stabilization fund.

The following is a breakdown of the School District's fund balances at June 30, 2021:

	General <u>Fund</u>	Revolving <u>Funds</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Restricted				
Special revenue funds	\$ <u>-</u>	\$ <u>811,188</u>	\$ <u>45,996</u>	\$ <u>857,184</u>
Total Restricted	-	811,188	45,996	857,184
Assigned				
Encumbrances:				
Operations and maintenance	9,200	-	-	9,200
Capital outlay	62,822	-	-	62,822
Reserved for expenditures	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Total Assigned	172,022	-	-	172,022
Unassigned				
General fund	261,635	-	-	261,635
Stabilization fund	<u>120,000</u>	<u>-</u>	<u>-</u>	<u>120,000</u>
Total Unassigned	<u>381,635</u>	<u>-</u>	<u>-</u>	<u>381,635</u>
Total Fund Balance	\$ <u><u>553,657</u></u>	\$ <u><u>811,188</u></u>	\$ <u><u>45,996</u></u>	\$ <u><u>1,410,841</u></u>

10. Berkshire County Retirement System

The School District follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to employees' retirement funds.

Plan Description

Substantially all employees of the School District, (except teachers and administrators), are members of the Berkshire County Retirement System (the System), a cost-sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of Massachusetts General Laws (MGL) establishes the authority of the System, contribution percentages, and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports publicly available from the System located at Berkshire County Retirement System, 29 Dunham Hall, Pittsfield, MA 01201.

Participant Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of MGL. The employee's individual contribution percentage is determined by their date of entry into the System. In addition, all employees hired on or after January 1, 1979, contribute an additional 2%

on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

Before January 1, 1975	5%
January 1, 1975 – December 31, 1983	7%
January 1, 1984 – June 30, 1996	8%
Beginning July 1, 1996	9%

For those members entering the System on or after April 2, 2012, in Group 1, the contribution rate will be reduced to 6% when at least 30 years of creditable service has been attained.

Participant Retirement Benefits

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation for those hired prior to April 2, 2012, and the highest 5-year average annual rate of regular compensation for those first becoming members of the System on or after that date. However, per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100%, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

There are four classes of membership in the retirement system, but one of these classes, Group 3, is made up exclusively of the Massachusetts State Police. The other three classes are as follows:

- Group 1 – General employees, including clerical, administrative, technical, and all other employees not otherwise classified.
- Group 2 – Certain specified hazardous duty positions.
- Group 4 – Police officers, firefighters, and other specified hazardous positions.

A retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to

January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978, and a member of Groups 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left School District employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4 have no minimum vesting requirements; however, must be at least age 55. Groups 2 and 4 require that participants perform the duties of the group position for at least 12 months immediately prior to retirement.

A participant who became a member on or after April 2, 2012, is eligible for a retirement allowance upon 10 years creditable service and reaching ages 60 or 55 for Groups 1 and 2, respectively. Participants in Group 4 must be at least age 55. Groups 2 and 4 require that participants perform the duties of the group position for at least 12 months immediately prior to retirement.

Methods of Payment

A member may elect to receive his or her retirement allowance in one of three forms of payment as follows:

- Option A – Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the member's death.
- Option B – A reduced annual allowance, payable in monthly installments, commencing at retirement and terminating at the death of the member, provided however, that if the total amount of the annuity portion received by the member is less than the amount of his or her accumulated deductions, including interest, the difference or balance of his or her accumulated deductions will be paid in lump-sum to the retiree's beneficiary or beneficiaries of choice.
- Option C – A reduced annual allowance, payable in monthly installments, commencing at retirement. At the death of the retired employee, 2/3 of the allowance is payable to the member's designated beneficiary (who may be the spouse, or former spouse who has not remarried, child, parent, sister, or brother of the employee) for the life of the beneficiary. For members who retired on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases (or "pops up" to Option A) based on the factor used to determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998, and the beneficiary pre-deceases the retiree, the benefit payable "pops up" to Option A in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

Participant Refunds

Employees who resign from service and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. Members voluntarily withdrawing with at least 10 years of service or involuntarily withdrawing, receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3%.

Employer Contributions

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

The School District's contribution to the System for the year ended June 30, 2021, was \$128,700, which was equal to its annual required contribution.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the System and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At June 30, 2021, the School District reported a liability of \$152,594 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019, rolled forward to December 31, 2020. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the School District's proportion was 1.19%; there was no change from its proportion measured as of December 31, 2019.

For the year-ended June 30, 2021, the School District recognized pension expense of \$47,767. In addition, the School District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,250	\$ (1,428)
Changes in assumptions	97,806	-
Changes in proportion and differences between contributions, share of contributions and proportionate share of contributions	-	(25,000)
Net difference between projected and actual earnings on pension plan investments	-	(203,859)
Total	\$ <u>99,056</u>	\$ <u>(230,287)</u>

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

<u>Year Ended June 30:</u>	
2022	\$ (32,000)
2023	(5,000)
2024	(64,000)
2025	<u>(30,231)</u>
Total	\$ <u>(131,231)</u>

Actuarial Assumptions

The total pension liability in the latest actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	January 1, 2019
Inflation	Not explicitly assumed
Salary increases	4.25% for Group 1, 4.75% for Group 4
Investment rate of return	7.00%
Remaining amortization period	7 years from July 1, 2021

Pre-retirement rates for mortality were based on RP-2014 Blue Collar Employees table projected generationally with Scale MP-2018 (gender distinct) and post-retirement rates for mortality were based on RP-2014 Blue Collar Health Annuitant table projected generationally with Scale MP-2018 (gender distinct). For disabled retirees, the rates reflect the RP-2014 Healthy Annuitant table (set forward one year for both males and females) projected generationally with Scale MP-2018 (gender distinct).

A full experience study has not been performed specifically for this system as the results may not be credible due to the size of the system. An experience study for local systems was completed in 2002, in which data for 30 local systems was accumulated and reviewed. However, gains and losses by source are analyzed in each actuarial valuation to determine whether the demographic assumptions continue to be reasonable.

Target Allocation

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building-block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense, and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of long-term expected rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	Long-term Expected Asset <u>Allocation</u>	Long-term Expected Real Rate <u>of Return</u>
U.S. equity	23.10%	1.48%
International equities	14.40%	0.95%
Emerging equities	5.80%	0.49%
Hedged equity	8.80%	0.50%
Core fixed income	15.80%	1.49%
Value-added fixed income	7.40%	0.46%
Private equity	12.60%	1.29%
Real estate	8.30%	0.50%
Timberland	3.30%	0.22%
Portfolio completion (PBC)	<u>0.50%</u>	0.03%
Total	<u><u>100.00%</u></u>	

Discount Rate

The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive 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 Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7%, as well as what the School District's proportionate share of the net pension liability would be if it was calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
\$587,908	\$152,594	(\$231,634)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the System's separately issued financial report.

11. Massachusetts Teachers' Retirement System (MTRS)

Plan Description

The Massachusetts Teachers' Retirement System (MTRS) is a PERS that administers a cost-sharing multi-employer defined benefit plan, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. MTRS is managed by the Commonwealth of Massachusetts on behalf of municipal teachers and municipal teacher retirees. The Commonwealth of Massachusetts is a nonemployer contributor and is responsible for all contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives, and Quincy College. The MTRS is part of the Commonwealth of Massachusetts' reporting entity and does not issue a stand-alone audited financial report.

Management of MTRS is vested in the Massachusetts Teachers' Retirement Board (MTRB), which consists of seven members — two elected by the MTRS members, one who is chosen by the six other MTRB members, the State Treasurer (or their designee), the State Auditor (or their designee), a member appointed by the Governor, and the Commissioner of Education (or their designee), who serves ex-officio as the Chairman of the MTRB.

Benefits Provided

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. MGL establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation. For employees hired after April 1, 2012,

retirement allowances are calculated on the basis of the last 5 years or any 5 consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012, cannot retire prior to age 60.

The MTRS' funding policies have been established by Chapter 32 of MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

Contributions

Member contributions for MTRS vary depending on the most recent date of membership:

<u>Membership Date</u>	<u>% of Compensation</u>
Prior to 1975	5% of regular compensation
1975 to 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation
7/1/2001 to present	11% of regular compensation (for teachers hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present	An additional 2% of regular compensation in excess of \$30,000

Actuarial Assumptions

The total pension liability for the June 30, 2020, measurement date was determined by an actuarial valuation as of January 1, 2020, rolled forward to June 30, 2020. This valuation used the following assumptions:

- (a) 7.15% (changed from 7.25%) investment rate of return, (b) 3.5% interest rate credited to the annuity savings fund and (c) 3.0% cost of living increase per year on the first \$13,000 per year.
- Salary increases are based on analyses of past experience, but range from 4.0% to 7.5% depending on length of service.

- Experience study is dated July 21, 2014, and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect post-retirement mortality through January 1, 2017.
- Mortality rates were as follows:
 - Pre-retirement – reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).
 - Post-retirement – reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).
 - Disability – assumed to be in accordance with the Pub-2010 Teachers Retirees Mortality Table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).

Target Allocations

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. 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 rates of return 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 rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	39.00%	4.80%
Core fixed income	15.00%	0.70%
Private equity	13.00%	8.20%
Portfolio completion strategies	11.00%	3.20%
Real estate	10.00%	3.50%
Value added fixed income	8.00%	4.20%
Timber/natural resources	4.00%	4.10%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth of Massachusetts' contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the 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 Analysis

The following illustrates the sensitivity of the collective net pension liability to changes in the discount rate. In particular, the table presents the MTRS collective net pension liability assuming it was calculated using a single discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate (amounts in thousands):

1% Decrease	Current Discount Rate	1% Increase
<u>(6.15%)</u>	<u>(7.15%)</u>	<u>(8.15%)</u>
\$35,411,955	\$28,544,844	\$22,908,510

Special Funding Situation

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarial determined employer contributions on behalf of the member employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions (GASB 68)* and the Commonwealth of Massachusetts is a nonemployer contributing entity in MTRS. Since the employers do not contribute directly to MTRS, there is no net pension liability to recognize for each employer.

District Proportions

In fiscal year 2020 (the most recent measurement period), the School District's proportionate share of the MTRS' collective net pension liability was approximately \$4.2 million based on a proportionate share of 0.0147%. As required by GASB 68, the School District has recognized its portion of the Commonwealth of Massachusetts' contribution of approximately \$229,000 as both a revenue and expenditure in General Fund, and its portion of the collective pension expense of approximately \$520,000 as both a revenue and expense in governmental activities.

12. Other Post-Employment Benefits

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments

to their actuarial present value, and attribute that present value to periods of employee service.

All the following OPEB disclosures are based on a measurement date of June 30, 2021.

General Information about the OPEB Plan

Plan Description

The School District provides post-employment healthcare benefits for retired employees through the School District's plan. The School District provides health insurance coverage through MIIA. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of MGL. The OPEB plan is not administered through a trust that meets the criteria in paragraph 4 of GASB 75.

Benefits Provided

The School District provides medical and prescription drug insurance to retirees and their covered dependents. All active employees who retire from the School District and meet the eligibility criteria will receive these benefits.

Funding Policy

The School District's funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute.

Plan Membership

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	41
Active employees	<u>22</u>
Total	<u><u>63</u></u>

Actuarial Assumptions and Other Inputs

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, unless otherwise specified:

Inflation	3%
Salary increases	Group 1 and 2 – 6% decreasing over 9 years to an ultimate level of 4.25% Teachers – 7.5% decreasing over 20 years to an ultimate rate of 4.0%
Discount rate	2.16%
Healthcare cost trend rates	6.75% for 2021, fluctuating 0.25%, to an ultimate rate of 4.5%
Participation rate	100% of active employees and retirees with coverage

Mortality rates were based on the following:

- Pre-Retirement (Non-Teachers): RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2020
- Healthy Retiree (Non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2020
- Disabled Retiree (Non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with Scale MP-2020
- Pre-Retirement (Teachers): PubT-2010 Teacher Employee Mortality Table (Headcount Weighted) projected generationally with Scale MP-2020
- Healthy Retiree (Teachers): PubT-2010 Teacher Retiree Mortality Table (Headcount Weighted) projected generationally with Scale MP-2020
- Disabled Retiree (Teachers): PubT-2010 Teacher Retiree Mortality Table (Headcount Weighted) projected generationally with Scale MP-2020

Discount Rate

The discount rate used to measure the total OPEB liability was 2.16% and was based on Bond Buyer 20-Bond General Obligation Index at June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Total OPEB Liability

The School District's total OPEB liability of \$7,312,439 was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2020.

Changes in the Total OPEB Liability

The following summarizes the changes in the total OPEB liability for the past year:

	<u>Total OPEB Liability</u>
Balance, Beginning of Year	\$ 8,419,544
Changes for the year:	
Service cost	372,570
Interest	192,262
Differences between expected and actual experience	112,698
Changes in assumptions or other inputs	(1,598,682)
Benefit payments	<u>(185,953)</u>
Net Change	<u>(1,107,105)</u>
Balance, End of Year	\$ <u><u>7,312,439</u></u>

Changes in assumptions and other inputs reflects a change in the discount rate from 2.21% in 2020 to 2.16% in 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it was calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

1% Decrease <u>(1.16%)</u>	Current Discount Rate <u>(2.16%)</u>	1% Increase <u>(3.16%)</u>
\$8,564,600	\$7,312,439	\$6,309,566

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it was calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

1% Decrease <u>(5.75%)</u>	Current Healthcare Cost Trend Rates <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
\$6,193,270	\$7,312,439	\$8,735,465

OPEB Expense and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

For the year-ended June 30, 2021, the School District recognized an OPEB expense of \$447,549. At June 30, 2021, the School District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 93,915	\$ (391,782)
Change in assumptions	<u>1,026,537</u>	<u>(1,429,735)</u>
Total	\$ <u>1,120,452</u>	\$ <u>(1,821,517)</u>

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

<u>Year Ended June 30:</u>	
2022	\$ (117,283)
2023	(117,281)
2024	28,827
2025	(247,664)
2026	<u>(247,664)</u>
Total	\$ <u>(701,065)</u>

13. Change in Accounting Principle

During fiscal year 2021, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. This required moving certain items previously recorded as agency funds to the newly established custodial fund that reports additions and deductions for these activities. No restatement of beginning net position/fund balance was required.

14. Commitments and Contingencies

COVID-19

The COVID-19 outbreak in the United States of America (and across the globe) has resulted in economic uncertainties. There is considerable uncertainty around the duration and scope of the economic disruption. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on individuals served by the School District, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations remains uncertain.

Grants

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

Encumbrances

At year-end, the School District's General Fund has \$72,022 in encumbrances that will be honored in the next fiscal year.

15. New Pronouncement

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, *Leases*, effective for the School District beginning with its fiscal year-ending June 30, 2022. This statement established new reporting and disclosure requirements, including the recording of various operating leases in the financial statements. Management has not evaluated the effect this standard will have on the financial statements.

FARMINGTON RIVER REGIONAL SCHOOL DISTRICT

Required Supplementary Information

General Fund

Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) – Budget and Actual

For the Year Ended June 30, 2021

(Unaudited)

	<u>Budgeted Amounts</u>			Variance with
	Original	Final	Actual	Final Budget
	<u>Budget</u>	<u>Budget</u>	<u>Amounts</u>	Positive
				<u>(Negative)</u>
Revenues				
Assessments to member towns	\$ 4,005,058	\$ 4,005,058	\$ 4,005,058	\$ -
Intergovernmental	401,190	401,190	798,348	397,158
Investment income	2,500	2,500	1,198	(1,302)
Miscellaneous income	<u>2,000</u>	<u>2,000</u>	<u>10,612</u>	<u>8,612</u>
Total Revenues	4,410,748	4,410,748	4,815,216	404,468
Expenditures				
Administration	210,797	210,797	217,979	(7,182)
Instruction	1,168,552	1,168,552	1,188,091	(19,539)
Other school services	311,996	311,996	351,996	(40,000)
Operations and maintenance	267,112	267,112	245,536	21,576
Fixed charges	42,950	42,950	39,260	3,690
Special education	1,061,211	1,061,211	648,124	413,087
Employee benefits	798,371	798,371	712,589	85,782
Intergovernmental	883,027	883,027	836,452	46,575
Capital outlay	<u>16,000</u>	<u>16,000</u>	<u>78,733</u>	<u>(62,733)</u>
Total Expenditures	<u>4,760,016</u>	<u>4,760,016</u>	<u>4,318,760</u>	<u>441,256</u>
Excess (Deficiency) of Revenues Over Expenditures	(349,268)	(349,268)	496,456	845,724
Other Financing Sources (Uses)				
Use of excess & deficiency:				
Operating budget	145,000	145,000	-	(145,000)
Transfer in	288,268	288,268	288,000	(268)
Transfer out	<u>(84,000)</u>	<u>(84,000)</u>	<u>(285,620)</u>	<u>(201,620)</u>
Total Other Financing Sources (Uses)	<u>349,268</u>	<u>349,268</u>	<u>2,380</u>	<u>(346,888)</u>
Overall Budgetary Excess	\$ <u>-</u>	\$ <u>-</u>	\$ <u>498,836</u>	\$ <u>498,836</u>

See Independent Auditor's Report and Notes to the Required Supplementary Information.

Notes to the Required Supplementary Information for General Fund Budget

Budgetary Basis

The General Fund final appropriation appearing on the previous page represents the final amended budget after all transfers and supplemental appropriations.

Budget/GAAP Reconciliation

The budgetary data for the General Fund is based upon accounting principles that differ from GAAP. Therefore, in addition to the GAAP basis financial statements, the results of operations of the General Fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues, expenditures, and other financing sources (uses), to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
GAAP Basis	\$ 5,044,330	\$ 4,900,189	\$ (37,620)
Remove the effect of adding the School District's Stabilization fund per GASB 54	-	-	40,000
Reverse beginning of year appropriation carry- forwards from expenditures	-	(20,162)	-
Add end of year appropriation carryforwards to expenditures	-	72,022	-
Reverse the effect of non-budgeted State contributions for teachers' retirement	(229,114)	(229,114)	-
Reverse the effect of accruing a refund due to member towns liability due to excess and deficiency in excess of 5% in fiscal year 2021	-	(404,175)	-
Budgetary Basis	<u>\$ 4,815,216</u>	<u>\$ 4,318,760</u>	<u>\$ 2,380</u>

See Independent Auditor's Report.

FARMINGTON RIVER REGIONAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability

(Unaudited)

Berkshire County Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2021	December 31, 2020	1.19%	\$152,594	\$561,716	27.17%	95.90%
June 30, 2020	December 31, 2019	1.19%	\$364,497	\$561,716	64.89%	89.90%
June 30, 2019	December 31, 2018	1.37%	\$599,293	\$598,510	100.13%	84.40%
June 30, 2018	December 31, 2017	1.33%	\$343,845	\$581,037	59.18%	90.41%
June 30, 2017	December 31, 2016	1.32%	\$524,990	\$558,452	94.01%	84.10%
June 30, 2016	December 31, 2015	1.16%	\$490,877	\$490,761	100.02%	82.25%
June 30, 2015	December 31, 2014	0.96%	\$252,086	\$386,822	65.17%	88.13%

Massachusetts Teachers' Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the District</u>	<u>Total Net Pension Liability Associated with the District</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2021	June 30, 2020	0.014749%	\$ -	\$4,210,048	\$3,515,066	\$1,117,497	- %	50.67%
June 30, 2020	June 30, 2019	0.013941%	\$ -	\$3,515,066	\$3,515,066	\$1,014,507	- %	53.95%
June 30, 2019	June 30, 2018	0.014827%	\$ -	\$3,515,564	\$3,515,564	\$1,041,280	- %	54.84%
June 30, 2018	June 30, 2017	0.013903%	\$ -	\$3,181,812	\$3,181,812	\$944,079	- %	54.25%
June 30, 2017	June 30, 2016	0.015222%	\$ -	\$3,403,295	\$3,403,295	\$1,001,251	- %	52.73%
June 30, 2016	June 30, 2015	0.015594%	\$ -	\$3,195,172	\$3,195,172	\$988,486	- %	55.38%
June 30, 2015	June 30, 2014	0.015403%	\$ -	\$2,448,504	\$2,448,504	\$944,434	- %	61.64%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the School District's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

FARMINGTON RIVER REGIONAL SCHOOL DISTRICT

Required Supplementary Information
Schedule of Pension Contributions

(Unaudited)

Berkshire County Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2021	December 31, 2020	\$128,700	\$128,700	\$ -	\$561,716	22.91%
June 30, 2020	December 31, 2019	\$120,186	\$120,186	\$ -	\$561,716	21.40%
June 30, 2019	December 31, 2018	\$132,064	\$132,064	\$ -	\$598,510	22.07%
June 30, 2018	December 31, 2017	\$122,345	\$122,345	\$ -	\$581,037	21.06%
June 30, 2017	December 31, 2016	\$115,881	\$115,881	\$ -	\$558,452	20.75%
June 30, 2016	December 31, 2015	\$97,189	\$97,189	\$ -	\$490,761	19.80%
June 30, 2015	December 31, 2014	\$76,784	\$76,784	\$ -	\$386,822	19.85%

Massachusetts Teachers' Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Actuarially Determined Contribution Provided by Commonwealth</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2021	June 30, 2020	\$229,114	\$229,114	\$ -	\$1,117,497	20.50%
June 30, 2020	June 30, 2019	\$201,266	\$201,266	\$ -	\$1,014,507	19.84%
June 30, 2019	June 30, 2018	\$194,937	\$194,937	\$ -	\$1,041,280	18.72%
June 30, 2018	June 30, 2017	\$171,777	\$171,777	\$ -	\$944,079	18.20%
June 30, 2017	June 30, 2016	\$171,183	\$171,183	\$ -	\$1,001,251	17.10%
June 30, 2016	June 30, 2015	\$159,361	\$159,361	\$ -	\$988,486	16.12%
June 30, 2015	June 30, 2014	\$144,384	\$144,384	\$ -	\$944,434	15.29%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the School District's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

FARMINGTON RIVER REGIONAL SCHOOL DISTRICT

Required Supplementary Information
Schedule of Changes in the Total OPEB Liability
(Unaudited)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 372,570	\$ 266,913	\$ 428,966	\$ 439,400
Interest	192,262	240,885	270,929	243,301
Difference between expected and actual experience	112,698	-	(979,456)	-
Changes of assumptions	(1,598,682)	1,382,457	492,660	(292,504)
Benefit payments	<u>(185,953)</u>	<u>(172,462)</u>	<u>(165,576)</u>	<u>(183,767)</u>
Net Change in Total OPEB Liability	(1,107,105)	1,717,793	47,523	206,430
Total OPEB Liability - Beginning	<u>8,419,544</u>	<u>6,701,751</u>	<u>6,654,228</u>	<u>6,447,798</u>
Total OPEB Liability - Ending	\$ <u><u>7,312,439</u></u>	\$ <u><u>8,419,544</u></u>	\$ <u><u>6,701,751</u></u>	\$ <u><u>6,654,228</u></u>

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the School District's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

FARMINGTON RIVER REGIONAL SCHOOL DISTRICT

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

	Fund Balance Beginning of Year	Revenue Charges for Services	Federal/ State	Transfer In	Expenditures	Fund Balance End of Year
Special Revenue Funds						
Title I	\$ -	\$ -	\$ 27,120	\$ -	\$ 27,120	\$ -
SPED 240	-	-	61,531	-	61,531	-
SPED Program Improvements	-	-	5,719	-	-	5,719
ECSEA	(13)	-	247	-	-	234
ECSEA Improvements	-	-	1,169	-	-	1,169
Teacher Quality	(404)	-	1,225	-	1,225	(404)
Rural Schools	216	-	19,685	-	-	19,901
Title IVA	(139)	-	1,859	-	1,323	397
Rural School Grant	-	-	20,628	-	20,628	-
Fire Fund/Cultural Council	3,903	-	7,825	-	5,993	5,735
BUW COVID-19	4,000	-	-	-	4,000	-
Stars Grant	-	-	3,450	-	3,450	-
School Lunch	-	2,742	92,208	22,620	107,803	9,767
General Dynamics	-	-	8,420	-	8,420	-
ESSER I	-	-	24,142	-	24,142	-
CvRF Reopening	-	-	49,164	-	49,164	-
CvRF CARES Tech	-	-	4,220	-	4,220	-
Coronavirus Prevention Program	-	-	8,125	-	8,125	-
Capital Project Fund						
Building Maintenance	3,478	-	-	-	-	3,478
Total Nonmajor Governmental Funds	\$ 11,041	\$ 2,742	\$ 336,737	\$ 22,620	\$ 327,144	\$ 45,996

See Independent Auditor's Report.



October 20, 2022

Mr. Robert Putnam, Superintendent
Mr. Eric Jesner, Business Manager
Farmington River Regional School District
555 North Main Road
Otis, MA 01253

Dear Mr. Putnam and Mr. Jesner,

During the course of the Farmington River Regional School District's (the School District) fiscal year 2021 audit, we identified certain areas where improvements and/or efficiencies could be made that were not significant enough to warrant a formal management letter. The following briefly summarizes these issues:

- During our review of the School District's procurement, we noted that quotes were not obtained for lawn services, which totaled approximately \$30,000 for the fiscal year. The School District should follow Massachusetts General Laws, Chapter 30B and obtain written quotes for these types of services.
- Currently several of the School District's activities are tracked in Fund 40 in the general ledger. This includes the School District's stabilization fund, school choice fund, circuit breaker fund, and the student activity funds. All of these activities are very distinct from each other and required different reporting and presentation in the School District's financial statements. We recommend the School District break these activities out as separated funds in the general ledger.
- Occasionally, quasi-governmental or nonprofit entities (school scholarship, "friends of," or volunteer organizations) will use a school district's identification number (EIN) to establish bank accounts without the knowledge or approval of a school district. While we are not aware of any such accounts, we recommend the School District take steps to determine if unauthorized accounts exist by periodically requesting local banks to report all bank accounts established using the School District's EIN.
- The School District should record a warrants payable liability in the general ledger on June 30th for warrants issued after June 30th that relate to the current fiscal year.

Merrimack, New Hampshire
Andover, Massachusetts
Greenfield, Massachusetts
Ellsworth, Maine

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- During our testing of Other-Post Employment Benefit census data, we noted several instances where documents could not be provided to support census data attributes for retiree's that were used by the actuary in the most recent actuarial valuation. A process should be implemented to ensure documentation is retained in employee files and that the census data file submitted to the actuary is verified as being complete and accurate.

We encourage the School District to implement these recommendations in order to improve controls and efficiencies. I will be available to discuss these with you in more detail at your convenience.

Sincerely,

A handwritten signature in black ink that reads "Tanya Campbell". The script is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Tanya Campbell, CPA
Principal



School Committee
Farmington River Regional School District
555 North Main Road
Otis, Massachusetts 01253

Dear School Committee Members:

We have audited the financial statements of the Farmington River Regional School District (the School District) as of and for the year ended June 30, 2021, and have issued our report thereon dated October 17, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the School District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Merrimack, New Hampshire
Andover, Massachusetts
Greenfield, Massachusetts
Ellsworth, Maine

800.282.2440 | melansoncpas.com



Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team and others in our firm have complied with all relevant ethical requirements regarding independence. Safeguards that have been applied to eliminate threats to independence or reduce them to an acceptable level include annual certification by all firm staff of independence, or when circumstances changes during the year. In addition, an Engagement Quality Control Review (EQCR) was performed by a Melanson principal that was not part of, and is independent of, the audit team.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the School District is included in the notes to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended June 30, 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Estimated lives and depreciation methods for depreciable assets.
- Net pension liability and related deferred outflows and inflows.
- Total OPEB liability and related deferred outflows and inflows.



Management's estimate of the above are based on various criteria. We evaluated the key factors and assumptions used to develop these estimates and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. We noted no particularly sensitive disclosures affecting the School District's financial statements.

Identified or Suspected Fraud

We have not identified or have obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

As an added service to the School District, we assisted in preparing the government-wide financial statements, including consolidating various funds into governmental activities, converting to the accrual basis of accounting, and recording all long-term assets, long-term liabilities, and net position classifications. This consolidation and conversion process was based on information from the School District's accounting records.

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There was one uncorrected misstatement for the accrual of payroll for hourly employees totaling \$5,897.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no material misstatements that we identified as a result of our audit procedures.



Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the School District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in their letter dated October 17, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the School District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the School District's auditors.

This report is intended solely for the information and use of the governing body and management of the School District and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Greenfield, Massachusetts
October 17, 2022



School Committee
Farmington River Regional School District
555 North Main Road
Otis, Massachusetts 01253

Dear School Committee Members:

We have audited the financial statements of the Farmington River Regional School District (the School District) as of and for the year ended June 30, 2021, and have issued our report thereon dated October 17, 2022. Professional standards require that we advise you of the following matters relating to our audit.

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This report is intended solely for the information and use of the governing body and management of the School District and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Greenfield, Massachusetts
October 17, 2022

AGREEMENT FOR PARTICIPATION IN THE MASC “POLICY21”© PROGRAM
Massachusetts Association of School Committees
Online Policy Services
CONTRACT

This agreement, made and entered into on June 9, 2021, by and between the Massachusetts Association of School Committees (hereinafter referred to as MASC), and the _____ Public Schools (hereinafter referred to as School District).

This contract as written and offered by MASC, becomes null and void if not signed and returned to MASC by the School District within 90 calendar days of the date of transmission to the School District as determined by postmark of the United States Postal Service (if mailed,) date of record on a facsimile transmission (if Faxed,) date of record of an email transmission (if sent via electronic mail,) or signed and dated verification of receipt if delivered by hand.

In consideration of the mutual promises contained herein, and other valuable consideration, MASC and the School District agree as follows:

MASC agrees to publish the School District’s Policy Manual of up to 600 pages in length, in single spaced format, on a website dedicated to the School District. The site may be password protected at the request of the School District with a user name and password established and issued by MASC. It is understood that the site will be intended for access, mainly, through a standard browser via a standard PC or MAC with sufficient memory to operate the program. Should the School District manual exceed 600 pages, additional pages, in increments of 1 up to 50 pages, may be added at a cost of \$200.00 for each additional 1 -50-page increment

The School District Policy Manual being published on the website through this contractual agreement with MASC shall:

- Be copyrighted to MASC with full rights to the School District to use the manual for specific School District purposes, including copying, hard copy distribution, and public consumption within the School District and School District community.
- Be published with the specific understanding that the School District is prohibited from selling, distributing, for other than School District purposes, or duplicating, by any means, for other than specific School District purposes, or profiting, in any way, from the publication of the manual on the Internet through the services of MASC.
- Contain multiple search capabilities by key word, phrase, policy number, etc.
- Display, at the request of the School District, the School District “Logo” or letterhead, names of key School District officials, and the names, if requested, of School Committee Members, and other basic School District demographic information as requested by the School District. An HTML link to the School District’s main webpage may be included at the request of the School District at no extra cost.
- Provide hot link references to legal citations from the Massachusetts General Laws.

- Allow direct printing of any document from the site without need for copying, pasting, or transcription.
- Be protected from outside “hacking” or interference insofar as current technology can make such a warranty.
- Provide redundancy through regular back-ups secured off site to be retrievable in the event of an unanticipated shutdown or natural catastrophe.

MASC shall:

- Provide unlimited changes or updates to the on-line manual per the annual hosting agreement.
- Be available to the School District by personal telephone contact for questions, concerns, or problem troubleshooting during normal business hours of MASC, Monday through Friday, or via email to Ann-marie Martin (amartin@masc.org) during normal business hours.

Provide, if requested, one, one-hour training session for School District staff on the use of the Policy21© service at no added cost to the School District.

The School District agrees that it will:

- Provide MASC with the School Committee’s existing policies, if needed or requested by MASC, in a Microsoft Word format, as well as other materials, if any, as requested, by MASC within 20 days after the signing of this contract.
- Furnish administrative assistance and information to MASC as requested and in a timely manner.
- Recognize that MASC cannot offer an express or implied warranty for the services provided, and hold MASC harmless for any damages caused by any policy, contract, advice, or other consulting services rendered pursuant to this agreement.
- Understand that this contract is, initially, for a two (2) year subscription to the MASC POLICY21© service, and agrees to pay MASC for the second year’s annual “hosting fee” even if electing to cancel participation in the POLICY21© service prior to the expiration of this agreement. Following the second subscription year, MASC reserves the right to increase the annual “hosting fee” for the third or subsequent years. Notice of any increase in the “hosting fee” will be given to the School District at least thirty (30) days before the billing comes due for the third or subsequent year(s).
- Furnish MASC with any “update” materials via email attachment, or on disk, in Microsoft Word format. Documents submitted in other than Microsoft Word format may be subject to a conversion charge as determined by MASC.
- To allow MASC to use the name of the School District for purposes of advertising or promotion of the POLICY21© service at no charge to MASC.

The MASC *basic set-up* charge, which includes the first year’s “hosting fee,” to the School District for publication of its bylaw and policy manual via the POLICY21© service is **\$3,500.00 (THREE THOUSAND, FIVE HUNDRED DOLLARS).**

The School District further agrees to pay MASC according to the following schedule:

100% of the *Basic* cost (**\$3,500.00**) due upon return of this signed and dated contract unless otherwise mutually agreed. A separate invoice will be sent by MASC once this contract has been returned.

100% of the annual “hosting fee” for the second year of the POLICY21© service within thirty (30) days of billing by MASC. The “hosting fee” for the second year of this agreement is set at **\$950.00 (NINE HUNDRED FIFTY DOLLARS)**. This will be billed 30 days prior to the beginning of the second year.

The parties, further, mutually agree as follows:

- The web-based manual, including exhibits and forms, pursuant to this agreement, is the work product and the sole and exclusive property of MASC, subject to copyright by MASC. The School District is granted a license to edit, copy, and use said web-based manual exclusively for its own purposes as set forth herein above.
- In the event the School District should elect to discontinue the Policy21© service beyond the initial second year of this agreement, and, later, decides to re-enroll in the POLICY21© program in a subsequent year, the School District will be required to pay MASC another set-up fee at the rate established by MASC at the time of the re-enrollment in the POLICY21© service.

In witness whereof, the parties hereto have executed this Agreement as of the date written above.

By: _____

Liz Lafond, MASC Field Director

By: _____

School Committee Chair

_____) School Committee

Massachusetts Association of School Committees, Inc.
One McKinley Square
Boston, Massachusetts 02109

THE MASSACHUSETTS ASSOCIATION OF SCHOOL COMMITTEES, INC. (MASC), proposes to carry out the policy manual project described below for the District, , Massachusetts (also referred to as Committee.)

PROJECT GOALS:

1. To create a well-organized and up-to-date manual of school committee policies.
2. To provide for easy referral from policies to related sections of law.
3. To identify areas requiring statements but for which policies are not documented.
4. To provide sample policy statements to assist the Committee in developing needed policies in key areas.
5. To deliver one complete policy manual customized to meet the needs of the school district and flash/thumb drive (limited to MASC software capabilities.)

PERFORMANCE TASKS:

MASC proposes to perform the following tasks in order to meet the project goals.

1. Document search and analysis: MASC will conduct a thorough search of committee documents to identify existing policies. This material will be analyzed for appropriateness for inclusion in the new manual. See EXHIBIT A.
2. Codification, organization and technical editing: MASC will code and organize all statements to be filed in the new manual according to the National Education Policy Network/National School Boards Association (NEPN/NSBA) policy classification system. MASC will provide technical editing as needed to meet the requirements of acceptable English usage. However, the editing shall not alter the meaning or substance of the policy. Legal references to pertinent state and federal statutes will be added. Gaps in policy coverage, questions, and inconsistencies will be noted. See EXHIBIT B.
3. Work-in-progress check: MASC will, within one hundred and twenty days of receipt of material as outlined in Exhibit A, and payment of the initial deposit, schedule a series of meetings with the school committee or a subcommittee of the school committee to review complete sections of the new policy manual. The exact number of meetings will be determined by the amount of review required to adopt the policy manual but shall not exceed twelve meetings. This provides an

opportunity for the Committee to discuss the rationale behind policy suggestions and to ensure that existing policy reflects current practices and procedures in place within the district. The Committee will keep MASC fully informed of any concerns and determinations during the term of the project. See EXHIBIT C.

DURATION OF PROJECT:

The services shall be carried out according to the timetable developed by MASC and the District. All tasks as described above can be accomplished by MASC within eighteen to twenty-four months after receipt of the signed contract and after the conditions in three (3) above have been met. EXHIBIT A.

MASC is not responsible for delays caused by the District or its representatives in this process. MASC reserves the right to terminate the contract after thirty months of signing this agreement if the committee has failed to fulfill its responsibilities concluding with the review, approval, and adoption of the policies and regulations developed during the customized policy service project. This agreement may be modified by mutual agreement, in writing, of both parties.

APPROVED FOR MASC BY:

Liz Lafond, Field Director
Massachusetts Association of School Committees

EXHIBIT A

Documents to be provided by the School Committee

MASC will require two copies of the documents listed below (three if the item has print on both sides) in order to carry out the policy manual updating project.

1. School Committee policy manual.
2. Master contracts with recognized bargaining units.
3. System-wide handbooks for principals, teachers and students.
4. Current documents or handbooks that cover the following: organization charts, school transportation, purchasing procedures, staff evaluation, emergency operating plan, school calendar, use of school facilities, field trips.
5. Other documents as needed by MASC consultant.

EXHIBIT B

The NEPN/NSBA Policy Development System

- A FOUNDATIONS AND BASIC COMMITMENTS
- B SCHOOL BOARD GOVERNANCE AND OPERATIONS
- C GENERAL SCHOOL ADMINISTRATION
- D FISCAL MANAGEMENT
- E SUPPORT SERVICES
- F FACILITIES DEVELOPMENT
- G PERSONNEL
- H NEGOTIATIONS
- I INSTRUCTIONAL PROGRAM
- J STUDENTS
- K SCHOOL-COMMUNITY RELATIONS
- L EDUCATION AGENCY RELATIONS

Each of these chapters includes its own family of terms called "descriptors" which provide suggested titles and code letters for policy statements. The coding or "tracking" of terms is by letter rather than by number. Letter encoding offers two major advantages over number encoding. First, a letter system offers more flexibility. The coder has available 26 separate letters to use compared to only 10 digits. Second, a letter system requires no decimal points. This tends to reduce the likelihood of error in reproduction and filing. Anyone who knows the ABC's will quickly grasp the logic of letter codes.

The classification system was originally developed in 1969 by a National School Boards Association Research Project supported by the U.S. Office of Education. The system, which is in wide use throughout the United States, conforms to sound principles of informational storage and retrieval, to sound principles of school governance, and also

to the mandates of practicality.

EXHIBIT C

Project Liaison Officer

To help insure the accuracy of updated policies in the manual, the District should identify a knowledgeable member of the administrative staff to serve as the project liaison officer to whom MASC may refer from time to time to clarify questions of fact or actual policy or practice in the school system.

No undue time or work burden would be placed on this person.

EXHIBIT D

District SCHOOL COMMITTEE

<u>PROFESSIONAL FEE</u>	\$10,500.00
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For services rendered to complete and customize policy service:

Upon receipt of signed contract	\$3,500.00
July 1, _____	\$3,500.00
Upon completion – July 1, _____	\$3,500.00

* If the payment schedule doesn't accommodate the Committee's budget schedule, payment dates can be adjusted accordingly.

