

**SUPPLEMENT TO
THE PRELIMINARY OFFICIAL STATEMENT
DATED JANUARY 7, 2026
FOR THE
\$10,525,000 REGIONAL SCHOOL DISTRICT No. 15
OF THE STATE OF CONNECTICUT
(TOWNS OF MIDDLEBURY AND SOUTHBURY)
GENERAL OBLIGATION BONDS, ISSUE OF 2026**

Supplement Dated January 9, 2026

The information in this Supplement is subject to change without notice, and investors should not assume that there have been no other changes in the affairs of the Regional School District No. 15 of the State of Connecticut (the “District”) since the date of the Preliminary Official Statement dated January 7, 2026 (the “Preliminary Official Statement”). The Preliminary Official Statement is hereby supplemented as follows:

On January 9, 2026 the Audited Financial Statements for the fiscal year ending June 30, 2025 for the District (the “2025 Audited Financial Statements”) were finalized and subsequently filed on the MSRB’s EMMA system. The 2025 Audited Financial Statements are hereby incorporated and made a part of the Preliminary Official Statement. Relevant data in the Preliminary Official Statement will be updated to reflect the 2025 Audited Financial Statements in advance of the printing of the Final Official Statement which is expected to be dated January 14, 2026.

This Supplement is an integral part of the Preliminary Official Statement. Investors should read this Supplement together with the Preliminary Official Statement to obtain information essential to making an informed investment decision. Except as supplemented by this Supplement, the Preliminary Official Statement continues to speak as of its date.

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Charles Heaven & Co.
Certified Public Accountants

**POMPERAUG REGIONAL SCHOOL DISTRICT #15
TOWNS OF MIDDLEBURY AND SOUTHBURY**

**AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL FINANCIAL DATA**

JUNE 30, 2025

**Pomperaug Regional School District #15
Towns of Middlebury and Southbury
June 30, 2025**

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**Pomperaug Regional School District #15
Towns of Middlebury and Southbury
June 30, 2025**

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Charles Heaven & Co.
Certified Public Accountants
Waterbury, Connecticut

INDEPENDENT AUDITORS' REPORT

Board of Education
Pomperaug Regional School District #15
Middlebury and Southbury, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Pomperaug Regional School District #15, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Pomperaug Regional School District #15's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, the aggregate remaining fund information of Pomperaug Regional School District #15, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pomperaug Regional School District #15, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pomperaug Regional School District #15's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness Regional School District #15's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Regional School District #15's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9, the budgetary comparison schedule on page 53, and supplementary pension information on pages 54 through 57 and supplementary OPEB information on pages 58 through 59, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pomperaug Regional School District #15's basic financial statements. The combining and individual nonmajor fund financial statements, and supplemental schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements. The schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the state single audit act and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2025 on our consideration of Pomperaug Regional School District #15's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pomperaug Regional School District #15's internal control over financial reporting and compliance.



December 15, 2025

**Pomperaug Regional School District #15
Management's Discussion and Analysis (MD&A)
June 30, 2025**

Introduction

Our discussion and analysis of Pomperaug Regional School District #15 (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2025. It should be read in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the Region exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$26,866,435 (net position).
- The Region's total net position decreased by \$807,815.

- As of the close of the current fiscal year, the Region's governmental funds reported a combined ending fund balance of \$7,449,920.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$2,412,114.

The District's compliance with GASB 75, Post Retirement Benefit Obligations, is \$6,135,050 at June 30th. Although no actual cash payments will be needed for meeting the actuarial computed value of the post retirement benefit, this calculation is based upon certified teachers who retire under the State Teacher Retirement system but are able to purchase medical insurance through the District's group medical plan. All premiums are paid by the retiree with no cost to the District.

Overview of Financial Statements

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- **Fund financial statements** focus on reporting the individual parts of the District operations in more detail. The fund financial statements comprise the remaining statements.
 - o **Governmental funds** statements tell how general government services were financed in the short term as well as what remains for future spending.
 - o **Proprietary fund** statements provide information about the Districts self insured medical benefits.
 - o **Fiduciary fund** statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies.

**Pomperaug Regional School District #15
Management's Discussion and Analysis (MD&A)
June 30, 2025**

The statement of net position presents information on all of the Region's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Region is improving or deteriorating.

The statement of activities presents information showing how the Region'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.

The two government-wide statements report the District's net position and how they have changed. Net position-the difference between the assets and liabilities-is one way to measure the District's financial health or position.

- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in enrollment, changes in property tax base, changes in program funding by the Federal and State governments, and condition of facilities.

The government-wide financial statements of the District include government activities. Most of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Revenue limit funding and federal and state grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds-not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by state law and by bond covenants. The Board of Education establishes other funds to control and manage money for particular purposes or to show that the District is meeting legal responsibilities for using certain revenues. The District has two kinds of funds:

- Governmental funds – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the government funds statements that explains the relationship (or differences) between them.
- Proprietary funds – The Region maintains one proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Region's various functions. The Region uses an internal service fund to account for its self-insured medical benefits.

**Pomperaug Regional School District #15
Management's Discussion and Analysis (MD&A)
June 30, 2025**

- **Fiduciary funds** – the District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use the assets to finance its operations.

Financial Analysis of the Entity as a Whole

Net Position

The District's combined net position was \$26,866,435 at June 30, 2025.

	<u>Balance</u> <u>June 30, 2025</u>	<u>Total</u> <u>Governmental</u> <u>Activities</u> <u>Balance</u> <u>June 30, 2024</u>
Current Assets	\$ 15,196,020	\$ 21,484,427
<u>Noncurrent Assets:</u>		
Capital assets - net	<u>42,692,531</u>	<u>39,334,071</u>
<u>Total Assets</u>	57,888,551	60,818,498
 <u>Total Deferred outflows of Resources</u>	 <u>869,463</u>	 <u>1,103,598</u>
 Current Liabilities	 5,402,010	 5,418,396
<u>Noncurrent Liabilities:</u>		
Due within one year	134,011	805,000
Due in more than one year	<u>17,488,999</u>	<u>21,316,274</u>
<u>Total Liabilities</u>	<u>23,025,020</u>	<u>27,539,670</u>
 <u>Total Deferred Inflows of resources</u>	 <u>8,866,559</u>	 <u>6,708,176</u>
 <u>Net Position</u>		
Net Investment in Capital Assets	41,887,531	38,424,071
Restricted	4,353,690	10,564,915
Unrestricted	<u>(19,374,786)</u>	<u>(21,314,736)</u>
<u>Total Net Position</u>	<u>\$ 26,866,435</u>	<u>\$ 27,674,250</u>

**Pomperaug Regional School District #15
Management's Discussion and Analysis (MD&A)
June 30, 2025**

Changes in Net Position

The District's total revenues were \$108,306,033. A summary of the changes in net position follows.

<u>Revenues</u>	<u>Changes in Net Position</u> <u>Governmental Activities</u>	
	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Program Revenues:	\$	\$
Charges for Services	2,338,793	2,367,450
Operating Grants & Contributions	18,102,484	18,498,096
Capital Grants & Contributions	33,881	114,532
General Revenues		
Participating towns	87,166,501	82,367,967
Local Revenues	<u>664,374</u>	<u>473,320</u>
<u>Total Revenues</u>	<u>108,306,033</u>	<u>103,821,365</u>
<u>Program Expenses</u>		
Instructional services	49,716,169	47,756,601
Employee Benefits	29,071,552	19,697,525
Support Services	19,314,025	17,041,697
Transportation	6,289,149	6,462,622
School Lunch Services	1,944,020	1,835,077
Debt Service	---	5,152
Depreciation	<u>2,778,933</u>	<u>2,428,597</u>
<u>Total Expenses</u>	<u>109,113,848</u>	<u>95,227,271</u>
Increase/(Decrease) in Net Position	(807,815)	8,594,094
Net Position – Beginning of Year *	<u>27,674,250</u>	<u>19,080,156</u>
Net Position – End of Year	\$ <u>26,866,435</u>	\$ <u>27,674,250</u>

The total cost of all programs and services was \$109,113,848. The District's expenses are predominately related to educating and caring for students 73.96%. Support service activities accounted for just 17.70% of total costs. The remaining expenses were for transportation, debt service and other outgo. The following is a summary of the net increase (decrease) in the net position of the district.

**Pomperaug Regional School District #15
Management’s Discussion and Analysis (MD&A)
June 30, 2025**

Governmental Activities

The net cost of all governmental activities this year was \$88,638,690.

The following is a summary of the net cost of governmental activities.

	<u>Net Cost of Services</u>	
	<u>2 0 2 5</u>	<u>2 0 2 4</u>
Instruction	\$ 45,378,586	\$ 42,723,030
Employee Benefits	15,442,139	6,571,083
Instruction – supporting services	18,463,159	16,179,027
Transportation	6,269,649	6,439,222
School Lunch Services	306,224	(98,918)
Debt Service	---	5,152
Depreciation	<u>2,778,933</u>	<u>2,428,597</u>
<u>Total</u>	<u>\$ 88,638,690</u>	<u>\$ 77,116,572</u>

Financial Analysis of the District’s Funds

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$7,449,920 which compares to prior years fund balance of \$13,659,567. The decrease of \$6,209,647 in fund balance was made up primarily of the balance of our repair bond.

General Fund Budgetary Expenditure Highlights

A schedule of the District’s original and final budget amounts compared with actual revenues and expense is provided in the supplemental section of the audited financial report. General fund expenditures and transfers for the fiscal year ended June 30, 2025 totaled \$90,272,792.

Variance include the following key items

Salaries – The District was able to bring in new hires at rates below the budgeted anticipated targets, and lower than the funding level of those who were replaced.

Benefits – Unfavorable variance of \$48,647 was realized. This was due to increased costs of social security due to increased substitutes. Also, we had several teachers retire which increased our severance payouts for 2025. Medical and workers compensation costs were a positive variant this year.

Instruction Program – Unfavorable variance of \$94,015 due to increasing costs of basic educational supplies to support teachers and students. We continue to aggressively pursued consortium pricing. We also have seen increases in software costs as many vendors have increased pricing. Overall, the district saw a decreased use of outside conferences and dues and fees, which helped offset the unfavorable budget balance in the overall instructional program area.

**Pomperaug Regional School District #15
 Management’s Discussion and Analysis (MD&A)
 June 30, 2025**

Transportation – These services were favorable by \$255,267. This was a result of decrease in special education transportation costs due to a drop in outside placements.

Plant Operation – Unfavorable \$1,774,700 due to major investment in plant and facilities. We continue to see a large increase in basic cleaning supplies. The cost of outside contractors for repairs has also increased. The District continues to make repairs to several HVAC units. We also completed the resurfacing of the old tennis courts at Memorial Middle School. The district also continued to make investments in school security, boiler improvements, replacement, and LED lighting upgrades for additional future savings.

Transfer to Other Funds – The state legislature establishes the ability to transfer to an educational expenditure reserve fund up to 2% of its approved appropriation. The Board of Education voted to transfer to this reserve \$822,550 for future educational expenditures. This reserve can be carried forward each year and is subject to Board of Education approval for expenditures made from it and the balance at the end of the year is \$1,055,275.

A summary of interfund and reserve transfers follows:

	<u>Transfers to Other Funds</u>	<u>Transfers From Other Funds</u>
General Fund	\$ ---	\$ 2,388,390
Lunch Fund	41,243	---
Capital Projects Fund	481,720	---
Debt Service Fund	810,152	---
Educational Expenditures Reserve	<u>1,055,275</u>	<u>---</u>
	<u>\$ 2,388,390</u>	<u>\$ 2,388,390</u>

Economic Factors and Next Year’s Budgets and Rates

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health:

- Ever changing issues at the federal and state levels could have an impact on the financial health of the District. Overall price and wage inflation in the coming years could impact future budgets.

Contacting the District’s Financial Management

This financial report is designated to provide our citizens, taxpayers, parents, participants, investors, and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the business office of Pomperaug Regional School District #15.

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets:	\$
Cash and cash equivalents	14,861,712
Receivable - miscellaneous fees	238,309
Inventory	18,594
Due from State of Connecticut	77,405
Noncurrent Assets:	
Capital assets - net	42,692,531
Total Assets	<u><u>57,888,551</u></u>
 Deferred Outflows of Resources:	
Difference in change of assumptions	120,326
Difference between projected and actual earnings on investment	749,137
Total Deferred Outflows of resources	<u><u>869,463</u></u>
 Liabilities:	
Accounts payable	1,883,540
Accrued payroll and payroll taxes	3,418,858
Due to participant members	55,982
Unearned revenue	43,630
Noncurrent liabilities:	
Due within one year	134,011
Due in more than one year	17,488,999
Total Liabilities	<u><u>23,025,020</u></u>
 Deferred Inflows of Resources:	
Difference between expected and actual experience	3,513,107
Difference in change of assumptions	5,353,452
Total Deferred Inflows of resources	<u><u>8,866,559</u></u>
 Net Position:	
Net Investment in Capital Assets	41,887,531
Restricted for:	
Student Activities	429,810
Athletic Capital	26,157
Capital Projects	1,782,649
State and Federal Grants	74
Reserve for Educational Expenditures	1,055,275
Reserve for Capital Nonrecurring Expenditures	1,059,725
Unrestricted	(19,374,786)
Total Net Position	<u><u>\$ 26,866,435</u></u>

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

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Statement of Activities
Year Ended June 30, 2025

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Governmental activities:					
Instructional services	\$ 49,716,169	\$ 423,965	\$ 3,980,895	\$ 33,881	\$ (45,277,428)
Employee Benefits - unallocated	29,071,552	-	13,528,255	-	(15,543,297)
Support services	19,314,025	850,866	-	-	(18,463,159)
Transportation	6,289,149	-	19,500	-	(6,269,649)
School lunch services	1,944,020	1,063,962	573,834	-	(306,224)
Unallocated depreciation	2,778,933	-	-	-	(2,778,933)
Total school district	\$ 109,113,848	\$ 2,338,793	\$ 18,102,484	\$ 33,881	(88,638,690)

General revenues:

Participating towns:	
Town of Middlebury	29,516,057
Town of Southbury	57,650,444
Unrestricted earnings on investments	555,185
Miscellaneous	109,189
Total general revenues	87,830,875
Change in net position	(807,815)
Net position - beginning	27,674,250
Net position - end of year	\$ 26,866,435

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

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Balance Sheet
Governmental Funds
June 30, 2025

	Major Funds					Other Governmental Funds	Total Governmental Funds
	General	Reserve for Educational Expenditures	Capital Projects	Debt Service			
Assets:							
Cash and cash equivalents	\$ 7,323,387	\$ ---	\$ 1,782,649	\$ ---	\$ 2,451,806	\$ 11,557,842	
Receivable - miscellaneous fees	27,159	---	---	---	901	28,060	
Inventory	---	---	---	---	18,594	18,594	
Due from other funds	117,621	1,055,275	---	---	---	1,172,896	
Due from State of Connecticut	---	---	---	---	77,405	77,405	
Total Assets	\$ 7,468,167	\$ 1,055,275	\$ 1,782,649	\$ ---	\$ 2,548,706	\$ 12,854,797	
Liabilities:							
Accounts payable	\$ 619,427	\$ ---	\$ ---	\$ ---	\$ 150,066	\$ 769,493	
Accrued payroll and payroll taxes	3,376,351	---	---	---	42,507	3,418,858	
Due to other funds	1,055,275	---	---	---	117,621	1,172,896	
Unearned revenue	5,000	---	---	---	38,630	43,630	
Total Liabilities	5,056,053	---	---	---	348,824	5,404,877	
Fund Balances:							
Nonspendable:							
Inventories	---	---	---	---	18,594	18,594	
Restricted for:							
Capital improvements	---	---	1,782,649	---	---	1,782,649	
Federal and state grants	---	---	---	---	74	74	
Athletic capital	---	---	---	---	26,157	26,157	
Capital and nonrecurring expenditures	---	---	---	---	1,059,725	1,059,725	
Student activities	---	---	---	---	429,810	429,810	
Committed for:							
Educational expenditures	---	1,055,275	---	---	---	1,055,275	
Debt service	---	---	---	---	---	---	
Unassigned	2,412,114	---	---	---	665,522	3,077,636	
Total Fund Balances	2,412,114	1,055,275	1,782,649	---	2,199,882	7,449,920	
Total Liabilities and Fund Balances	\$ 7,468,167	\$ 1,055,275	\$ 1,782,649	\$ ---	\$ 2,548,706	\$ 12,854,797	

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

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2025

Total fund balances for governmental funds	\$ 7,449,920
Total net position reported for governmental activities in the statement of net position is different because:	
Other long-term assets are not available to pay current-period expenditures and, therefore, are deferred in the funds.	
Deferred outflows related to pension & OPEB expense	869,463
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Capital assets, net of \$61,847,550 accumulated depreciation.	
	42,692,531
Internal service fund are used by management to charge the cost of risk management to individual funds. The asset and liabilities of internal service fund are reported with governmental activities in the statement of net position.	
	2,344,090
Deferred inflow related to pension & OPEB expense	
	(8,866,559)
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:	
Net pension liability	\$ (8,339,127)
Net OPEB liability	(6,135,050)
Lease liability	(346,631)
Early retirement payable and other compensated absences	(2,802,202)
	<u>(17,623,010)</u>
Total net position of governmental activities	\$ <u>26,866,435</u>

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

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2025

	Major Funds					Other Governmental Funds	Total Governmental Funds
	General	Reserve for Educational Expenditures	Capital Projects	Debt Service			
Revenue:							
Participating towns	\$ 87,166,501	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 87,166,501
Federal & state grants	15,984,160	---	---	---	---	2,148,292	18,132,452
Investment income	321,798	---	183,859	---	---	49,528	555,185
Sales of lunches , milk , and other	---	---	---	---	---	1,063,962	1,063,962
Tuition	423,965	---	---	---	---	---	423,965
Charges for goods and services	---	---	---	---	---	850,866	850,866
Other miscellaneous income	104,194	---	---	---	---	8,908	113,102
Total Revenue	104,000,618	---	183,859	---	---	4,121,556	108,306,033
Expenditures:							
Current							
Salaries - certified	37,418,216	---	---	---	---	959,758	38,377,974
Salaries - classified	11,343,060	---	---	---	---	696,419	12,039,479
Employee benefits	30,267,198	---	---	---	---	402,742	30,669,940
Instructional programs	4,490,262	---	---	---	---	336,770	4,827,032
Tuition	5,073,663	---	---	---	---	---	5,073,663
Administrative services	1,098,920	---	---	---	---	122,292	1,221,212
Transportation	6,289,149	---	---	---	---	---	6,289,149
Plant operation	5,385,043	---	---	---	---	---	5,385,043
Cost of goods sold	---	---	---	---	---	821,893	821,893
Interest	---	---	505,966	5,152	---	---	511,118
Support services-students	---	---	---	---	---	878,010	878,010
Capital outlay	177,265	---	6,264,384	---	---	225,404	6,667,053
Principal payments on bonds	---	---	11,275,000	805,000	---	---	12,080,000
Total Expenditures	101,542,776	---	18,045,350	810,152	---	4,443,288	124,841,566
Other Financing Sources (Uses):							
Proceeds from issuance of bonds	---	---	10,275,000	---	---	---	10,275,000
Bond issuance premiums	---	---	50,886	---	---	---	50,886
Operating transfers in (out)	(2,388,390)	1,055,275	487,146	804,726	41,243	---	---
Total Other Financing Sources (Uses)	(2,388,390)	1,055,275	10,813,032	804,726	41,243	---	10,325,886
Total Expenditures and Other Financing Uses	103,931,166	(1,055,275)	7,232,318	5,426	4,402,045	---	114,515,680
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	69,452	1,055,275	(7,048,459)	(5,426)	(280,489)	---	(6,209,647)
Fund Balance - beginning of year	2,342,662	---	8,831,108	5,426	2,480,371	---	13,659,567
Fund Balance - end of year	\$ 2,412,114	\$ 1,055,275	\$ 1,782,649	\$ ---	\$ 2,199,882	\$ ---	\$ 7,449,920

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

**Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Government Funds to the Statement of Activities
Year Ended June 30, 2025**

Net change in fund balances-total governmental funds		\$ (6,209,647)
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful life and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
	3,358,460	
<p>The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items are as follows:</p>		
Repayment of bond principal	805,000	
Repayment of lease principal	(171,711)	
Interest expense - general obligation bonds	<u>5,152</u>	
		638,441
<p>In the statement of activities, certain operating expenses - compensated absences (vested vacation and sick days), special termination benefits (early retirement), pension liability, and other post retirement benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year the net difference is as follows:</p>		
Compensated absences and termination benefits	244,364	
Net OPEB liability	2,284,868	
Change in deferred inflows/outflows related to pension/OPEB	(2,392,518)	
Net pension liability	<u>1,335,743</u>	
		1,472,457
<p>Internal service fund is used by management to charge cost to individual funds. The net revenue of certain activities of internal service fund is reported with governmental activities.</p>		
		<u>(67,526)</u>
Change in net position of governmental activities		\$ <u>(807,815)</u>

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

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Statement Of Net Position
Proprietary Funds
June 30, 2025

	Governmental Activities Internal Service Fund
Assets:	
Cash	\$ 3,303,870
Due from participating member	210,248
	<u>3,514,118</u>
 Liabilities:	
Due to participating members	55,983
Claims payable	1,114,047
Total Liabilities	<u>1,170,030</u>
 Net Position:	
Unrestricted	\$ <u>2,344,090</u>

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

**Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Statement of Revenues, Expenses and Changes in
Fund Net Position - Proprietary Funds
Year Ended June 30, 2025**

	Governmental Activities Internal Service Fund
<hr/>	
Operating Revenues:	
Contributions	\$ 16,401,346
Investment income	143,457
Total Operating Revenue	<u>16,544,803</u>
Operating Expenses:	
Employee Benefits	14,197,480
Other Expenses	2,414,849
Total Operating Expenses	<u>16,612,329</u>
Operating Loss	(67,526)
Net Position at Beginning of Year	<u>2,411,616</u>
Net Position at End of Year	\$ <u>2,344,090</u>

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

**Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Statement Of Cash Flows
Proprietary funds
Year Ended June 30, 2025**

	Governmental Activities Internal Service Fund
<hr/>	
Cash Flows from Operating Activities:	
Cash received from members and users	\$ 15,432,869
Interest	143,457
Payment to providers	(2,414,849)
Payments for employees	(13,275,270)
Net Cash Used by Operating Activities	<u>(113,793)</u>
 Net Decrease in Cash	 (113,793)
 Cash - Beginning of Year	 <u>3,417,663</u>
 Cash - End of Year	 <u><u>\$ 3,303,870</u></u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating loss	\$ (67,526)
Adjustments to reconcile operating gain to net cash provided by operating activities:	
Increase in due from members	(197,012)
Increase in claims payable	181,763
Decrease in due to members	(31,018)
 Net Cash Used by Operating Activities	 <u><u>\$ (113,793)</u></u>

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

**Pomperaug Regional School District #15
 Towns of Middlebury and Southbury
 Statement Of Fiduciary Net Position
 Fiduciary Fund - Pension Trust Fund
 June 30, 2025**

	Pension Trust Fund
<hr/>	
Assets:	
Cash	\$ 177,576
Investments - at fair value	<u>22,929,979</u>
Total Assets	<u>\$ 23,107,555</u>
Net Position:	
Held in trust for pension benefits	<u>\$ 23,107,555</u>

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

**Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Statement Of Changes In Plan Net Position
Fiduciary Fund - Pension Trust Fund
Year Ended June 30, 2025**

	Pension Trust Fund
Additions:	\$
Employer contributions	1,103,530
Plan members	47,946
Total contributions	<u>1,151,476</u>
 Investment income :	
Gross investment income	2,745,681
Less : Investment and administrative expense	114,779
Net investment income/(loss)	<u>2,630,902</u>
Total additions	<u>3,782,378</u>
 Deductions:	
Pension benefits	<u>1,569,136</u>
 Net Increase	2,213,242
 Net Position held in Trust for Pension Benefits:	
Beginning of year	<u>20,894,313</u>
 End of year	\$ <u>23,107,555</u>

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

**Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Notes to Financial Statements**

Note “1” - Summary of Significant Accounting Policies:

A. Basis of Presentation:

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Management’s Discussion & Analysis – provides introductory information on basic financial statements and an analytical overview of the district’s financial activities.

Government-wide financial statements – consist of a statement of net position and a statement of activities, which are prepared on the accrual basis of accounting. These statements distinguish between governmental activities and business-type activities and exclude fiduciary (employee retirement system and agency funds). Capital assets and long-term obligations (general obligation bonds, compensated absences, etc.) are included along with current assets and liabilities.

Fund Financial statements – provide information about the district’s governmental, proprietary, and fiduciary funds. These statements emphasize major fund activity and, depending on the fund type, utilize different basis of accounting. Governmental funds focus on sources, uses, and balances of current financial resources and often have budgetary orientation, and therefore use a modified accrual basis of accounting utilizing encumbrance accounting. Proprietary funds, which includes the internal service fund, focus on determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows, and therefore, use the accrual basis of accounting. Fiduciary funds focus on net assets and changes in net assets, and include assets held in a trustee (Pension Trust Fund) or agency (Student Activity Funds) and utilize the accrual basis of accounting.

Required supplementary information – in addition to the MD&A, budgetary comparison schedules are presented for the General Fund, which is the only fund with a legally adopted budget. The original budget for revenues and expenditures and the final adjusted budget are presented in comparison with the actual final budgetary revenues and expenditures (including encumbrances). The Pension Trust Fund presents additional schedules as required by GASB 67, 68 and 73 and OPEB plan presents additional schedules as required by GASB 75.

B. Reporting Entity:

The school system constitutes an on-going entity established by an act of the state legislature that designated the school board of education as the governing authority. Members of the school board of education are elected by the public and have responsibilities over all activities related to public elementary and secondary school education. The board of education receives local, state, and federal funding, and must therefore comply with various requirements of these funding source entities. However, the board is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Standards, since the board of education members are elected by the public and have governing authority. Governing authority includes the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

**Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Notes to Financial Statements**

Note “1” - Summary of Significant Accounting Policies (continued):

For financial reporting purposes, the District's financial statements include all funds over which the District exercises oversight responsibility in accordance with the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14. Oversight responsibility was determined on the basis of financial independence, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters and scope of public services. Based on the aforementioned criteria Pomperaug Regional School District #15 has no component units.

C. Government-wide and Fund Financial Statements

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the school district as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal Service fund activity is eliminated to avoid overstatement of revenues and expenses.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the district. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All revenues not classified as program revenues are presented as general revenues of the district.

Fund Financial Statements

Fund financial statements report detailed information about the District. Their focus is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column. The Internal Service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type. A description of the various fund financial statements follows:

Governmental-Funds:

General Fund:

This fund is the general operating fund of the District and provides the accounting for budgeted revenue and expenditures applicable to the direct operation of the school system.

Special Revenue Funds:

These funds account for revenue that is restricted as to its use under specific provisions of law. State and Federal Grant Fund, a special revenue fund, accounts for state and federal grant programs which are governed by various rules and regulations of the grantor agencies.

**Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Notes to Financial Statements**

Note "1" - Summary of Significant Accounting Policies: (continued)

Capital Projects Fund:

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities, which are not financed by Proprietary and Trust Funds.

Debt Service Fund:

The debt service fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs.

Reserve for Educational Expenditure fund:

Accounts for capital purchases funded by transfers from the General Fund budget unexpended appropriations up to 2% of the adopted budget which remains at the end of any fiscal year pursuant to Connecticut General State Statutes Section 10-51 (d)(2).

Proprietary Funds:

Internal Service Fund:

Account for the Districts self-insurance program for accident and health insurance coverage of District employees.

Fiduciary Funds:

Trust and Agency Funds:

Account for assets held for the District in a trustee or custodial capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Pension Trust Funds:

Accounts for the activities of the District's single-employer public employee retirement system (PERS).

D. Measurement Focus and Basis of Accounting:

Measurement Focus:

Government-wide Statements

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of proprietary fund financial statements, which differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Notes to Financial Statements**

Note “1” - Summary of Significant Accounting Policies: (continued)

Fund Financial Statements

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Basis of Accounting:

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The Fund financial statements are prepared using either modified accrual for governmental funds or accrual basis for proprietary and fiduciary funds.

Revenues, Exchange, and Non-exchange Transactions

Revenue resulting from exchange transactions is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period of the District is sixty days after year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include contributions by member towns, grants, entitlements and donations. On an accrual basis, revenue from member towns is recognized in the fiscal year for which the amounts are due. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: contributions by member towns, investment earnings, tuition, grants, and student fees.

Expenditures/Expenses

On the accrual basis of accounting, expenses are recorded at the time they are incurred. The measurement focus of governmental fund accounting is on flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave, which are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

E. Fund Equity and Net Position – Governmental Funds:

Beginning with fiscal year 2011, the District implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

**Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Notes to Financial Statements**

Note "1" - Summary of Significant Accounting Policies: (continued)

- Non-spendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact, legally or contractually.
- Restricted fund balance – amounts constrained to specific purposes by external parties, constitutional provisions or enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority, the Board of Education.
- Assigned fund balance – amounts the government intends to use for a specific purpose, but are neither restricted nor committed, as authorized by the Board of Education.
- Unassigned fund balance – amounts that are available for any purpose.

F. Deposits and Investments:

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be placed with any "qualified public depository" as defined by statute, which has its main place of business in the State of Connecticut.

The Districts cash and cash equivalents are comprised of demand deposits, cash on hand and all other highly liquid, short-term investments with original maturities of three months or less.

The Connecticut General Statutes authorize the investment of funds in the obligations of the United States, or may be invested in any state or other tax-exempt political subdivision under certain conditions. Funds may also be deposited in the State Treasurer's Short-Term Investment Fund (STIF). The provisions of the statutes regarding the investments of municipal pension funds does not specify permitted investments. Therefore, investments of such funds are generally controlled by the laws applicable to fiduciaries and the provisions of the applicable pension plan.

District Investments are reported at fair value.

G. Inventories:

Inventories are valued at cost using the first-in/first-out (FIFO) method, except for USDA donated commodities which are valued at market value. The cost of governmental fund type inventories, are recorded as expenditures when consumed rather than when purchased. Inventories are comprised of food products for the School Cafeteria Fund.

H. Prepayments:

Certain payments to vendors provide benefits in future accounting periods and therefore are recorded as prepayments on both government-wide and fund financial statements.

I. Capital Assets and Depreciation

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by proprietary funds are reported on both statement types.

**Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Notes to Financial Statements**

Note “1” - Summary of Significant Accounting Policies: (continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District follows the policy of capitalizing assets with a cost of \$5,000 and more with useful life of more than 1 year for furniture and equipment. For buildings, building improvements and land improvements the District has not set a capitalization floor and therefore all expenditures are capitalized. The District does not possess any infrastructure.

Certain improvements to and replacements of property and equipment have not been capitalized in accordance with the above accounting policies but have been charged to expense in the accompanying financial statements. Also, only certain expenditures, as authorized by management, have been capitalized.

All reported capital assets, with the exception of land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Useful Life</u>
Land	not depreciated
Land improvements	20
Buildings & Improvements	7 - 50
Furniture and Equipment	5 – 15
Right-to-use equipment	3 - 5

J. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. A deferred outflow of resources related to pension or OPEB results from differences between projected and actual earnings, changes in assumptions or other inputs. These amounts are deferred and included in expense in a systematic and rational manner over a period of time.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period of periods and so will not be recognized as an inflow of resources (revenue) until that time. The District reports a deferred inflow of resources related to expected and actual experience on the pension plan and OPEB.

K. Interfund Activity

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

On fund financial statements, short-term interfund loans are classified as interfund “due from/to other funds.” These amounts are eliminated in the statement of net assets.

**Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Notes to Financial Statements**

Note "1" - Summary of Significant Accounting Policies: (continued)

L. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The criteria for determining the vacation and sick leave liability are derived from Board policy, negotiated agreements, and state laws.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the amount of accumulated vacation and sick leave of employees has been recorded as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources. The balance of the liability is not recorded.

M. Unearned Revenues

Unearned revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received before the District has legal claim to them, as when grant monies are received prior to the issuance of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the government has legal claim to the resource, the unearned revenues is removed from the balance sheet, and revenue is recognized.

N. Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net position liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

O. Accrued Liabilities and Long-term Debt

All accrued liabilities and long-term debt are reported in the government-wide financial statements as well as the proprietary fund financial statements.

For governmental fund financial statements, the accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims and judgments and compensated absences paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources. Long-term debt paid from governmental funds are not recognized as a liability in the fund financial statements until due.

**Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Notes to Financial Statements**

Note "1" - Summary of Significant Accounting Policies: (continued)

P. Restricted Resources

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Q. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

R. Lease Liabilities

The District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset in the government wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$20,000 or more.

At the commencement of a lease, the District initially measures the lease liability at present value of payments expected to be made during the term. Subsequently, the lease liability is reduced by the principal portion of payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for the payments made on or before the commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include:

- *Discount Rate*: The District uses the interest rate charged by the lessor vendor as the discount rate to discount the expected payments to the present value. When the interest rate charged is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate.
- *Term*: The lease term includes the noncancellable period of the lease/agreement.
- *Payments*: Lease payments included in the measurement of the liability are composed of fixed payments and any purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Note "2" – Stewardship, Compliance and Accountability:

On or before the last Wednesday in January of each year all cost centers submit requests for appropriations to the Regional School Board Central Office administration so that the general fund budget may be prepared.

Before March 31, the proposed budget is presented to the finance committee for review. By the end of April, the proposed budget will be reviewed and adopted by the Regional Board of Education to be presented at the annual public budget meeting.

**Pomperaug Regional School District #15
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Note "2" – Stewardship, Compliance and Accountability (continued):

Not less than two weeks before the annual meeting held pursuant to C.G.S. Section 10-47, the board shall hold a public district meeting to present a proposed budget for the next fiscal year. Any person may recommend the inclusion or deletion of expenditures at such time. After the public hearing, the board prepares an annual budget for the next fiscal year. At the annual meeting on the first Monday in May, the board presents a budget which includes a statement of (1) estimated receipts and expenditures for the next fiscal year, (2) estimated receipts and expenditures for the current fiscal year, (3) estimated surplus or deficit in operating funds at the end of the current year, (4) bonded or other debt, (5) estimated per pupil expenditure for the current and for the next fiscal year and (6) such other information as is necessary in the opinion of the board. Persons present and eligible to vote under section 7-6 may accept or reject the proposed budget. The regional board of education may, in the call to the meeting, designate that the vote on the motion to adopt a budget shall be by paper ballots at the district meeting held on the budget or by a "yes" or "no" vote on the voting machines in each of the member towns on the day following the district meetings. After budget approval, the board shall estimate the net expenses to be paid by each member town.

The budget for the general fund has substantially been prepared on the modified accrual basis. Encumbrances, commitments related to unperformed contracts for goods or services, are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reflected in the budgetary reports as expenditures in the current year. Actual expenditures in the budgetary statement include current encumbrances as described above. This method of accounting, for encumbrances, is different from that utilized in the balance sheet and statement of revenue and expenditures (GAAP basis). Encumbrances on a GAAP basis are not expenditures but a reserve of fund balance. In addition, certain revenues for budgetary purpose are credited to expense, but for GAAP purposes they are reclassified as revenue. A reconciliation of general fund and fund balance between the accounting treatment for encumbrances as required by GAAP and legal requirements follows:

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed by the District for the Budgetary – Non GAAP Statement.

A reconciliation of general fund expenditures and fund balance between the accounting treatment for encumbrances as required by GAAP and legal requirements follows:

	<u>General Fund</u>		
		<u>Expenditures and Other Financing Uses</u>	<u>Fund Balances</u>
	<u>Revenue</u>		
<u>Budgetary/GAAP Reporting Reconciliation:</u>			
Budgetary statement – June 30, 2025	\$ 90,272,792	\$ 90,272,792	\$ ---
Encumbrances – June 30, 2024	---	2,109,937	---
Encumbrances – June 30, 2025	---	(2,412,114)	2,412,114
To transfer from General Fund committed fund balance to the new fund for Educational Expenditures	---	232,725	---
Revenue budgeted as an offset to expenditures:			
State of Connecticut Grants	105,071	105,071	---
Miscellaneous income-Medicaid	94,500	94,500	---
Payments made on the Districts' behalf described in Note "10" and "14"	<u>13,528,255</u>	<u>13,528,255</u>	<u>---</u>
 <u>Balance (GAAP) Balance Sheet and Statement of Revenue and Expenditures – June 30, 2025</u>	 <u>\$ 104,000,618</u>	 <u>\$ 103,931,166</u>	 <u>\$ 2,412,114</u>

**Pomperaug Regional School District #15
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Note "3"- Change in Accounting Principle

During the year ended June 30, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences.

This Statement establishes recognition and measurement guidance for compensated absences, which are absences for which employees will be paid, such as vacation, sick leave, and paid time off. Under prior guidance (GASB Statement No. 16), liabilities were generally recognized only for leave that vested or was expected to be paid at termination. GASB 101 requires governments to recognize a liability for leave that is attributable to past service and that is more likely than not to be either used for time off or paid to employees.

The implementation of GASB 101 represents a change in accounting principle, inseparable from a change in accounting estimate, and it has been applied prospectively as of July 1, 2024. Prior periods have not been restated.

Note "4" – Cash and Cash Equivalents, Deposits and Investments:

A. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2025:

	Governmental Funds	Fiduciary Funds	Proprietary Funds
Deposits:			
Demand accounts	\$11,128,342	\$ 177,576	\$ 3,303,870
Cash on hand	2,500	---	---
Cash equivalents:			
State short-term investment fund (STIF)	<u>427,000</u>	<u>---</u>	<u>---</u>
Total Cash and Cash Equivalents	<u>\$11,557,842</u>	<u>\$ 177,579</u>	<u>\$ 3,303,870</u>

Cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash with a maturity of 90 days.

B. Deposits

Deposits - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2025, the carrying amount of the District's deposits was \$ 15,039,288 and the bank balance was \$ 12,198,585. Of the District's bank balance, \$ 11,951,084 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 10,731,226
Uninsured and collateralized held by pledging Bank's trust department not in the Region's name	<u>1,219,858</u>
Total amount subject to custodial risk	<u>\$ 11,951,084</u>

C. Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2025, the District's cash equivalents amounted to \$ 427,000. The following table provides a summary of the District's cash equivalents as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year. The State of Connecticut Short-term Investment Fund (STIF) is a "2a7-Like" pool. The fair value of the portion in the pool is the same as the value of the pool shares.

**Pomperaug Regional School District #15
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Note "4" – Cash and Cash Equivalents, Deposits, and Investments (continued):

State of Connecticut Short-Term Investment Fund (STIF) Standard
And Poor's
AAAm

D. Investments

At June 30, 2025, the District's investments consisted of the following:

Fiduciary Fund – Pension Trust		<u>Average</u>	<u>Investment</u>
Types of Investments	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Maturity</u>
Mutual Funds	\$ 29,433	unrated	N/A
Fixed income Funds	3,277,588	unrated	N/A
Equity Funds	16,511,413	unrated	N/A
Alternate Investments	<u>3,111,545</u>	unrated	N/A
Total Fiduciary Funds	<u>\$ 22,929,979</u>		

- Ratings by Standard & Poor's are provided where applicable to indicate the associated credit risk. N/A indicates not applicable.
- Interest rate risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.
- Credit risk - The District has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations or any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

E. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair values of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The District did not hold any investments on June 30, 2025 whose fair value was determined using Level 3 inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of June 30, 2025.

Investments by Fair Value Level	<u>Fair Value Measurements Using:</u>		
	<u>Quoted Prices in</u> <u>Active Markets</u> <u>For Identical Assets</u> <u>(Level 1)</u>	<u>Significant Other</u> <u>Observable Inputs</u> <u>(Level 2)</u>	<u>Total</u>
Mutual Funds	\$ 29,433	\$ ---	\$ 29,433
Fixed Income Funds	3,277,588	---	3,277,588
Equity Funds	16,511,413	---	16,511,413
Alternative Investments – Partnership Interest	---	<u>3,111,545</u>	<u>3,111,545</u>
Total Investments by Fair Value Level	<u>\$ 19,818,434</u>	<u>\$ 3,111,545</u>	<u>\$ 22,929,979</u>

**Pomperaug Regional School District #15
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Note "4" – Cash and Cash Equivalents, Deposits, and Investments (continued):

The District's investments that are classified in Level 1 are measured on a recurring basis, using market quotations for investments that have quoted prices in active markets. The District's investments that are classified in Level 2 are measured using matrix pricing techniques using various pricing vendors. Matrix pricing is used to value securities based on their relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

Note "5" – Receivables and Due from State of Connecticut:

Receivables and amounts due from State of Connecticut at June 30, 2025 consisted of intergovernmental grants and entitlements. All receivables are considered collectible in full based on prior years' experience and the stable condition of State programs.

Note "6" – Capital Assets:

Capital asset activity for the year ended June 30, 2025 was as follows:

	<u>Balance</u> <u>July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2025</u>
	\$	\$	\$	\$
Governmental activities				
Capital assets, not being depreciated				
Land	2,186,069	---	---	2,186,069
Construction in progress	2,473,051	---	(2,473,051)	---
Capital assets, being depreciated:				
Buildings and improvements and land				
Improvements	91,987,818	7,998,165	---	99,985,983
Furniture and equipment	1,515,750	343,278	---	1,859,028
Right-to-use equipment	<u>240,000</u>	<u>269,001</u>	---	<u>509,001</u>
Total capital assets	98,402,688	8,610,444	(2,473,051)	104,540,081
Accumulated depreciation for:				
Buildings and improvements	(57,554,977)	(2,486,266)	---	(60,041,243)
Furniture and equipment	(1,493,640)	(150,297)	---	(1,643,937)
Right-to-use equipment	<u>(20,000)</u>	<u>(142,370)</u>	---	<u>(162,370)</u>
Total accumulated depreciation	<u>(59,068,617)</u>	<u>(2,778,933)</u>	---	<u>(61,847,550)</u>
Total capital assets, being depreciated, net	<u>36,674,951</u>	<u>3,831,511</u>	---	<u>40,506,462</u>
Governmental activities capital assets, net	<u>\$ 39,334,071</u>	<u>\$ 3,358,460</u>	\$ ---	<u>\$ 42,692,531</u>

**Pomperaug Regional School District #15
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Note "7" - Interfund Accounts – Due to/from Other Funds:

At June 30, 2025 the amounts due to and from other funds were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 117,621	\$ 1,055,275
Reserve for Educational Expenditures	1,055,275	---
Student Activities	---	244
State and Federal Grants Fund	<u>---</u>	<u>117,377</u>
Total	<u>\$ 1,172,896</u>	<u>\$ 1,172,896</u>

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

Note "8" - Long-Term Debt:

The following is a summary of activity for the year ended June 30, 2025.

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2025</u>	<u>Amounts Due in One Year</u>
	\$	\$	\$	\$	\$
<u>General Obligation Refunding Bond</u> Issued dated January 1, 2011, and refunded on July 2, 2020, ending in 2025. The interest rate is 1.28%	805,000	---	805,000	---	---
<u>Equipment Lease Payable</u> Commencing September 8, 2023, payable over 4 years. The interest rate is 8.49%.	174,920	---	66,112	108,808	58,045
<u>Equipment Lease Payable</u> Commencing August 16, 2024, payable over 4 years. The interest rate is 4.85%.	---	310,275	72,452	237,823	75,966
<u>Compensated Absences & Other Leave Benefits</u> Vested and accumulated severance and sick leave	3,046,566	78,225	322,589	2,802,202	---
<u>Net Pension Liability</u>	9,674,870	2,528,973	3,864,716	8,339,127	---
<u>Net OPEB Liability*</u>	8,419,918	<u>506,184</u>	<u>2,791,052</u>	<u>6,135,050</u>	<u>---</u>
<u>Totals</u>	<u>\$22,121,274</u>	<u>\$3,423,657</u>	<u>\$7,921,921</u>	<u>\$17,623,010</u>	<u>\$134,011</u>

*The Net OPEB obligation as updated to the total OPEB Liability with the implementation of GASB 75.

**Pomperaug Regional School District #15
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Note "8" - General Long-Term Debt (continued):

The following is a summary of the District's future annual debt service requirements to maturity for general obligation bonds and equipment financing:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	126,728	20,772	147,500
2027	137,696	9,804	147,500
2028	82,208	5,292	87,500
	<u>\$ 346,632</u>	<u>\$ 35,868</u>	<u>\$ 3,825,000</u>

Note "9" – Bond Anticipation Notes

The District uses bond anticipation notes to fund construction costs prior to issuance of bonds. The following table summarizes changes in the District's Bond Anticipation Notes for the year ended June 30, 2025:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Bond Anticipation Notes	\$ 11,275,000.00	\$ 10,275,000.00	\$ (11,275,000.00)	\$ 10,275,000.00
Unamortized Premiums	68,214.00	50,886.00	(68,214.00)	50,886.00
	<u>\$ 11,343,214.00</u>	<u>\$ 10,325,886.00</u>	<u>\$ (11,343,214.00)</u>	<u>\$ 10,325,886.00</u>

Note "10" - Operating Deficiencies and Fund Deficits:

As of June 30, 2025 the following individual funds had deficiencies of revenue over expenditures and/or fund deficits for the year then ended:

	<u>Fund deficits</u>	<u>Revenue over expenditure deficiencies</u>
Capital Projects	---	(7,048,459)
Debt Service	---	(5,426)
Athletic Capital	---	(1,223)
Student Activities	---	(25,247)
Lunch Fund	---	(300,599)
Total:	<u>---</u>	<u>(7,380,924)</u>

Note "11" - Employees Retirement System, Non-certified Employee Plan

A. General Information about the Pension Plan:

Pomperaug Regional School District #15 is the administrator of a single-employer public employee retirement system (PERS) established and administered by the Board of Education for its non-certified employees. The PERS is considered to be part of the District's reporting entity and is included in the District's financial reports as a pension trust fund. The membership of the plan consisted of the following at July 1, 2024, the date of the latest actuarial valuation:

**Pomperaug Regional School District #15
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Notes to Financial Statements**

Note "11" - Employees Retirement System, Non-certified Employee Plan (continued):

Inactive plan members or beneficiaries currently receiving benefits	135
Inactive plan members entitled to but not yet receiving benefits	16
Active plan members	<u>84</u>
Total Members	<u>235</u>

The plan is a contributory single employer, defined benefit plan and covers substantially all full-time and all regular part-time non-certified employees who are hired prior to age 60 and who work 25 hours per week or more. Participants who have attained their normal retirement date are eligible for a normal retirement benefit. Normal retirement date is the first day of the month coincident with or next following the later of the participant's 65th birthday or the completion of 10 years of service, whichever is later. However, for members of the custodians' union, this date is the later of age 61 or the completion of 10 years of service. Effective July 1, 2011, all newly hired nurses, secretaries and instructional assistants shall not be eligible to participate. The retirement benefit is as follows:

Secretaries, Instructional Assistants: If participant does not make contributions, 1.5% of highest 3-year average salary times Credited Service limited to 30 years. If contributes .25% of salary, percentage increases to 1.6%. If contributes .65% of salary, percentage increases to 1.7%. If contributes .85%, percentage increases to 1.8%.

Custodians: Effective July 1, 2002, 1.8% of highest 3-year average salary times credited service and effective July 1, 2003, 1.9% of highest 3-year average salary times credited service. Effective July 1, 2004, 2% of highest 3-year average salary times credited service. Effective July 1, 2008, 2.2% of highest 3-year average salary times credited service. Effective July 1, 2004, service is not limited to 30 years. Custodians are required to contribute 1.9% of salary.

Nurses: If participant does not make contributions, 1.5% of highest 3-year average salary times Credited Service. If contributes .60% of salary, percentage increases to 1.6%.

Cafeteria Workers and Therapists: 1.5% of highest 5-year average salary times Credited Service.

Non-Union Employees: If participant does not make contributions, 1.5% of highest 3-year average salary times Credited Service. If contributes .25% of salary, percentage increases to 1.6%. If contributes .65% of salary, percentage increases to 1.7%. If contributes .85% percentage increases to 1.8%. Effective July 1, 2005, service is not limited to 30 years.

Early Retirement

Eligibility: Participants with 10 or more years of service may retire any time after age 55.

Benefit Formula: The same as normal retirement, if payments commence at age 65. If the payments commence at the participant's early retirement date, the benefit will be reduced by one-half of 1% for each complete calendar month that the participant's early retirement date precedes his normal retirement date. However, for secretaries, instructional assistants, and non-union employees, the above reduction applies prior to age 60. To age 60, the reduction is one-quarter of 1% per month.

Late Retirement Benefit

Benefits commence first of the month on or after termination. Benefit is payable based on service and compensation as of that date.

**Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Notes to Financial Statements**

Note "11" - Employees Retirement System, Non-certified Employee Plan (continued)

Termination Prior to Retirement

Vesting: Age 40 and 10 years of service.

Benefit: A monthly normal retirement benefit equal to 1 ½ of the member’s Average Monthly Salary, multiplied by Credited Service (maximum of 30 years).

B. Authority and Funding Policy:

The Board of Education has established the benefit provisions and contributions to the plan. The Board is also authorized to make changes to the plan provisions through the budgetary process.

The District’s funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to accumulated the assets to pay benefits when due. Covered employees with the exception of custodians whom are required to contribute 1.9% of salary are not required to contribute anything to the PERS.

C. Summary of Significant Accounting Policies:

Basis of Accounting

The pension trust fund’s financial statements are prepared using the accrual basis of accounting. Revenues (contributions and investment income) are recognized when they are earned, and expenses (benefits) are recognized when they are due and payable in accordance with the terms of the plan.

Valuation of Investments

Investments are valued at fair value based upon quoted market prices.

D. Investments:

Investment Policy: The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the Board of Education Finance Committee by a majority vote of its members. It is the policy of the Board of Education to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board’s adopted asset allocation policy as of June 30, 2025:

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	0.00%
US Bond	15.00%
US Bonds – Dynamic	5.00%
Large Cap Equity	31.00%
Small Cap Equity	11.00%
International Equity	16.00%
EM Equity	8.00%
Broad Real Assets	4.00%
Marketable Alternatives	<u>10.00%</u>
	<u>100.00%</u>

Pomperaug Regional School District #15
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Note "11" - Employees Retirement System, Non-certified Employee Plan (continued)

The following investments represent 5% or more of plan net assets:

Fidelity 500 Index Fund	\$ 5,399,522	23.37%
Fidelity Total International Index Fund	\$ 2,683,672	11.61%
Fidelity Extended Market Index Fund	\$ 1,797,363	7.78%
Vanguard Value Index Fund	\$1,544,118	6.68%
Dodge & Cox International Stock Fund	\$ 1,475,808	6.39%
EuroPacific Growth Fund	\$ 1,368,210	5.92%
Baird Aggregate Bond Fund	\$ 1,171,630	5.07%
PGIM Total Return Bond Fund	\$ 1,167,366	5.05%

Rate of Return: For the year ended June 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.39%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

E. Net Pension Liability of the District

The components of the net pension liability at June 30, 2025, were as follows:

Total pension liability	\$31,446,682
Plan fiduciary net position	<u>23,107,555</u>
Net pension liability	<u>\$ 8,339,127</u>

Plan fiduciary net position as a percentage of the total pension liability 73.48 %

F. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.50%
Rate of compensation increase (including inflation)	3.50%
Investment Rate of Return: (net of investment-related and administrative expense)	6.75%

Mortality:

Current: Pub-2010 Public Retirement Plans Mortality Tables for General employees, for non-annuitants and annuitants, projected to the valuation date with Scale MP-2021.

Prior: Pub-2010 Public Retirement Plans Mortality Tables for General employees, for non-annuitants and annuitants, projected to the valuation date with Scale MP-2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included in the pension plan's target asset allocation.

The following information is based on geometric means and does not reflect additional returns through investment selection, asset allocation and rebalancing. The results support a rate between 6.50% and 7.25%. An expected rate of return of 6.75% was used.

Pomperaug Regional School District #15

Towns of Middlebury and Southbury

Notes to Financial Statements

Note "11" - Employees Retirement System, Non-certified Employee Plan (continued)

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	3.07%
US Bond	3.37%
US Bonds- Dynamic	4.17%
Large Cap Equity	4.17%
Small Cap Equity	3.67%
International Equity	5.87%
EM Equity	7.77%
Broad Real Assets	5.17%
Marketable Alternatives	5.97%

G. Discount Rate:

Based on the plan's current net pension liability and current contribution policy, the plan's projected fiduciary net position will be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, since the fund is not projected to run out of money, the 6.75% interest rate assumption was used to discount plan liabilities.

H. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the District, calculated using the discount rate of 6.75%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	<u>Current Discount Rate</u>	<u>1% Decrease</u>	<u>1% Increase</u>
Net pension liability as of June 30, 2025	6.75%	5.75%	7.75%
	\$ 8,339,127	\$ 11,557,886	\$ 5,566,596

I. Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a)-(b)</u>
Balances as of June 30, 2024	\$ 30,596,183	\$ 20,894,313	\$ 9,674,870
Changes for the Year:			
Service cost	484,914	---	484,914
Interest	2,044,059	---	2,044,059
Differences between expected and actual experience	(82,345)	---	(82,345)
Changes in assumptions	---	---	---
Contributions – employer	---	1,103,530	(1,103,530)
Contributions – member	---	47,946	(47,946)
Net investment income	---	2,630,895	(2,630,895)
Benefit payments, including refunds of member contributions	(1,569,129)	(1,569,129)	---
Net changes	<u>877,499</u>	<u>2,213,242</u>	<u>(1,335,743)</u>
Balances as of June 30, 2025	\$ <u>31,446,682</u>	\$ <u>23,107,555</u>	\$ <u>8,339,127</u>

**Pomperaug Regional School District #15
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Notes to Financial Statements**

Note "11" - Employees Retirement System, Non-certified Employee Plan (continued)

J. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions are reported as follows:

For the fiscal year ended June 30 2025, the recognized pension expense is \$489,855. As of June 30, 2025, deferred outflows of resources and deferred inflows of resources related to pensions are reported as follows:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 67,869	\$(51,413)
Changes of assumptions	-	---
Net difference between projected and actual earnings		
On pension plan investments	---	\$(1,098,195)
Total	<u>\$ 67,869</u>	<u>\$(1,149,608)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

<u>Year Ended June 30:</u>	
2026	\$ 92,832
2027	(526,751)
2028	(400,942)
2029	(246,878)
2030	---
	<u>(1,081,739)</u>

Note "12" - State of Connecticut Teachers' Retirement System

A. General Information about the Pension Plan

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

B. Summary of Significant Accounting Policies

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

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Notes to Financial Statements

Note "12" - State of Connecticut Teachers' Retirement System (Continued)

C. Benefit Provision

The plan provides retirement, disability, and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement: Retirement benefits for the employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary). In addition, amounts derived from the accumulation of 6% contributions made prior to July 1, 1989 and voluntary contributions are payable.

Early Retirement: Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

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

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

D. Contributions

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

Employer (School District): School district employers are not required to make contributions to the plan.

Employees: Effective July 1, 1992, each teacher is required to contribute 6% of pensionable salary for the pension benefit. Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

**Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Notes to Financial Statements**

Note "12" - State of Connecticut Teachers' Retirement System (continued):

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

At June 30, 2025 the District reports no amounts for its proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources, due to the statutory requirement that the State of Connecticut pay 100 percent of the required contribution.

The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ ---
State's proportionate share of the net pension liability associated with the District	<u>115,090,585</u>
Total	<u>\$ 115,090,585</u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of June 30, 2024. At June 30, 2025, the District has no proportionate share of the net pension liability.

For the year ended June 30, 2025, the District recognized pension expense and revenue of \$13,201,137 for on-behalf amounts for the benefits provided by the State.

F. Actuarial Assumptions

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00-6.50%, including inflation
Investment rate of return	6.9%, net of pension plan investment expense, including inflation

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

**Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Notes to Financial Statements**

Note "12" - State of Connecticut Teachers' Retirement System (continued):

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2019 – June 30, 2023.

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provide for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation 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	37.0%	6.8%
Public Credit	2.0%	2.9%
Core Fixed Income	13.0%	0.4%
Liquidity Fund	1.0%	-0.4%
Risk Mitigation	5.0%	0.1%
Private Equity	15.0%	11.2%
Private Credit	10.0%	6.1%
Real Estate	10.0%	6.2%
Infrastructure and Natural	7.0%	7.7%
Total	<u>100.0%</u>	

G. Discount Rate

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

**Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Notes to Financial Statements**

Note "12" - State of Connecticut Teachers' Retirement System (continued):

H. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

I. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

J. Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the District has no obligation to contribute to the plan.

Note "13" – Risk Management and Unpaid Claims Liabilities:

The District is exposed to various risks of loss related to torts; theft of, damage to, and distribution of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage for all risks of loss, including workers' compensation insurance and employee health and accident insurance.

Medical Self-Insurance

The District entered into a Cooperative Agreement with the Town of Middlebury, effective July 1, 2014, to facilitate the group purchase of health benefits for active employees and non-Medicare eligible retirees. During 2024-2025, total claims expense of \$14,197,480 was incurred by the District. This expense represents claims processed and an estimate for claims incurred but not reported as of June 30, 2025.

The Fund establishes claims liabilities based on estimates of claims that have been incurred but not reported; accordingly, the Fund recorded an additional liability at June 30, 2025 of \$1,114,047.

Premium payments are reported as interfund services provided and used for the General Fund and, accordingly, they are treated as operating revenues of the Self-Insurance Fund and operating expenditures of the General Fund.

A schedule of changes in the claims liability for the year ended June 30, 2025 is presented below:

	Accrued Liability Beginning of Fiscal Year	Current Year Claims Paid and Changes in Estimates	Accrued Liability Claim Payments	Accrued Liability End of Fiscal Year
2024-2025	\$ <u>932,284</u>	\$ <u>14,379,243</u>	\$ <u>14,197,480</u>	\$ <u>1,114,047</u>

**Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Notes to Financial Statements**

Note “14” - Commitments and Contingencies:

Litigation:

It is the opinion of the school district officials that there are no material or substantial claims against the district, which will be finally determined so as to result in a judgment or judgments against the district, which would materially affect its financial position.

Grant Programs:

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2025 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Note “15” – Post Retirement Benefits

A. General Information about the Post Retirement Plan

Pomperaug Regional School District #15 has a single-employer defined benefit plan that provides post-retirement benefits, including medical and life insurance benefits, to eligible retirees and their spouses. The post-retirement plan does not issue stand-alone financial statements

The District currently pays for postemployment health care benefits on a pay-as-you-go basis. As of June 30, 2025, the District has not established a trust fund to irrevocably segregate assets to fund liability associated with the postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines.

The membership of the plan consisted of the following at July 1, 2024, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefits	11
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>356</u>
Total	<u>367</u>

B. Authority and Funding Policy:

The Board of Education has established the benefit provisions and contribution to the plan. The contribution requirements of plan members and the District are established and may be amended by the District. The District determines the required contribution using the Entry Age Normal Method. The Board is also authorized to make changes to the plan provisions through the budgetary process.

The District has not established a trust fund to irrevocably segregate assets to fund the liability associated with post-employment benefits in accordance with GASB guidelines. Although a trust fund may not be established in the future to exclusively control the funding and reporting of post-employment benefits, the District anticipates a commitment to fund normal costs as well as long-term approach for the amortization of the actuarial accrued liability. The goal is to absorb, within the budgetary process, the annual OPEB cost of benefits and to segregate the needed resources.

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Notes to Financial Statements

Note "15" – Post Retirement Benefits (continued):

C. Net Other Post Employment Benefit (OPEB) Liability of the District

The components of the net OPEB liability at June 30, 2024, were as follows:

Total OPEB liability	\$ 6,135,050
Plan fiduciary net position	---
Net OPEB liability	<u>\$ 6,135,050</u>

Plan fiduciary net position as a percentage of the total OPEB liability 0 %

D. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement Date:	June 30, 2025
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.50%
Salary Increases:	2.50%
Medical Trend Rate:	7.00% in 2024, reducing by .20% each year to an ultimate rate of 4.50% per year rate for 2037 and later.
Mortality Rate:	Pub-2010 Public Retirement Plans Mortality Tables for Teachers and General Employees, for non-annuitants, projected to the valuation date with Scale MP-2021.

The plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

E. Sensitivity of the OPEB Liability to Changes in the Discount Rate and Trend Rate

The following presents the net OPEB liability of the District, calculated using the discount rate of 5.20%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.20%) or 1 percentage point higher (6.20%) than the current rate:

	<u>1% Decrease</u> 4.20%	<u>Current Discount Rate</u> 5.20%	<u>1% Increase</u> 6.20%
Total OPEB Liability	\$6,707,304	\$ 6,135,050	\$ 5,623,946
Plan Fiduciary Net Position	\$ ---	\$ ---	\$ ---
Net OPEB Liability	\$6,707,304	\$ 6,135,050	\$ 5,623,946

The following presents the net OPEB liability of the District, calculated using the trend rate of 4.50%, as well as what the District's net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower (3.50%) or 1 percentage point higher (5.50%) than the current rate:

	<u>1% Decrease</u> 3.50%	<u>Current Trend Rate</u> 4.50%	<u>1% Increase</u> 5.50%
Total OPEB Liability	\$ 5,501,653	\$ 6,135,050	\$6,868,320
Plan Fiduciary Net Position	\$ ---	\$ ---	\$ ---
Net OPEB Liability	\$ 5,501,653	\$ 6,135,050	\$6,868,320

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Notes to Financial Statements

Note "15" – Post Retirement Benefits (continued):

F. Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of June 30, 2024	\$ 8,419,918	\$ ---	\$ 8,419,918
Changes for the Year:			
Service cost	173,301	---	173,301
Interest cost	332,883	---	332,883
Differences between expected and actual	(2,278,713)	---	(2,278,713)
Benefits paid	(248,248)	---	(248,248)
Changes of assumptions	<u>(264,091)</u>	---	<u>(264,091)</u>
Net changes	<u>(2,284,868)</u>	<u>---</u>	<u>(2,284,868)</u>
Balances as of June 30, 2025	\$ <u>6,135,050</u>	\$ <u>---</u>	\$ <u>6,135,050</u>

G. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the District recognized OPEB expense of (\$406,000). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ ---	\$(5,724,047)
Changes of assumptions	<u>801,594</u>	<u>(1,992,904)</u>
	<u>\$ 801,594</u>	<u>\$(7,716,951)</u>

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

Year Ending June 30,	
2026	\$(872,354)
2027	(872,354)
2028	(872,354)
2029	(872,354)
2030	(736,026)
Thereafter	<u>(2,689,915)</u>
	<u>\$(6,915,357)</u>

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Notes to Financial Statements

Note "16" - State of Connecticut Teachers' Retirement System: Other Postemployment Benefits

A. General Information about the Other Postemployment Benefits (OPEB) Plan

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

B. Summary of Significant Accounting Policies

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

GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*" (GASB 75) was issued in June 2015 and is effective for employers' fiscal years beginning after June 15, 2017, with early adoption permitted. The TRB has chosen to early adopt GASB 75. GASB 75 establishes accounting and financial reporting requirements for governmental employers who sponsor or participate in OPEB plans.

C. Benefit Provision

The Plan covers retired teachers and administrators of public schools in the State who are receiving benefits from the Plan. The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member that is currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

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

**Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Notes to Financial Statements**

Note "16" - State of Connecticut Teachers' Retirement System: OPEB (continued):

C. Benefit Provision (continued):

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

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

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

Normal Retirement: Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Early Retirement: Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility.

D. Contributions

State of Connecticut: Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates for one third of plan costs through an annual appropriation in the General Fund. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School District): School district employers are not required to make contributions to the plan.

Employees/Retirees: Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the plan.

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Notes to Financial Statements

Note "16" - State of Connecticut Teachers' Retirement System: OPEB (continued):

E. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2025, the District reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution.

The amount recognized by the District as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$ ---
State's proportionate share of the net OPEB liability associated with the District	<u>23,609,036</u>
Total	<u>\$ 23,609,036</u>

The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of June 30, 2024. At June 30, 2025, the District has no proportionate share of the net OPEB liability. For the year ended June 30, 2025, the District recognized OPEB expense and revenue of \$327,118 for on-behalf amounts for the benefits provided by the State.

F. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2024 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.50%
Real wage growth	0.50%
Wage inflation	3.00%
Salary increases	3.00-6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation

Municipal bond index rate:

Measurement date	3.93%
Prior measurement date	3.65%

Single equivalent interest rate:

Measurement date	3.64%, net of OPEB plan investment expense, including price inflation
Prior measurement date	3.93%, net of OPEB plan investment expense, including price inflation

Healthcare cost trend rates:

Medicare	Known increases until calendar year 2024, then general trend decreasing to 4.5% by 2031.
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**Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Notes to Financial Statements**

Note "16" - State of Connecticut Teachers' Retirement System: OPEB (continued):

D. Actuarial Assumptions (continued):

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

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2018-June 30, 2022.

The discount rate was increased from 3.53% to 3.93% to reflect the change in the Municipal Bond Index rate. Changes were also made to the assumed initial per capita healthcare costs, rates of healthcare inflation used to project the per capital costs, and the rates of Plan participation based upon recent experience and current expectations. In addition, the payroll growth rate assumption remained constant at 3.00%. Lastly, the salary growth assumption, the payroll growth rate, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the TRB.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected 10-Year Geometric Real Rate of Return</u>	<u>Standard Deviation</u>
U.S. Treasuries (Cash Equivalents)	100.0%	1.26%	1.10%
Price Inflation		2.50%	
Expected rate of return		3.75%	

G. Discount Rate

The discount rate used to measure the total OPEB liability was 3.93%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2024.

**Pomperaug Regional School District #15
 Towns of Middlebury and Southbury
 Notes to Financial Statements**

Note "16" - State of Connecticut Teachers' Retirement System: OPEB (continued):

G. Discount Rate (continued):

In addition to the actuarial methods and assumptions of the June 30, 2024 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annual at a rate of 3.00%
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- No future employer contributions were assumed to be made.
- For future plan members, contribution inflows were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

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

H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

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

I. Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

J. Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the District has no obligation to contribute to the plan.

Note "17" – Interfund Transfers:

At June 30, 2025, interfund transfers consisted of the following. These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

Debt Service	\$ 804,726
Lunch Program	41,243
Capital Projects	487,146
Reserve for Educational Expenditures	<u>1,055,275</u>
Total General Fund	<u>\$ 2,388,390</u>

**Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Notes to Financial Statements**

Note "17" – Interfund Transfers (continued):

Eliminations

Interfund receivables, payables, and transfers are reported in the governmental fund financial statements. In the entity-wide statements, interfund receivables, payables and transfers are eliminated within the governmental activities column.

Note "18" – Subsequent Events:

In connection with the preparation of the financial statements of Pomperaug Regional School District #15, subsequent events were evaluated through December 15, 2025, which is the date the financial statements were available to be issued.

Note "19" – Upcoming Pronouncements

GASB Pronouncements Issued, But Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

GASB Statement No. 103, *Financial Reporting Model Improvements*, has been issued to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this statement are effective for reporting periods beginning after June 15, 2025.

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of statements that the District believes will most impact their financial statements. The District will evaluate the impact of this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

REQUIRED SUPPLEMENTARY INFORMATION

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Schedule Of Revenue, Expenditures And Changes In Fund Balances
Budget and Actual (NON-GAAP BUDGETARY BASIS)
General Fund
Year Ended June 30, 2025

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Participating towns			
Town of Middlebury	\$ 29,516,057	\$ 29,516,057	\$ ---
Town of Southbury	57,650,444	57,650,444	---
Other			
Investment income	75,000	321,798	246,798
State/Federal income	2,519,796	2,350,834	(168,962)
Other income	406,856	433,659	26,803
Total Revenue	90,168,153	90,272,792	104,639
Expenditures:			
Current			
Salaries - certified	37,845,827	37,319,589	526,238
Salaries - classified	11,715,627	11,343,060	372,567
Employee benefits	16,256,878	16,305,525	(48,647)
Instructional programs	4,531,229	4,625,244	(94,015)
Tuition	6,230,736	5,128,471	1,102,265
Administrative services	1,099,628	1,069,450	30,178
Transportation	6,459,506	6,204,239	255,267
Plant operation	4,346,849	6,121,549	(1,774,700)
Total Expenditures	88,486,280	88,117,127	369,153
Operating Transfers in (out) :			
Educational expenditures	---	822,550	(822,550)
Capital Projects	1	481,720	(481,719)
Lunch Program	---	41,243	(41,243)
Debt service fund	1,681,872	810,152	871,720
Total Expenditures and Operating Transfers	90,168,153	90,272,792	(104,639)
Excess of Revenue Over Expenditures and Transfers	---	---	---
Fund Balance - beginning of year	---	---	---
Fund Balance - end of year	\$ ---	\$ ---	\$ ---

Pompeaug Regional School District #15
Pension Trust Fund
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability:										
Service Cost	\$ 484,914	\$ 517,254	\$ 561,036	\$ 577,657	\$ 573,685	\$ 584,338	\$ 603,018	\$ 599,337	\$ 596,706	\$ 523,248
Interest	2,044,059	1,964,898	1,902,968	1,837,618	1,804,025	1,684,440	1,629,740	1,534,200	1,478,898	1,372,148
Differences between expected and actual experience	(82,345)	237,543	(62,144)	(164,812)	(236,216)	(404,121)	(447,055)	226,956	(212,875)	431,845
Change of assumptions	-	-	-	63,577	492,128	872,128	(67,628)	(151,862)	(301,431)	1,132,617
Benefit payments, including refunds of member contributions	(1,569,129)	(1,461,828)	(1,420,063)	(1,241,397)	(1,091,248)	(946,709)	(890,202)	(806,117)	(742,775)	(660,837)
Net change in total pension liability	877,499	1,257,867	981,797	1,072,643	1,522,374	1,990,076	827,873	1,402,514	818,523	2,799,021
Total pension liability - beginning	30,569,183	29,311,316	28,329,519	27,256,876	25,734,502	23,944,426	23,116,553	21,714,039	20,895,516	18,096,495
Total pension liability - ending	31,446,682	30,569,183	29,311,316	28,329,519	27,256,876	25,734,502	23,944,426	23,116,553	21,714,039	20,895,516
Plan fiduciary net position:										
Contributions - employer	1,103,530	1,010,000	980,000	950,000	1,015,000	900,000	750,000	950,000	870,000	750,000
Contributions - member	47,946	49,223	49,006	50,191	50,766	53,280	51,634	52,243	52,153	51,098
Net investment income/(loss)	2,630,895	2,055,737	1,741,339	(1,531,649)	4,439,241	(425,773)	497,541	1,086,778	1,697,722	(736,267)
Benefit payments, including refunds of member contributions	(1,569,129)	(1,461,828)	(1,420,063)	(1,241,397)	(1,091,248)	(946,709)	(890,202)	(806,117)	(742,775)	(660,837)
Administrative expenses	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	2,213,242	1,653,132	1,350,282	(1,772,855)	4,413,759	(419,202)	408,973	1,282,904	1,877,100	(596,006)
Plan fiduciary net position - beginning	20,894,313	19,241,181	17,890,899	19,663,754	15,249,995	15,669,197	15,260,224	13,977,320	12,100,220	12,696,226
Plan fiduciary net position - ending	23,107,555	20,894,313	19,241,181	17,890,899	19,663,754	15,249,995	15,669,197	15,260,224	13,977,320	12,100,220
Net Pension Liability - Ending	\$ 8,339,127	\$ 9,674,870	\$ 10,070,135	\$ 10,438,620	\$ 7,593,122	\$ 10,484,507	\$ 8,275,229	\$ 7,856,329	\$ 7,736,719	\$ 8,795,296
Plan fiduciary net position as a percentage of the total pension liability	73.48%	68.35%	65.64%	63.15%	72.14%	59.26%	65.44%	66.01%	64.37%	57.91%
Covered employee payroll	\$ 4,568,728	\$ 4,719,247	\$ 4,724,216	\$ 5,027,802	\$ 5,425,358	\$ 5,795,221	\$ 6,145,221	\$ 6,090,603	\$ 6,255,832	\$ 6,198,768
Net pension liability as a percentage of covered employee payroll	182.53%	205.01%	213.16%	207.62%	139.96%	180.92%	134.66%	128.99%	123.67%	141.89%

**Pomperaug Regional School District #15
Pension Trust Fund
Schedule of Employer Contributions
Last Ten Fiscal Years**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 1,544,124	1,568,241	1,570,839	1,623,136	1,507,584	1,446,699	1,473,148	1,335,493	1,299,426	1,066,552
Contributions in relation to the actuarially determined contribution	1,103,530	1,010,000	980,000	950,000	1,015,000	900,000	750,000	950,000	870,000	750,000
Contribution Deficiency (Excess)	440,594	558,241	590,839	673,136	492,584	546,699	723,148	385,493	429,426	316,552
Covered employee payroll	\$ 4,568,728	4,719,247	4,724,216	5,027,802	5,425,358	5,795,221	6,145,221	6,255,832	6,255,832	6,198,768
Contributions as a percentage of covered employee payroll	24.15%	21.40%	20.74%	18.89%	18.71%	15.53%	12.20%	15.19%	13.91%	12.10%

Notes to Schedule

Valuation date:

July 1, 2023

Measurement date:

June 30, 2024

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Entry Age Normal Actuarial Cost Method

Amortization method

Level dollar, open

Remaining amortization period

15 years

Asset valuation method

The actuarial value of assets used in the development of plan contribution phase in recognition of the difference between the actual market value and the expected return on market value over a 3 year period at 3.3% per year.

Inflation

2.50%

Salary increases

3.50%

Investment rate of return

6.75%

Retirement age

65 years

Mortality

Pub-2010 Public Retirement Plans Mortality Tables for General employees, for non-annuitants and annuitants, projected to the valuation date with Scale MP-2021

**Pomperaug Regional School District #15
Pension Trust Fund
Schedule of Investment Returns
Last Ten Fiscal Years**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	12.39%	10.52%	9.58%	-7.78%	29.44%	-2.77%	3.34%	7.83%	14.04%	-5.62%

Pomperaug Regional School District #15
Schedule of the District's Proportionate Share of the Net Pension Liability
State of Connecticut Teachers' Retirement System
Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	115,090,585	122,928,558	131,113,673	107,405,209	135,611,187	119,421,515	92,080,926	96,136,637	101,424,888	81,473,657
Total	\$ 115,090,585	\$ 122,928,558	\$ 131,113,673	\$ 107,405,209	\$ 135,611,187	\$ 119,421,515	\$ 92,080,926	\$ 96,136,637	\$ 101,424,888	\$ 81,473,657
District's covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	62.68%	58.39%	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%

Notes to Schedule

- Actuarial cost method: Entry age
- Amortization method: Level percent of salary, closed
- Remaining amortization method: 17.6 years
- Asset valuation method: 4-year smoothed market
- Investment rate of return: 6.90%, net of investment-related expense, including inflation
- Salary increases: 3.00%-6.50% average, including inflation
- Inflation: 2.50%

District's covered-employee payroll: Not applicable since 0% proportionate share of the net pension liability

Pomperaug Regional School District #15
 Schedule of the District's Proportionate Share of the Net OPEB Liability
 State of Connecticut Teachers' Retirement System
 Last Eight Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	23,609,036	11,516,718	11,482,551	11,701,601	20,226,413	18,624,458	18,407,558	24,744,484
Total	\$ 23,609,036	\$ 11,516,718	\$ 11,482,551	\$ 11,701,601	\$ 20,226,413	\$ 18,624,458	\$ 18,407,558	\$ 24,744,484
District's covered-employee payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	7.40%	11.92%	9.46%	6.11%	2.50%	2.08%	1.49%	1.79%
Notes to Schedule								
Actuarial cost method	Entry age							
Amortization method	Level percent of payroll							
Remaining amortization method	30 years, open							
Asset valuation method	Market value of assets							
Investment rate of return	3.00%, net of investment-related expense							
Price inflation	2.50%							
District's covered-employee payroll	Not applicable since 0% proportionate share of the net OPEB liability							

Pomperaug Regional School District #15
 Schedule of Changes in Net OPEB Liability and Related Ratios
 Other Post Employment Benefits (OPEB)
 Last Eight Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability:								
Service Cost	\$ 173,301	\$ 175,824	\$ 194,700	\$ 254,641	\$ 282,820	\$ 200,714	\$ 280,862	\$ 281,215
Interest Cost	332,883	314,919	348,445	243,982	252,463	330,941	482,603	445,357
Benefit payments	(248,248)	26,303	97,147	40,190	180,591	(54,473)	(42,794)	(216,877)
Difference between expected and actual experience	(2,278,713)	(281,853)	(1,697,250)	(314,968)	(382,737)	(261,115)	(3,755,671)	(122,481)
Changes of assumptions	(264,091)	(254,321)	(104,222)	(1,644,444)	(363,335)	1,580,130	79,136	(442,954)
Net change in total OPEB liability	(2,284,868)	(19,128)	(1,161,180)	(1,420,599)	(30,198)	1,796,197	(2,955,864)	(55,740)
Total OPEB liability - beginning	8,419,918	8,439,046	9,600,226	11,020,825	11,051,023	9,254,826	12,210,690	12,266,430
Total OPEB liability - ending	6,135,050	8,419,918	8,439,046	9,600,226	11,020,825	11,051,023	9,254,826	12,210,690
Plan fiduciary net position:								
Plan fiduciary net position at end of the year	-	-	-	-	-	-	-	-
Net OPEB Liability	\$ 6,135,050	\$ 8,419,918	\$ 8,439,046	\$ 9,600,226	\$ 11,020,825	\$ 11,051,023	\$ 9,254,826	\$ 12,210,690
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	34,087,631	35,920,893	35,044,774	32,775,857	31,976,446	31,295,581	30,352,274	30,636,352
Net OPEB liability as a percentage of covered employee payroll	18.00%	23.44%	24.08%	29.29%	34.47%	35.31%	30.31%	39.86%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds						Total Nonmajor Governmental Funds
	State and Federal Grants	School Cafeteria	Athletic Capital	Capital and Nonrecurring Expenditures	Student Activities		
ASSETS							
Cash and cash equivalents	\$ 173,487	\$ 762,383	\$ 26,157	\$ 1,059,725	\$ 430,054		\$ 2,451,806
Accounts receivable	---	901	---	---	---		901
Due from State of Connecticut	10,558	66,847	---	---	---		77,405
Inventory	---	18,594	---	---	---		18,594
Total Assets	\$ 184,045	\$ 848,725	\$ 26,157	\$ 1,059,725	\$ 430,054		\$ 2,548,706
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 12,821	\$ 137,245	\$ ---	\$ ---	\$ ---		\$ 150,066
Accrued wages	42,507	---	---	---	---		42,507
Due to other funds	117,377	---	---	---	244		117,621
Unearned revenue	11,266	27,364	---	---	---		38,630
Total Liabilities	183,971	164,609	---	---	244		348,824
Fund balances:							
Nonspendable:							
Inventories	---	18,594	---	---	---		18,594
Restricted for:							
Federal and state grants	74	---	---	---	---		74
Athletic capital	---	---	26,157	---	---		26,157
Capital and nonrecurring expenditures	---	---	---	1,059,725	---		1,059,725
Committed for:							
Educational expenditures	---	---	---	---	---		---
Student activities	---	---	---	---	429,810		429,810
Unassigned	---	665,522	---	---	---		665,522
Total Fund Balances	74	684,116	26,157	1,059,725	429,810		2,199,882
Total Liabilities and Fund Balances	\$ 184,045	\$ 848,725	\$ 26,157	\$ 1,059,725	\$ 430,054		\$ 2,548,706

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

Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2025

	Special Revenue Funds					Total Nonmajor Governmental Funds
	State and Federal Grants	School Cafeteria	Athletic Capital	Capital and Nonrecurring Expenditures	Student Activities	
Revenue:						
Sales of lunches , milk , and other fees	\$ ---	\$ 1,063,962	\$ ---	\$ ---	\$ ---	1,063,962
Investment income	---	---	1,051	46,580	1,897	49,528
Federal & state grants	1,574,458	573,834	---	---	---	2,148,292
Other miscellaneous revenue	---	5,625	3,283	---	---	8,908
Charges for goods and services	---	---	---	---	850,866	850,866
Total Revenues	1,574,458	1,643,421	4,334	46,580	852,763	4,121,556
Expenditures:						
Current:						
Cost of goods sold	---	821,893	---	---	---	821,893
Salaries and wages	959,758	696,419	---	---	---	1,656,177
Supplies and miscellaneous	34,764	81,971	5,557	---	---	122,292
Instructional programs	336,770	---	---	---	---	336,770
Employee benefits	209,285	193,457	---	---	---	402,742
Support services-students	---	---	---	---	878,010	878,010
Capital outlay	33,881	191,523	---	---	---	225,404
Total Expenditures	1,574,458	1,985,263	5,557	---	878,010	4,443,288
Other Financing Sources						
Operating transfers in	---	41,243	---	---	---	41,243
Total Other Financing Sources	---	41,243	---	---	---	41,243
Total Expenditures and Other Financing Sources (Uses)	1,574,458	1,944,020	5,557	---	878,010	4,402,045
Excess of Revenues and Other Sources over Expenditures and Other Uses						
	---	(300,599)	(1,223)	46,580	(25,247)	(280,489)
Fund Balance - beginning of year	74	984,715	27,380	1,013,145	455,057	2,480,371
Fund Balance - end of year	\$ 74	\$ 684,116	\$ 26,157	\$ 1,059,725	\$ 429,810	\$ 2,199,882

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

POMPERAUG REGIONAL SCHOOL DISTRICT #15
TOWNS OF MIDDLEBURY AND SOUTHURY, CONNECTICUT

FEDERAL SINGLE AUDIT SECTION



Charles Heaven & Co.
Certified Public Accountants
Waterbury, Connecticut

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Education
Pomperaug Regional School District #15
Middlebury and Southbury, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Pomperaug Regional School District #15, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Pomperaug Regional School District #15's basic financial statements, and have issued our report thereon dated December 15, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pomperaug Regional School District #15's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pomperaug Regional School District #15's internal control. Accordingly, we do not express an opinion on the effectiveness of Pomperaug Regional School District #15's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pomperaug Regional School District #15's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CHARLES HEAVEN & CO.

December 15, 2025



Charles Heaven & Co.
Certified Public Accountants
Waterbury, Connecticut

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM,
AND ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
Pomperaug Regional School District #15
Middlebury and Southbury, CT

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Pomperaug Regional School District #15's (the "School District") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2025. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of federal findings and questioned costs.

In our opinion, the School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis For Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School District and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School District's compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by The Uniform Guidance

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of School District's as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We issued our report thereon dated December 15, 2025 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by The Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CHARLES HEAVEN & CO.

December 15, 2025

Pomperaug Regional School District #15
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor; Pass -Through; Program Title	Grant Number	Federal CFDA Number	Expenditures
U.S. Department of Education			
Passed through the State of Connecticut			
Department of Education:			
Special Education Idea Part B	12060-SDE64370-20977-2025	84.027	\$ 729,947
Special Education Idea Part B	12060-SDE64370-20977-2024	84.027	353,807
Special Education Idea TSA	12060-SDE64370-20977-2024	84.027	15,000
Special Education Idea ESP	12060-SDE64370-20977-2024	84.027	5,000
Special Education Idea Preschool	12060-SDE64370-20983-2025	84.173	30,681
			1,134,435
Title I - Grants to LEA's	12060-SDE64370-20679-2025	84.010	109,835
Title I - Grants to LEA's	12060-SDE64370-20679-2024	84.010	17,591
			127,426
Title II - Improving Teacher Quality	12060-SDE64370-20858-2025	84.367	22,116
Title II - Improving Teacher Quality	12060-SDE64370-20858-2024	84.367	10,569
			32,685
Carl D. Perkins Vocational Education	12060-SDE64370-20742-2024	84.048	31,255
Title III - English Language Acquisition	12060-SDE64370-29063-2023	84.365	8,107
Title IV - Student Support	12060-SDE64370-22854-2025	84.424	4,049
Title IV - Student Support	12060-SDE64370-22854-2024	84.424	4,055
			8,104
ARP ESSER Funds	12060-SDE64370-29636-2024	84.425U	232,444
Total U.S. Department of Education			1,574,456
U.S. Department of Agriculture			
Passed through the State of Connecticut			
Department of Education:			
School Breakfast Program	12060-SDE64370-20508-2024	10.553	60,109
National School Lunch	12060-SDE64370-20560-2024	10.555	352,111
National School Lunch-ARPA	12060-SDE64370-28105-2023	10.555	37,461
National School Lunch - Commodities	N/A	10.555	114,559
			564,240
Total U.S. Department of Agriculture			564,240
Total Expenditures of Federal Awards			\$ 2,138,696

The accompanying notes are an integral part of this schedule.

**Pomperaug Regional School District #15
Towns of Middlebury and Southbury
Notes to Schedule of Expenditures of Federal Awards
June 30, 2025**

Note "1" – Accounting Basis:

Basic Financial Statements

The accounting policies of Regional School District No. 15 conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations.

Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis consistent with the preparation of the basic financial statements. Information included in the schedule of expenditures of federal awards is presented in accordance with the requirements of the Uniform Guidance.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

For performance-based awards, revenues are recognized to the extent of performance achieved during the grant period.

Certain financial assistance is not dependent on expenditure activity or the achievement of performance goals and, accordingly, is considered expended in the fiscal year of receipt. These financial assistance program receipts are reflected in the expenditures column of the schedule of expenditures of federal awards.

Note "2" – Indirect Cost Rate:

The District has elected not to use the de minimus indirect cost rate as allowed under the Uniform Guidance. The District has no federal awards for which an indirect cost rate is applicable.

Note "3" – Other Federal Assistance:

The United States Department of Agriculture makes available commodities for donations to schools. An amount of \$114,559 is reflected in the expenditures column in the accompanying schedule of expenditures of federal awards and represents the market value of such commodities received during the period.

No other federal assistance was received in the form of loans, loan guarantees, or insurance.

**Pomperaug Regional School District #15
 Towns of Middlebury and Southbury
 Schedule of Findings and Questioned Costs
 June 30, 2025**

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ yes	<u> X </u> no	
Significant deficiency(ies) identified?	_____ yes	<u> X </u> no	
Noncompliance material to financial statements noted?	_____ yes	<u> X </u> no	

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	_____ yes	<u> X </u> no	
Significant deficiency(ies) identified?	_____ yes	<u> X </u> none reported	

Type of auditor's report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance 2 CFR Section 200.516(a)?	_____ yes	<u> X </u> no	

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.027	Special Education IDEA Cluster
84.425U	ARP ESSER Funds

Dollar Threshold used to distinguish between Type A & Type B Programs \$ 750,000

Auditee qualified as low-risk auditee? X yes _____ no

B. FINANCIAL STATEMENTS FINDINGS

No matters were reported.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

D. SUMMARY SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS

No matters were reported.

POMPERAUG REGIONAL SCHOOL DISTRICT #15
TOWNS OF MIDDLEBURY AND SOUTHBURY, CONNECTICUT

STATE SINGLE AUDIT SECTION



Charles Heaven & Co.
Certified Public Accountants
Waterbury, Connecticut

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF STATE FINANCIAL ASSISTENCE REQUIRED BY THE STATE SINGLE AUDIT
ACT

Board of Education

Pomperaug Regional School District No. 15
Middlebury and Southbury, Connecticut

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Pomperaug Regional School District #15's compliance with the types of compliance requirements described in the *Office of Policy and Management Compliance Supplement* that could have a direct and material effect on each of Pomperaug Regional School District #15's major state programs for the year ended June 30, 2025. Pomperaug Regional School District #15's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Pomperaug Regional School District #15 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2025.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Pomperaug Regional School District #15 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted

auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major state program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of the government activities, each major fund, and the aggregate remaining fund information of Pomperaug Regional School District #15 as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We have issued our report thereon dated December 15, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act 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 Schedule of Expenditures of State Financial Assistance is fairly stated in all material respects in relation to the financial statements as a whole.

CHARLES HEAVEN & CO.

A handwritten signature in cursive script, appearing to read "Charles Heaven & Co.", with a stylized flourish at the end.

December 15, 2025

Pomperaug Regional School District #15
Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2025

	State Grant Program Core-CT Number	Expenditures
Department of Education:		
Child Nutrition Program (School Lunch State Match)	11000-SDE-64000-16072	\$ 13,939
TEAM Mentoring	11000-SDE-64000-12552	3,913
Local Food for Schools	11000-SDE-64000-10020	2,325
Healthy Food Initiative Program	11000-SDE-64000-16212	26,642
Adult Education	11000-SDE-64000-17030	<u>2,639</u>
Total Department of Education		49,458
Office of the State Comptroller		
Paraeducator Deductible Assistance Program	1100-OSC-15301-10020	101,158
Total State Financial Assistance before Exempt Programs		<u>150,616</u>
EXEMPT PROGRAMS		
Department of Education:		
Non Sheff Transportation	11000-SDE-64000-12632	19,500
Excess Costs Student Based and Equity	11000-SDE-64000-17047	<u>1,911,504</u>
Total Exempt Programs		<u>1,931,004</u>
Total State Financial Assistance		<u><u>\$ 2,081,620</u></u>

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

Pomperaug Regional School District #15
Notes to Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2025

The State of Connecticut Department of Education has provided financial assistance to Pomperaug Regional School District #15 through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund children's education, transportation, school lunch and school building renovations and construction.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Pomperaug Regional School District #15 conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies relating to the aforementioned grant programs.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The Fund financial statements are prepared using either modified accrual for governmental funds or accrual basis for proprietary and fiduciary funds.

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for General Obligation bond principal and interest which are reported as expenditures in the year due.

Under the accrual basis of accounting revenue is recorded when earned, and expenses are recorded when the liability is incurred.

The Schedule of Expenditures of State Financial Assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-5), certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

**Pomperaug Regional School District #15
 Audit Results of Expenditures of State Financial Assistance
 Year Ended June 30, 2025**

I. SUMMARY OF AUDIT RESULTS

Financial Statements

We audited the basic financial statements of Pomperaug Regional School District #15 as of and for the year ended June 30, 2025 and issued our unqualified report thereon dated December 15, 2025.

Internal control over financial reporting:

Material weaknesses identified? _____ yes X no

Significant deficiency identified that are not considered to be material weaknesses? _____ yes X no

Noncompliance material to financial statements noted? _____ yes X no

State Financial Assistance

Internal control over major programs:

Material weaknesses identified? _____ yes X no

Significant deficiency identified that are not considered to be material weaknesses? _____ yes X none reported

We have issued an unqualified opinion relating to compliance for major State programs.

Any audit findings disclosed that are required

To be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?

_____ yes X no

The following schedule reflects the major programs included in the audit:

State Grantor and Program	State Grant Program Identification Number	Expenditures
Department of Education:		
Paraeducator Deductible Assistance Program		<u>\$ 101,158</u>
Dollar Threshold used to distinguish Type A and Type B Programs		<u>\$ 300,000</u>

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. FINDINGS AND QUESTIONED COSTS FOR STATE FINANCIAL ASSISTANCE

No matters were reported.

Pomperaug Regional School District #15
Audit Results of Expenditures of State Financial Assistance
Year Ended June 30, 2025

IV. SUMMARY SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS

No matters were reported