LEARN

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2022

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INTRODUCTORY SECTION

LEARN

Principal Officials

Office	Name	District
Board of Directors:		
Chairperson	Craig L. Esposito	Stonington
Vice Chairperson	Aaron Daniels	Norwich
Fiscal Officer	Robert Mitchell	Montville
Secretary	Rita Volkmann	Groton
Committee Member	Dale Bernardoni	Region #4 Chester
Committee Member	Michael Hornyak	Clinton
Committee Member	Vacant	Region #4 Deep River
Committee Member	Bryan Perry	East Haddam
Committee Member	Amy Ordonez	East Hampton
Committee Member	Carolyn Rotella	Region #4 Essex
Committee Member	Catherine Steel	East Lyme
Committee Member	Kristen Peck	Guilford
Committee Member	Jennifer Favalora	Region #17 Haddam & Killingworth
Committee Member	Mary Harris	Ledyard
Committee Member	Steve Wilson	Region #18 Lyme & Old Lyme
Committee Member	Mary Ann Connelly	Madison
Committee Member	Jefferey Hart	New London
Committee Member	Phil Mendolia	North Stonington
Committee Member	Aaron Daniels	Norwich
Committee Member	Trevor Nichols	Old Saybrook
Committee Member	Cindy Luty	Preston
Committee Member	Sean Reith	Salem
Committee Member	Michele Devine	Waterford
Other Officials:		
Executive Director	Katherine Ericson	LEARN

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of Directors
LEARN
Old Lyme, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of LEARN, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise LEARN'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, each major fund, and the aggregate remaining fund information of LEARN, as of June 30, 2022, 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 (GAAS) 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of LEARN and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about LEARN'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.

Auditors' 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 auditors' 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 GAAS 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LEARN'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 LEARN'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, budgetary comparison information and the pension and OPEB schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the LEARN's basic financial statements. The combining nonmajor fund financial statements, schedule of expenditures of federal awards, and the schedule of expenditures of state financial assistance are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining nonmajor fund financial statements, schedule of expenditures of federal awards, and the schedule of expenditures of state financial assistance is 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 section but does not include the basic financial statements and our auditors' 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.

Board of Directors
LEARN

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2022, on our consideration of LEARN's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LEARN's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LEARN's internal control over financial reporting and compliance

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

West Hartford, Connecticut
November 17, 2022

LEARN is a Connecticut Regional Education Service Center and was established in 1967 by Section 10-66a of the Connecticut General Statutes. LEARN serves as an educational center facilitator and service provider for local boards of education, their towns and regional boards of education with the purpose of establishing cooperative arrangements to provide special services, educational programs and services. LEARN currently owns and operates five magnet schools for its member towns and serves as an operator only for two magnet schools outside of the LEARN district.

The Board of Directors and LEARN Administration offer constituents and readers of LEARN's financial statements this narrative overview and analysis of the financial activities of LEARN for the fiscal year ended June 30, 2022. This management's discussion and analysis (MD&A) will explain the role of the financial statements and provide analysis on selected financial information.

Financial Highlights

- LEARN's governmental funds reported a combined ending fund balance of $23,285,876 which represents a positive change of $166,700 over the prior year. LEARN's capital projects fund reflects an increase in expenditures for Phase 2 of Ocean Ave LEARNing Academy and projects at LEARN's central office in the amount of $3,539,909. A receivable of $3,247,688 is recorded for the State of CT reimbursement of Ocean Ave LEARNing Academy.

- At the close of the fiscal year, LEARN's general fund increased from $20,305,951 to $23,122,417 representing a positive change of $2,816,466.

- Unrestricted net position, the amount that may be used to meet LEARN's ongoing obligations to creditors, was $26,379,134 at June 30, 2022 representing an increase of $6,804,676 over prior year.

- On a government-wide basis, total revenues were $62,433,434 and total expenses were $57,591,763, revenues exceeding expenses by $4,841,671.

- On a government-wide basis, LEARN's assets and deferred outflows of resources were $79,208,582 and liabilities and deferred inflows of resources were $11,551,012 resulting in a net position of $67,657,570. This represents a 7.7% increase over prior year.

- LEARN's four magnet schools received $8,058 per student under the state's magnet interdistrict grant for fiscal 2022. This amount has remained flat since FY 19-20.

- For FY 21-22, LEARN schools returned to student in-person learning.

- For FY 21-22, LEARN's food service participation increased significantly as a result of returning to in-person learning. The State of CT reimbursed all schools for 100% of their meals served.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to LEARN's basic financial statements. The financial reports are presented in two major formats: government-wide financial statements and fund financial statements. Government-wide financial statements are prepared on a full accrual basis and provide long-term information about LEARN's financial position, while the fund financial statements are prepared on a modified accrual basis and contain information on a short-term basis.

Government-Wide Financial Statements

Government-wide financial statements are statements that present LEARN as a single entity, similar to a private-sector business. All financial activity within LEARN's programs are presented in these statements, which is similar to a private-sector business enterprise. All of LEARN's assets and liabilities are reported along with all of LEARN's expenditures and revenues. Capital assets, related depreciation expense, and long-term debt are included in these statements. The government-wide financial statements reflect all of LEARN's programs, which are supported by governmental activities including programs funded through federal, state and foundation grants, contracts, tuition and other governmental agencies in exchange for fees and charges. There are two government-wide financial statements: the statement of net position and the statement of activities.

The statement of net position presents information on all of LEARN's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position serve as a useful indicator of LEARN's financial position.

The statement of activities is used to report the details of the changes in net position. This statement first reports all expenses by function or program activity, then reports program revenues (such as charges for services, operating grants and contributions and capital grants and contributions) as a reduction of the expenses. The result is the net cost of the function or program.

LEARN's activities span a wide scope of offerings in education, health and human services. Magnet school operations and support services for children with disabilities are LEARN's largest programs. LEARN also provides technical assistance, consulting services, staff development programs, and technology services to its member districts.

The government-wide financial statements are presented on Exhibits I and II of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance programs and services in the future. For the year ended June 30, 2022, LEARN's net position was $67,657,570. This represents an increase of $4,841,671. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of LEARN's governmental activities.

TABLE 1
NET POSITION

	Governmental Activities	
	2022	2021
Assets:		
Current and Other Assets	$ 33,698,661	$ 28,195,549
Capital Assets, Net of Accumulated Depreciation	45,154,808	43,898,485
Total Assets	78,853,469	72,094,034
Deferred Outflows Related to OPEB	355,113	383,120
Liabilities:		
Current Liabilities	6,060,025	4,074,145
Long-Term Liabilities	3,823,243	5,518,821
Total Liabilities	9,883,268	9,592,966
Deferred Inflows Related to OPEB	1,667,744	68,289
Net Position:		
Net Investment in Capital Assets	41,131,596	43,090,238
Restricted	146,840	151,213
Unrestricted	26,379,134	19,574,448
Total Net Position	$ 67,657,570	$ 62,815,899

By far the largest portion of LEARN's net position is its investment in capital assets (e.g., land, buildings and improvements, vehicles, furniture, fixtures and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. LEARN uses these capital assets to provide educational services to students; consequently, these assets are not available for future spending. Although LEARN's investment in capital assets, net of accumulated depreciation, is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TABLE 2
CHANGE IN NET POSITION

	Governmental Activities	
	2022	2021
Revenues:		
Program Revenues:		
Charges for Services	$ 21,778,356	$ 21,824,440
Operating Grants and Contributions	37,370,237	41,540,597
Capital Grants and Contributions	3,247,688	-
General Revenues:		
Unrestricted Investment Earnings	37,153	35,633
Total Revenues	62,433,434	63,400,670
Expenses:		
Magnet School Programs	35,680,679	39,396,480
Special Education Services	14,934,840	16,320,818
Young Children and Families	2,029,220	2,004,281
Office of Teaching and Learning	1,864,111	982,479
Office of Innovation and Development	-	20,429
Transportation	411,340	1,304,633
Administrative Services/Organizational Support	2,339,018	2,348,421
Information Technology Services	10,685	1,385,055
Student Activity	218,764	90,129
Interest Expense	103,106	115,240
Total Expenses	57,591,763	63,967,965
Change in Net Position	4,841,671	(567,295)
Net Position - Beginning of Year	62,815,899	63,383,194
Net Position - End of Year	$ 67,657,570	$ 62,815,899

LEARN's primary sources of revenue are magnet school and special education tuition, and state and federal grants.

Charges for services decreased $46,084 compared to the prior year mainly because LEARN did not provide special education transportation services to Colchester in FY 21-22 of $987k. This decrease was offset by increases in magnet school local tuition of $424k, special education tuition increases of $234k, and increases to revenues generated from the Tech Consortium and Business Support Services of $175k.

Operating grants and contributions decreased by $4,170,360 primarily due to a decrease in the pension and OPEB expense for FY 21-22. The decrease was offset by an increase in state magnet tuitions based on increased enrollment at TFS and RMMS, increase in Goodwin reimbursements due to the additional grade at the middle school, and an increase in the amount of state food reimbursements at 100% of meals served.

Capital grants and contributions increased $3,247,688 due to the Ocean Ave LEARNing Academy capital project state reimbursement receivable for project 2.

Total operational expenses decreased $6,376,202 primarily due to the decrease in the pension and OPEB expense of $8.5 million. This decrease is offset by increases in salary expense across the agency due to additional students in two of the LEARN magnet schools, an additional grade at Goodwin’s middle school, and annual salary increases. While LEARN is required to recognize pension expense and revenue, LEARN has no proportionate share of the net pension liability.

Fund Financial Statements

A fund represents a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. LEARN uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. These statements present each fund's financial assets, which are assets that can be converted into cash due to their inherent nature, as opposed to capital assets which are used in the operation of a program and not intended to be converted to cash. The liabilities recognized are expected to be used for LEARN’s near-term financing needs, such as accounts payable and accrued liabilities. Long-term debt, related debt service and outstanding claims and judgments are reported on fund financial statements when payment for these liabilities becomes due. LEARN’s funds are classified into five categories: general fund, special revenue funds, capital projects fund, proprietary fund and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating a government’s near-term financing requirements. As noted earlier, the government-wide financial statements include capital assets, which are not intended to be converted to cash in the near term, and long-term debt, which is not due and payable in the near term; thus, items such as these are not included in the governmental funds’ financial statements.

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

LEARN operates over 100 individual governmental programs accounted for in five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, special revenue fund, and the capital projects fund, all of which are considered major funds. Data from the other non-major funds are combined into a single, aggregated presentation. Individual fund data for each non-major governmental fund is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements are presented on Exhibits III and IV of this report.

Financial Analysis of the Government's Funds

Governmental Funds

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

The general fund represents the general operations and normal recurring activities of LEARN, such as administration, facilities management, staff development and certain student programs. General fund revenues are derived from tuition and sale of services.

The special revenue fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Funds within the special revenue fund are funded by federal and state grants and contracts, as well as some private grants and contracts. In addition, LEARN's student activity funds are included in the special revenue funds due to new accounting guidance in GASB Statement No. 84 *Fiduciary Activities* effective 7/1/2020.

The capital projects fund accounts for the financial resources used for the acquisition and/or construction of major capital facilities. The current balances in the capital project funds represent activity from building projects as well as funds set aside for future building repairs.

Fund Balances

At the end of the current fiscal year, LEARN's governmental funds reported a combined ending fund balance of $23,285,876, a positive change of $166,700 from the prior year as shown on Table 3 below. Approximately 88% of the ending fund balance is unassigned fund balance and is therefore available to support on-going operations. Note 8 shows the components of fund balance at year-end.

TABLE 3
GOVERNMENTAL FUND BALANCES

	Fiscal Year Ended June 30,		Increase
	2022	2021	(Decrease)
General Fund	$ 23,122,417	$ 20,305,951	$ 2,816,466
Special Revenue Fund	214,537	143,418	71,119
Capital Projects Fund	(1,890,747)	1,649,162	(3,539,909)
Nonmajor Governmental Funds:			
Special Revenue Funds	24,764	24,764	-
Student Activities	122,076	126,449	(4,373)
School Lunch Fund	1,692,829	869,432	823,397
Total	$ 23,285,876	$ 23,119,176	$ 166,700

Fund Balance Detail

The General Fund increased the fund balance by $2,816,466. Factors contributing to the excess of revenue over expenditures include an increase in the special education services, local tuition increases for the additional students at RMMS and TFS, and a decrease in the medical insurance rates for FY 21-22.

The School Lunch Fund increased the fund balance by $823,397. The federal government provided all school lunch and breakfast to students for free and reimbursed LEARN for these meals at a higher rate than in FY 20-21.

The Capital Projects Fund decrease to fund balance reflects an increase in the expenses for project 2 of Ocean Avenue LEARNing Academy. As of June 30, 2022, LEARN has a receivable of $3,247,688 from the State of CT.

Proprietary Funds

Internal service funds are used to account for goods or services provided to departments or functions within a government. LEARN uses an internal service fund to allocate workers' compensation and unemployment costs to programs. An internal fund was established in fiscal year 2018 in order to facilitate a predictable allocation of these costs. Proprietary fund activity is excluded from the governmental fund financial statements.

Custodial Funds

Custodial funds are used to account for resources held for the benefit of parties outside the government. These funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support LEARN's own programs. The accounting used for fiduciary funds and custodial funds is much like that used for proprietary funds. Custodial funds are used to account for the Eastern CT Health and Medical Cooperative effective 7/1/2020.

Notes to Financial Statements

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

Capital Assets and Debt Administration

Capital Assets

LEARN's investment in capital assets (net of accumulated depreciation) for its governmental activities as of June 30, 2022 is $45,154,808 - as shown in Table 4. Investment in capital assets includes land, buildings and improvements, vehicles, furniture, fixtures and equipment and construction in progress. The increase in total capital assets results primary from the Ocean Ave LEARNing Academy construction in progress and LEARN's central office construction in progress. Decreases in capital assets resulted mainly from disposing of LEARN's vans which were sold as LEARN no longer provides transportation for special education students in Colchester.

TABLE 4
CAPITAL ASSETS, NET OF DEPRECIATION

	Governmental Activities	
	2022	2021
Land	$ 1,116,268	$ 1,116,268
Construction in Progress	3,243,540	-
Buildings and Improvements	39,927,487	41,449,520
Furniture and Equipment	811,987	1,151,161
Vehicles	55,526	181,536
Total	$ 45,154,808	$ 43,898,485

Additional information on LEARN's capital assets can be found in Note 5 of this report.

Long-Term Debt

At June 30, 2022, LEARN had a balance of $3,823,243 in long-term debt as shown in Table 5.

TABLE 5
OUTSTANDING DEBT

	Governmental Activities	
	2022	2021
Note Payable	$ 1,998,835	$ 2,275,264
Total OPEB Liability	1,087,942	2,561,135
Compensated Absences	736,466	682,422
Total	$ 3,823,243	$ 5,518,821

LEARN's total long-term debt decreased 30.7%. No new leases were entered into during the year. The decrease in the OPEB obligation was due to the service cost and interest for the year. During 2018, LEARN entered into an agreement for a ten-year bank loan in the amount of $3,000,000 in connection with the purchase and rehabilitation of the Ocean Avenue LEARNing Academy. Additional information on LEARN's long-term debt and obligations can be found in Note 7 in the notes to financial statements.

Connecticut General Statute (C.G.S.) Section 10-66c defines the borrowing authority for Regional Educational Service Centers (RESCs). LEARN was established and organized as a RESC under the provisions of C.G.S. Section 10-66a.-n. The statute does not define any limitations on the level or amount of debt which a RESC may borrow.

Economic Factors

The unemployment rate for New London County as of June 2022 was 4.4%, compared to a rate of 7.4% a year ago. The state's unemployment rate was 4% and the national average rate was 3.6% at June 30, 2022. COVID-19 has had a material impact on local, state and federal unemployment rates. Inflationary trends in the region compare favorably to national indices.

Requests for Information

This financial report is designed to provide a general overview of LEARN's finances for all readers of these statements. Questions concerning any of the information provided in this report or requests for additional information should be addressed to LEARN's Chief Financial Officer, 44 Hatchetts Hill Road, Old Lyme, Connecticut 06371.

BASIC FINANCIAL STATEMENTS

EXHIBIT I

LEARN
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 25,230,802
Receivables:	
Intergovernmental	4,789,799
Participant and Program Fees	3,621,710
Due from Eastern CT Health and Medical Cooperative	46,270
Prepaid Items	10,080
Total Current Assets	33,698,661
Noncurrent Assets:	
Capital Assets, Not Being Depreciated	4,359,808
Capital Assets Being Depreciated, Net of Depreciation	40,795,000
Total Noncurrent Assets	45,154,808
Total Assets	78,853,469
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to OPEB	355,113
LIABILITIES	
Current Liabilities:	
Accounts Payable and Accrued Items	3,632,226
Accrued Payroll	2,191,477
Due to Other Governments	41,970
Unearned Revenue	194,352
Total Current Liabilities	6,060,025
Noncurrent Liabilities:	
Due Within One Year	429,972
Due in More than One Year	3,393,271
Total Noncurrent Liabilities	3,823,243
Total Liabilities	9,883,268
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to OPEB	1,667,744
NET POSITION	
Net Investment in Capital Assets	41,131,596
Restricted for:	
LEARN Project	24,764
Student Activities	122,076
Unrestricted	26,379,134
Total Net Position	$ 67,657,570

See accompanying Notes to Financial Statements.

LEARN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Function/Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position
GOVERNMENTAL ACTIVITIES					
Magnet School Programs	$ 35,680,679	$ 4,591,887	$ 28,173,242	$ -	$ (2,915,550)
Special Education Services	14,934,840	14,993,631	288,994	3,247,688	3,595,473
Young Children and Families	2,029,220	195,584	1,744,180	-	(89,456)
Office of Teaching and Learning	1,864,111	213,825	1,592,048	-	(58,238)
Transportation	411,340	2,094	207,476	-	(201,770)
Administrative Services/Organizational Support	2,339,018	1,440,802	5,352,809	-	4,454,593
Information Technology Services	10,685	126,142	11,488	-	126,945
Student Activity	218,764	214,391	-	-	(4,373)
Interest Expense	103,106	-	-	-	(103,106)
Total Governmental Activities	$ 57,591,763	$ 21,778,356	$ 37,370,237	$ 3,247,688	4,804,518
GENERAL REVENUES					
Interest Income					37,153
CHANGE IN NET POSITION					4,841,671
Net Position - Beginning of Year					62,815,899
NET POSITION - END OF YEAR					$ 67,657,570

See accompanying Notes to Financial Statements.

LEARN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General	Special Revenue Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$ 17,096,529	$ 7,468,804	$ 34,515	$ 630,954	$ 25,230,802
Receivables:					
Intergovernmental	-	1,210,081	3,247,688	332,030	4,789,799
Participant and Program Fees	1,876,195	1,728,763	-	16,752	3,621,710
Due from Other Funds	7,333,331	-	99,116	956,887	8,389,334
Prepaid Items	6,350	3,730	-	-	10,080
Total Assets	$ 26,312,405	$ 10,411,378	$ 3,381,319	$ 1,936,623	$ 42,041,725
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts Payable and Accrued Items	$ 631,161	$ 880,224	$ 2,024,378	$ 65,599	$ 3,601,362
Accrued Payroll	1,498,492	692,985	-	-	2,191,477
Due to Other Funds	956,887	8,510,479	-	11,634	9,479,000
Due to Other Governments	-	41,970	-	-	41,970
Unearned Revenue	103,448	71,183	-	19,721	194,352
Total Liabilities	3,189,988	10,196,841	2,024,378	96,954	15,508,161
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues - Grants	-	-	3,247,688	-	3,247,688
FUND BALANCES					
Nonspendable	6,350	3,730	-	-	10,080
Restricted	-	-	-	146,840	146,840
Committed	-	210,807	-	1,692,829	1,903,636
Assigned	736,466	-	-	-	736,466
Unassigned	22,379,601	-	(1,890,747)	-	20,488,854
Total Fund Balances	23,122,417	214,537	(1,890,747)	1,839,669	23,285,876
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 26,312,405	$ 10,411,378	$ 3,381,319	$ 1,936,623	$ 42,041,725

See accompanying Notes to Financial Statements.

LEARN
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022

RECONCILIATION TO THE STATEMENT OF NET POSITION

Fund Balances - Total Governmental Funds (Exhibit III)	$ 23,285,876
Amounts reported for governmental activities in the statement of net position (Exhibit I) are different because of the following:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental Capital Assets	71,485,059
Less: Accumulated Depreciation	(26,330,251)
Net Capital Assets	45,154,808
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:	
Grant Receivables Greater than 120 Days	3,247,688
Deferred Outflows Related to OPEB	355,113
Internal service funds are used by management to charge the costs of workers compensation and unemployment services to individual funds. The assets and liabilities of the internal service funds are reported with the governmental activities in the statement of net position.	1,105,072
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Note Payable	(1,998,835)
Compensated Absences	(736,466)
Total OPEB Liability	(1,087,942)
Deferred Inflows Related to OPEB	(1,667,744)
Net Position of Governmental Activities as Reported on the Statement of Net Position (Exhibit I)	$ 67,657,570

See accompanying Notes to Financial Statements.

EXHIBIT IV

LEARN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Participation and Program Fees	21,522,478	$ 36,783	$ -	$ 219,095	$ 21,778,356
Intergovernmental Revenues	1,785,994	22,304,132	-	1,781,461	25,871,587
Other Grants, Contributions, and Contracts	2,051,991	10,803,896	-	260,606	13,116,493
Interest Income	37,153	-	-	-	37,153
Total Revenues	25,397,616	33,144,811	-	2,261,162	60,803,589
EXPENDITURES					
Current:					
Magnet School Programs	6,305,930	26,637,874	-	1,222,103	34,165,907
Special Education Services	14,047,359	955,527	-	-	15,002,886
Young Children and Families	281,583	1,722,580	-	-	2,004,163
Office of Teaching and Learning	792,614	1,070,740	-	-	1,863,354
Transportation	14,879	317,509	-	-	332,388
Administrative Services/Organizational Support	2,036,296	62,336	2,256	37	2,100,925
Information Technology Services	645	4,846	-	-	5,491
Student Activity	-	-	-	218,764	218,764
Debt Service:					
Principal Retirement	276,429	-	-	-	276,429
Interest and Other Charges	103,106	-	-	-	103,106
Capital Outlay	357,316	668,507	3,537,653	-	4,563,476
Total Expenditures	24,216,157	31,439,919	3,539,909	1,440,904	60,636,889
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,181,459	1,704,892	(3,539,909)	820,258	166,700
OTHER FINANCING SOURCES (USES)					
Transfers In	1,635,007	-	-	-	1,635,007
Transfers Out	-	(1,633,773)	-	(1,234)	(1,635,007)
Total Other Financing Sources (Uses)	1,635,007	(1,633,773)	-	(1,234)	-
NET CHANGE IN FUND BALANCES	2,816,466	71,119	(3,539,909)	819,024	166,700
Fund Balances - Beginning of Year	20,305,951	143,418	1,649,162	1,020,645	23,119,176
FUND BALANCES - END OF YEAR	$ 23,122,417	$ 214,537	$ (1,890,747)	$ 1,839,669	$ 23,285,876

See accompanying Notes to Financial Statements.

LEARN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances - Total Governmental Funds (Exhibit IV)	$ 166,700
Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because of the following:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital Outlay	3,291,303
Depreciation Expense	(1,990,818)
Loss on Disposition of Capital Assets	(44,162)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:	
Grant Receivables Greater than 120 Days	3,247,688
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the long-term debt and related items are as follows:	
Note Payable Payments	276,429
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Change in Long-Term Compensated Absences	(54,044)
Change in Total OPEB Liability	1,473,193
Deferred Inflows Related to OPEB	(1,599,455)
Deferred Outflows Related to OPEB	(28,007)
Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	102,844
Change in Net Position of Governmental Activities as Reported on the Statement of Activities (Exhibit II)	$ 4,841,671

See accompanying Notes to Financial Statements.

LEARN
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2022

	Governmental Activities Internal Service Fund
ASSETS	
Due from Other Funds	$ 1,135,936
LIABILITIES	
Accounts Payable	30,864
Total Liabilities	30,864
NET POSITION	
Unrestricted	$ 1,105,072

See accompanying Notes to Financial Statements.

EXHIBIT VI

LEARN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2022

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Charges for Services	$ 604,476
OPERATING EXPENSES	
Benefit Payments	501,385
Other	247
Total Operating Expenses	501,632
OPERATING INCOME	102,844
CHANGE IN NET POSITION	102,844
Net Position - Beginning of Year	1,002,228
NET POSITION - END OF YEAR	$ 1,105,072

See accompanying Notes to Financial Statements.

LEARN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2021

	Governmental Activities Internal Service Fund
CASH FLOW FROM OPERATING ACTIVITIES	
Cash Received for Interfund Services Provided	$ 604,476
Cash Payment for Benefits	(604,476)
Net Cash Provided (Used) by Operating Activities	-
Cash and Cash Equivalents - Beginning of Year	-
CASH AND CASH EQUIVALENTS - END OF YEAR	$ -
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income	$ 102,844
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Change in Assets and Liabilities:	
(Increase) Decrease in Due from Other Funds	(133,708)
Increase (Decrease) in Accounts Payable	30,864
Net Cash Provided (Used) by Operating Activities	$ -

See accompanying Notes to Financial Statements.

LEARN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

	Custodial Fund
ASSETS	
Cash and Cash Equivalents	$ 8,230,033
LIABILITIES	
Accounts Payable and Other	864,451
Due to Other Funds	46,270
Total Liabilities	910,721
NET POSITION	
Restricted for:	
Individual, Organizations, and Other Governments	$ 7,319,312

See accompanying Notes to Financial Statements.

EXHIBIT IX

LEARN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2022

	Custodial Fund
ADDITIONS	
Premiums	$ 13,980,104
Rebates	10,179
Interest on Investments	7,697
Total Additions	13,997,980
DEDUCTIONS	
Medical and Dental Claims	15,589,105
Administrative Expenses	42,502
Total Deductions	15,631,607
NET CHANGE IN FIDUCIARY NET POSITION	(1,633,627)
Fiduciary Net Position - Beginning of Year	8,952,939
FIDUCIARY NET POSITION - END OF YEAR	$ 7,319,312

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of LEARN, a Connecticut Regional Educational Service Center (LEARN) 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. The more significant policies of LEARN are described below.

A. Reporting Entity

LEARN, a Connecticut Regional Educational Service Center (RESC), was organized under the provisions of the Connecticut General Statutes, Section 10-66a, as amended. LEARN operates under a Board of Directors and an Executive Director. LEARN serves as an educational center, facilitator, and service provider for local boards of educations (LEA's), their towns, and regional boards of education with the purpose of establishing cooperative arrangements to provide special services, educational programs and services to enable such boards to carry out the duties specified in the General Statutes.

The financial statements include all funds of LEARN that meet criteria for defining the reporting entity as set forth by governmental accounting principles.

<u>Blended Component Unit</u>
Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, all organizations for which the primary government is financially accountable and other organizations which by the nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government.

The LEARN Project, Inc., a nonprofit organization, has been included as a blended component unit in the accompanying financial statements. Its Board of Directors is comprised of LEARN Board members, and its programs mirror those of LEARN. Separate financial statements are not available for the LEARN Project, Inc.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities are normally supported by intergovernmental revenues and participant and program fees.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter (generally within 120 days after year-end) to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

LEARN reports unearned revenue on its financial statements. Unearned revenues arise when resources are received by LEARN before it has legal claim to them as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met or when LEARN has a legal claim to the resources by meeting all eligibility requirements, the liability for unearned revenue is removed from the financial statements and revenue is recognized.

Expenditure reimbursement-type grants, certain intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by LEARN.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

LEARN reports the following major governmental funds:

General Fund
The General Fund is LEARN's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Fund
The Special Revenue Fund accounts for the proceeds of specific revenue sources, typically state and federal grant awards, used for educational programs. The types of revenues recorded in this fund are intergovernmental revenues and charges for services.

Capital Projects Fund
The Capital Projects Fund accounts for revenue and expenditures to be used for major capital assets construction and/or purchases funded by long term debt and other committed sources.

Additionally, LEARN reports the following fund types:

Internal Service Fund
The Internal Service Fund is used to account for the financing of goods or services provided by one department to other departments or agencies on a cost-reimbursements basis. The internal service fund and is used to account for the workers' compensation and unemployment benefits provided to LEARN's employees.

Custodial Fund
The Custodial Fund is used to report the fiduciary activity of the Eastern CT Health and Medical Cooperative.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are charges between certain LEARN functions because elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The operating revenues of the internal service funds are charges for services. Operating expenses for the internal service fund include benefit payments and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Deposits

LEARN's cash and cash equivalents consists of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State Statutes authorize LEARN to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

E. Receivables and Payables

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

F. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

G. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings and Improvements	40 Years
Furniture and Equipment	3 to 10 Years
Vehicles	3 to 5 Years

H. Compensated Absences

LEARN employees are paid by a prescribed formula for absence due to vacation and sickness. The eligibility for vacation pay does not vest. In the event of death or retirement, teachers hired on or before June 20, 2012 with 15 years of service are compensated for 25% of accumulated sick time, up to a maximum of 150 days at current salary rates.

Sick leave expenditures are recognized in the governmental funds in the current year to the extent they are paid during the year or the vested amount is expected to be paid with available resources. The liability for the remainder of the vested sick leave, and the nonvested portion expected to be paid in future periods, is accounted for in the government-wide financial statements as a noncurrent liability.

I. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Total Other Postemployment Benefits Other than Pensions (OPEB) Liability

The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year and no later than the end of the current fiscal year, consistently applied from period to period.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position 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. LEARN reports a deferred outflow of resources related to OPEB in the government-wide statement of net position. A deferred outflow of resources related OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in OPEB expense in a systematic and rational manner.

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 or periods and so will not be recognized as an inflow of resources (revenue) until that time. LEARN reports a deferred inflow of resources related to OPEB in the government-wide statement of net position. A deferred inflow of resources related OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in OPEB expense in a systematic and rational manner.

L. Fund Equity

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

Net Investment in Capital Assets – This category presents the net position that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for noncapital purposes, and unspent bond proceeds, are excluded.

Restricted Net Position – This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted Net Position – This category presents the net position of LEARN that is not restricted.

When both restricted and unrestricted resources are available for use, it is LEARN’s policy to use restricted resources first, then unrestricted resources as they are needed.

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable – This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (Continued)

Restricted – This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – This category presents amounts that can be used only for specific purposes determined by a formal action of the highest level of decision-making authority for LEARN. Commitments may be established, modified or rescinded only through resolutions approved by the Board of Directors.

Assigned – This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent can be expressed by the Board of Directors.

Unassigned – This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

LEARN will sometimes fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is LEARN's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, LEARN considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Board of Directors has provided otherwise in its commitment or assignment actions.

M. Accounting Estimates

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Budgets for the General Fund and the Special Revenue Funds are authorized annually in accordance with LEARN procedures. On a monthly basis, the Board of Directors receive an updated budget. This budget is approved at the monthly Board of Directors meeting. The procedures for establishing the budgetary data reflected in the financial statements are as follows:

1. Program Directors and School Administrators submit proposed operating budgets for the fiscal year to the Executive Director for approval and adjustment. The operating budgets include proposed expenditures and the means of financing those expenditures.

2. These budgets are submitted to the Board of Directors for discussion and voted on for final approval.

3. Program Directors and School Administrators may modify budgets between line items within a program; however, any revisions that increase the total budgeted expenditures of any program must be approved by the Board of Directors. The level of control at which expenditures may not legally exceed appropriations is at the program level (i.e., Student Support Services for the General Fund and The Friendship School for the Special Revenue Fund).

The budgets are prepared on a modified accrual basis of accounting, except for on-behalf contributions made by the State of Connecticut Teachers' Retirement System for Pension and OPEB. On a budgetary basis, operating transfers in and out are classified as revenues and expenditures, respectively. All appropriations lapse at the end of the budget year. LEARN has a formal purchase order system. LEARN uses encumbrance accounting during the course of the year and closes all encumbrances prior to the year-end fiscal close.

Budgeted amounts are as originally adopted or as amended by the Board of Directors.

B. Overexpended Budget

During the year ended June 30, 2022, the following line items had expenditures in excess of the budgeted amounts:

General Fund:		
Young Children and Families	$	81,419
Special Revenue Fund:		
Student Support Services		37
Goodwin Schools		989,334
The Friendship School		1,170,771
Three Rivers Middle College High School		638

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

B. Overexpended Budget (Continued)

Young Children and Families overage was to cover expenditures in the Special Revenue Fund. The original approval budget is consolidated at the school level.

Goodwin Schools expenditures are reimbursed to LEARN on a monthly basis. While the expenditures exceed the original approved budget, all amounts are reimbursed to LEARN.

The Friendship School overage in Special Revenue was offset by the expenditures in the General Fund. The original approval budget is consolidated at the school level.

Three Rivers Middle College High School overage was covered by use of fund balance.

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an “out of state bank” as defined by the Statutes, which is not a “qualified public depository.”

The Connecticut General Statutes (Section 7-400) permit LEARN to invest in: 1) obligations of the United States and its agencies; 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the statutes cover specific funds with particular investment authority.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

A. Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, LEARN's deposit will not be returned. LEARN does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the state of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, $28,409,331 of LEARN's bank balance of $29,326,047 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	$ 25,493,398
Uninsured and Collateral held by the Pledging Bank's Trust Department, not in LEARN's Name	2,915,933
Total Amount Subject to Custodial Credit Risk	$ 28,409,331

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

B. 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, 2022, LEARN's cash equivalents amounted to $4,256,359 and consisted of investment in the State Short-Term Investment Fund (STIF). STIF is a fixed income investment pool of high-quality, short-term money market instrument managed by the state of Connecticut Office of the State Treasurer. STIF is rated AAA by Standard & Poor's and has an average maturity of under 60 days. There were no limitations or restrictions on any withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Interest Rate Risk

LEARN 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.

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

B. Cash Equivalents (Continued)

Credit Risk

LEARN has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any state or political subdivision or in obligations of the state of Connecticut or political subdivision.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, LEARN will not be able to recover the value of its investment or collateral securities that are in the possession of outside parties. LEARN did not have any investments that were subject to custodial credit risk at June 30, 2022.

NOTE 4 RECEIVABLES

Receivables as of year-end for LEARN's individual major funds and nonmajor governmental funds in the aggregate are as follows:

	General	Special Revenue	Capital Projects	Nonmajor Governmental	Total
Receivables:					
Intergovernmental	$ -	$ 1,210,081	$ 3,247,688	$ 332,030	$ 4,789,799
Participant and Program Fees	1,876,195	1,728,763	-	16,752	3,621,710
Total Receivables	$ 1,876,195	$ 2,938,844	$ 3,247,688	$ 348,782	$ 8,411,509

All receivables are considered fully collectible.

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases and Transfers	Decreases and Transfers	Ending Balance
Capital Assets Not Being Depreciated:				
Land	$ 1,116,268	$ -	$ -	$ 1,116,268
Construction in Progress	-	3,243,540	-	3,243,540
Total Capital Assets Not Being Depreciated	1,116,268	3,243,540	-	4,359,808
Capital Assets Being Depreciated:				
Buildings and Improvements	60,948,289	-	-	60,948,289
Furniture and Equipment	5,960,784	47,763	-	6,008,547
Vehicles	566,175	-	(397,760)	168,415
Total Capital Assets Being Depreciated	67,475,248	47,763	(397,760)	67,125,251
Less Accumulated Depreciation For:				
Buildings and Improvements	19,498,769	1,522,033	-	21,020,802
Furniture and Equipment	4,809,623	386,937	-	5,196,560
Vehicles	384,639	81,848	(353,598)	112,889
Total Accumulated Depreciation	24,693,031	1,990,818	(353,598)	26,330,251
Total Capital Assets Being Depreciated, Net	42,782,217	(1,943,055)	(44,162)	40,795,000
Total Capital Assets, Net of Depreciation	$ 43,898,485	$ 1,300,485	$ (44,162)	$ 45,154,808

Depreciation expense for fiscal year 2022 was charged to functions/programs of LEARN as follows:

Governmental Activities:	
Administrative Services/Organizational Support	$ 182,715
Magnet School Programs	1,513,492
Special Education Services	208,367
Information Technology Services	7,282
Transportation	78,962
Total Depreciation Expense - Governmental Activities	$ 1,990,818

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A summary of interfund balances as of June 30, 2022 is presented below:

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue Fund	$ 7,275,427
	Eastern CT Health and Medical Cooperative	46,270
	Nonmajor Governmental Funds	11,634
Capital Projects Fund	Special Revenue Fund	99,116
School Lunch Fund	General Fund	956,887
Internal Service Fund	Special Revenue Fund	1,135,936
	Total	$ 9,525,270

All interfund balances resulted from the time lag between the dates payments occurred between funds for short-term internal financing.

Interfund transfers during the year ended June 30, 2022 were as follows:

	Transfer In General Fund
Transfers Out:	
Special Revenue Fund	$ 1,633,773
Nonmajor Governmental Funds	1,234
Total	$ 1,635,007

Transfers from special revenue fund and nonmajor governmental funds to general fund are for supporting administration expenditures in the general fund. Transfers from special revenue fund to capital projects are done to support miscellaneous capital improvements for various school buildings.

NOTE 7 LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Note Payable from Direct Borrowing	$ 2,275,264	$ -	$ 276,429	$ 1,998,835	$ 289,981
Total OPEB Liability	2,561,135	-	1,473,193	1,087,942	15,193
Compensated Absences	682,422	70,942	16,898	736,466	124,798
Total Governmental Activities Long-Term Liabilities	$ 5,518,821	$ 70,942	$ 1,766,520	$ 3,823,243	$ 429,972

All long-term liabilities are generally liquidated by the General Fund.

Note Payable from Direct Borrowing

On June 7, 2018, LEARN entered into an agreement with People's United Bank (acquired by M & T Bank) for a $3,000,000 promissory note in order to finance capital improvements on the school located on Ocean Avenue. Payments are due in fixed monthly principal payments sufficient to fully amortize the remaining loan over a 10-year period plus interest at 4.73%. The interest rate will be increased by one quarter of one percent (.25%) if an aggregate average balance of at least $2,000,000 is not maintained in a Demand Deposit Account or $1,000,000 in a savings account with the lender. LEARN's outstanding notes from direct borrowings of $1,998,835 contain a provision that in an event of default, the entire principal with accrued interest due accelerate and become immediately due and payable without demand or notice of any kind. The principal and interest payments are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2023	$ 289,981	$ 89,554	$ 379,535
2024	303,997	75,538	379,535
2025	319,101	60,434	379,535
2026	334,745	44,789	379,534
2027	351,156	28,379	379,535
2028-2030	399,855	11,308	411,163
Total	$ 1,998,835	$ 310,002	$ 2,308,837

NOTE 8 FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2022 are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Fund Balances:					
Nonspendable for:					
Prepaid Items	$ 6,350	$ 3,730	$ -	$ -	$ 10,080
Restricted for:					
Learn Project	-	-	-	24,764	24,764
Student Activities	-	-	-	122,076	122,076
Committed for:					
Salaries, Certified Personnel	-	210,807	-	-	210,807
School Cafeteria	-	-	-	1,692,829	1,692,829
Assigned for:					
Compensated Absences	736,466	-	-	-	736,466
Unassigned	22,379,601	-	(1,890,747)	-	20,488,854
Total Fund Balance	$ 23,122,417	$ 214,537	$ (1,890,747)	$ 1,839,669	$ 23,285,876

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Connecticut Teachers Retirement System - Pension

A. Plan Description

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 multiple-employer 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. Benefit Provisions

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

Normal Retirement

Retirement benefits for 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 three years of highest salary).

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.

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

B. Benefit Provisions (Continued)

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.

C. Contributions

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 approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts)

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

The statutes require the state of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

For the year ended June 30, 2022, the amount of "on-behalf" contributions made by the state was $5,381,020. This is recognized in the General Fund and Special Revenue as intergovernmental revenues and education expenditures of $1,735,645 and $3,645,375, respectively.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

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

At June 30, 2022, LEARN reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by LEARN 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 LEARN were as follows:

LEARN's Proportionate Share of the Net Pension Liability	$ -
State's Proportionate Share of the Net Pension Liability Associated with LEARN	64,263,234
Total	$ 64,263,234

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. At June 30, 2022, LEARN has no proportionate share of the net pension liability.

For the year ended June 30, 2022, LEARN recognized pension expense and revenue of $4,148,341 in Exhibit II.

E. Actuarial Assumptions

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

Inflation	2.50%
Salary Increases	3.00 - 6.50%, Including Inflation
Investment Rate of Return	6.90%, Net of Pension Plan Investment Expense, Including Inflation

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

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

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

E. Actuarial Assumptions (Continued)

Assumption changes since the prior year are as follows:

- There were no changes in assumptions that affected the measurement of the TPL since the prior measurement date.

Benefit changes since the prior year are as follows:

- There were no changes in benefit provisions that affected the measurement of the TPL since the prior measurement date.

Cost-of-Living Allowance

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 provided 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%.

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

E. Actuarial Assumptions (Continued)

Long-Term Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The current capital market assumptions and the target asset allocation as provided by the State of Connecticut Treasurer's Office are summarized in the following table:

Asset Class	Expected Return	Target Allocation
Domestic Equity Fund	5.60%	20.00%
Developed Market Intl. Stock Fund	6.00	11.00
Emerging Market Intl. Stock Fund	7.90	9.00
Core Fixed Income Fund	2.10	16.00
Inflation Linked Bond Fund	1.10	5.00
Emerging Market Debt Fund	2.70	5.00
High Yield Bond Fund	4.00	6.00
Real Estate Fund	4.50	10.00
Private Equity	7.30	10.00
Alternative Investments	2.90	7.00
Liquidity Fund	0.40	1.00
Total		100.00%

F. Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that state contributions will be made at 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.

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

LEARN's proportionate share of the net pension liability is $-0- and, therefore, the change in the discount rate would only impact the amount recorded by the state of Connecticut.

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

H. 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.

I. Other Information

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS

LEARN OPEB

A. Plan Description

LEARN administers one single-employer, postretirement healthcare plan for OPEB. The plan provides medical and dental benefits to eligible retirees and their spouses. The OPEB plan is administered by LEARN. Plan provisions are determined by union contract and the LEARN Board of Directors.

LEARN currently pays for postemployment health care benefits on a pay-as-you-go basis. As of June 30, 2022, LEARN 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. Administration costs are financed from current operations.

B. Benefit Provided

LEARN's plan provides for medical benefits for all eligible retirees. Teachers and Directors age 55 with 20 years of service or any age with 25 years of service may enroll in LEARN's plan. Certified staff are eligible for benefits until age 65, after which time they must enroll in the State Retirement Plan. The Connecticut Teacher's retirement board contributes $110 per month for each retiree and their spouse. Teachers pay the remaining premium. Non-Certified Directors pay 100% of the premium. Surviving spouses are covered until age 65.

LEARN offers a fully insured high deductible plan that includes prescription drug coverage.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

LEARN OPEB (Continued)

C. Employees Covered by Benefit Terms

Membership in the plan consisted of the following at June 30, 2022:

Inactive Employees Currently Receiving Benefit Payments	4
Active Employees	188
Total	192

D. Total OPEB Liability

LEARN's total OPEB liability of $1,087,942 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021. The plan's liability was rolled forward to a measurement date of June 30, 2022.

E. Actuarial Assumptions and Other Inputs

The total OPEB liability as of July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Salary Increases	3.50%, Average, Including Inflation
Discount Rate	3.54% (Prior: 2.16%)
Healthcare Cost Trend Rates	7.0% in 2021, Decreasing 0.5% per Year to an Ultimate Rate of 5.0% in 2025 (Prior: 8.0% for 2019, Decreasing 0.5% per Year to an Ultimate Rate of 5.0% for 2025 and Later Years.)
Retirees' Share of Benefit-Related Costs	100% of Projected Health Insurance Premiums for Retirees

E. Actuarial Assumptions and Other Inputs (Continued)

The discount rate was based on the Bond Buyer's 20 Bond Index.

Mortality rates were based on RPH-2014 Total Dataset mortality table projected using the Society of Actuaries Mortality Projection Scale of MP-2021.

The plan has not had a formal actuarial experience study performed.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

LEARN OPEB (Continued)

F. Changes in the Total OPEB Liability

	Total OPEB Liability
Balances - July 1, 2021	$ 2,561,135
Changes for the Year:	
Service Cost	240,368
Interest on Total OPEB Liability	26,508
Difference Between Expected and Actual Experience	(1,566,514)
Changes in Assumptions or Other Inputs	(154,488)
Benefit Payments	(19,067)
Net Changes	(1,473,193)
Balances - June 30, 2022	$ 1,087,942

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% in 2021 to 3.54% in 2022.

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

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

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	$ 1,199,867	$ 1,087,942	$ 983,311

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

The following presents the total OPEB liability of LEARN, as well as what LEARN's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (5.50% Decreasing to 4.00%)	Healthcare Costs Trend Rates (6.50% Decreasing to 5.00%)	1% Increase (7.50% Decreasing to 6.00%)
Total OPEB Liability	$ 911,755	$ 1,087,942	$ 1,305,447

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

LEARN OPEB (Continued)

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

For the year ended June 30, 2022, LEARN recognized OPEB expense of $173,336. At June 30, 2022, LEARN reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ -	$ 1,501,320
Changes of Assumptions or Other Inputs	355,113	166,424
Total	$ 355,113	$ 1,667,744

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

Year Ending June 30,	Amount
2023	$ (93,540)
2024	(93,540)
2025	(93,540)
2026	(93,540)
2027	(93,540)
Thereafter	(844,931)

Other Postemployment Benefit - Connecticut State Teachers Retirement Plan

A. Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other postemployment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Other Postemployment Benefit - Connecticut State Teachers Retirement Plan (Continued)

B. Benefit Provisions

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

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

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

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the state pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplemental Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option, must wait two years to re-enroll.

Survivor Health Care Coverage

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Other Postemployment Benefit - Connecticut State Teachers Retirement Plan (Continued)

C. Eligibility

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

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, state employment or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

Early Retirement

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

No service requirement if incurred in the performance of duty, and five years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

D. Contributions

State of Connecticut

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Other Postemployment Benefit - Connecticut State Teachers Retirement Plan (Continued)

D. Contributions (Continued)

Employer (School Districts)

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

For the year ended June 30, 2022, the amount of "on-behalf" contributions made by the state was $126,626. This is recognized in the General Fund and Special Revenue Fund as intergovernmental revenues and education expenditures of $40,843 and $85,783, respectively.

Employees/Retirees

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

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

At June 30, 2022, LEARN 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 LEARN 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 LEARN was as follows:

LEARN's Proportionate Share of the Net OPEB Liability	$ -
State's Proportionate Share of the Net OPEB Liability Associated with LEARN	7,001,362
Total	$ 7,001,362

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2020. At June 30, 2022, LEARN has no proportionate share of the net OPEB liability.

For the year ended June 30, 2022, LEARN recognized OPEB expense and revenue of $(258,538) in Exhibit II.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Other Postemployment Benefit - Connecticut State Teachers Retirement Plan (Continued)

F. Actuarial Assumptions

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

Inflation	2.50%
Healthcare Cost Trend Rates	5.125% in 2020, Decreasing to an Ultimate Rate of 4.50% in 2023
Salary Increases	3.00-6.50%, Including Inflation
Investment Rate of Return	2.17%, Net of OPEB Plan Investment Expense, Including Inflation
Year Fund Net Position will be Depleted	2023

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

The changes in assumptions since the prior year are as follows:

- Discount rate changed from 2.21% to 2.17%
- Expected annual per capita claims costs were updated to better reflect anticipated Medicare and prescription drug claim experience based on scheduled premium increases through calendar year 2024.

The changes in the benefit terms since the prior year are as follows:

- There were no changes to benefit terms in the two years preceding the measurement date.

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 investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting 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 plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.42%).

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Other Postemployment Benefit - Connecticut State Teachers Retirement Plan (Continued)

G. Discount Rate

The discount rate used to measure the total OPEB liability was 2.17%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2020.

In addition to the actuarial methods and assumptions of the June 30, 2020, actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2023 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

LEARN's proportionate share of the net OPEB liability is $-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the state of Connecticut.

I. OPEB Plan Fiduciary Net Position

Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report 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 LEARN has no obligation to contribute to the plan.

NOTE 11 RISK MANAGEMENT

LEARN is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to employees, natural disasters and protective liability.

LEARN purchases commercial insurance for all risks of loss, including blanket and umbrella policies. Settled claims have not exceeded commercial coverage in any of the past three years. There were no significant reductions in insurance coverage from coverage in the prior year.

As of July 1, 2013, LEARN participates in the Eastern CT Healthcare Cooperative (the Cooperative) to provide medical, prescription and dental health coverage for all employees. The Cooperative was established in June 2013 by several eastern Connecticut entities under the provisions of Connecticut Public Act 10-174 for the purpose of providing one or more health care benefits as allowed by such act for their employees. The Cooperative is a public entity risk pool operating as a common risk management and insurance program for its members. The Cooperative covers approximately 715 participants in its medical plan and approximately 750 participants in the dental plan. The Cooperative is designed to be self-sustaining through actuarially determined premiums established annually to cover expected claims, administration and a margin for unexpected losses or expenses. The Cooperative has purchased individual stop loss coverage for $150,000 per year per participant with an aggregate stop loss limit amount of $2,000,000. The Cooperative reinsures for medical, dental and prescription drug claims in excess of $1,000,000 maximum aggregate benefit. The members are subject to supplemental assessments in the event of deficiencies. The fiduciary net position of the Cooperative at June 30, 2022 is $7.3 million.

NOTE 12 CONTINGENCIES

LEARN participates in various state and federal grant programs. Grant amounts received or receivable from state and federal agencies are subject to audit and adjustment by these agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the state or federal government cannot be determined at this time, although LEARN expects such amounts, if any, to be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

LEARN
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(NONGAAP BUDGETARY BASIS)

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES				
Student Support Services	$ 15,194,279	$ 15,232,984	$ 15,202,600	$ (30,384)
Teaching and Learning	1,213,437	1,790,238	1,249,704	(540,534)
Young Children and Families	243,524	153,467	161,201	7,734
Transportation	87,627	87,627	2,094	(85,533)
Executive Services, Development, IT	652,049	583,397	1,509,401	926,004
Regional Multicultural Magnet School	1,675,995	1,727,490	1,742,780	15,290
Marine Science Magnet High School	1,661,501	1,661,501	1,674,562	13,061
The Friendship School	2,051,119	2,032,647	1,528,805	(503,842)
Three Rivers Middle College High School	410,777	410,777	410,777	-
Development: Programs and Services	178,963	178,963	139,204	(39,759)
Total Revenues	23,369,271	23,859,091	23,621,128	(237,963)
OTHER FINANCING SOURCES				
Transfers In	2,352,039	2,404,202	1,635,007	(769,195)
Total	$ 25,721,310	$ 26,263,293	25,256,135	$ (1,007,158)
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for LEARN teachers are not budgeted.				
Pension Plan			1,735,645	
OPEB Plan			40,843	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit IV)			$ 27,032,623	

LEARN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(NONGAAP BUDGETARY BASIS)

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
EXPENDITURES				
Student Support Services	$ 15,058,524	$ 15,102,179	$ 13,961,034	$ 1,141,145
Teaching and Learning	1,213,438	1,016,610	1,004,513	12,097
Young Children and Families	217,507	198,030	279,449	(81,419)
Transportation	87,627	72,307	14,879	57,428
Executive Services, Development, IT	4,329,386	4,963,889	3,432,953	1,530,936
Regional Multicultural Magnet School	1,675,995	1,727,490	1,389,407	338,083
Marine Science Magnet High School	1,578,981	1,532,220	1,442,078	90,142
The Friendship School	2,051,119	2,032,647	496,661	1,535,986
Three Rivers Middle College High School	410,777	410,777	385,018	25,759
Development: Programs and Services	242,353	165,363	33,677	131,686
Total Expenditures	26,865,707	27,221,512	22,439,669	4,781,843
OTHER FINANCING USES				
Transfers Out	2,888,480	2,870,049	1,635,007	1,235,042
Total	$ 29,754,187	$ 30,091,561	24,074,676	$ 6,016,885
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for LEARN teachers are not budgeted.				
Pension Plan			1,735,645	
OPEB Plan			40,843	
Internal transfers within programs are eliminated.			(1,635,007)	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit IV)			$ 24,216,157	

LEARN
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(NONGAAP BUDGETARY BASIS)

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES				
Student Support Services	$ -	$ 4,658	$ 4,658	$ -
Goodwin Schools	9,049,592	9,083,078	10,061,243	978,165
Magnet School Assistance Program	2,793,599	5,127,518	2,668,946	(2,458,572)
Teaching and Learning	216,651	868,257	801,979	(66,278)
Young Children & Families	1,749,962	1,897,390	1,750,676	(146,714)
Transportation	305,000	317,600	207,476	(110,124)
COVID Relief	1,724,421	3,939,113	1,420,786	(2,518,327)
Executive Services, Development, IT		12,000	37,457	25,457
Regional Multicultural Magnet School	4,165,577	4,245,668	4,096,615	(149,053)
Marine Science Magnet High School	2,183,718	2,183,718	2,183,718	-
The Friendship School	4,206,648	4,228,863	5,620,213	1,391,350
Three Rivers Middle College High School	554,174	551,645	559,886	8,241
Total	$ 26,949,342	$ 32,459,508	29,413,653	$ (3,045,855)
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for LEARN teachers are not budgeted.				
Pension Plan			3,645,375	
OPEB Plan			85,783	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit IV)			$ 33,144,811	

LEARN
SPECIAL REVENUE FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(NONGAAP BUDGETARY BASIS)

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
EXPENDITURES				
Student Support Services	$ -	$ 350	$ 387	$ (37)
Goodwin Schools	9,034,170	9,083,079	10,072,413	(989,334)
Magnet School Assistance Program	2,672,472	4,694,805	2,455,931	2,238,874
Teaching and Learning	209,172	847,601	696,001	151,600
Young Children and Families	1,744,962	1,862,160	1,698,103	164,057
Transportation	305,000	317,600	317,509	91
COVID Relief	1,237,461	3,643,736	1,291,024	2,352,712
Executive Services, Development, IT		12,000	11,927	73
Regional Multicultural Magnet School	3,726,208	3,797,031	3,769,659	27,372
Marine Science Magnet High School	1,933,892	1,949,746	1,949,746	-
The Friendship School	3,756,222	3,781,871	4,952,642	(1,170,771)
Three Rivers Middle College High School	496,134	492,781	493,419	(638)
Total Expenditures	25,115,693	30,482,760	27,708,761	2,773,999
OTHER FINANCING USES				
Transfers Out	1,427,410	1,939,553	1,633,773	305,780
Total	$ 26,543,103	$ 32,422,313	29,342,534	$ 3,079,779
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for LEARN teachers are not budgeted.				
Pension Plan			3,645,375	
OPEB Plan			85,783	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit IV)			$ 33,073,692	

LEARN
SCHEDULE OF LEARN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST EIGHT FISCAL YEARS*

	2022	2021	2020	2019	2018	2017	2016	2015
LEARN's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
LEARN's Proportionate Share of the Net Pension Liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State's Proportionate Share of the Net Pension Liability Associated with LEARN	64,263,234	81,139,579	64,981,980	50,104,836	52,143,698	55,012,001	37,255,461	34,435,208
Total	$ 64,263,234	$ 81,139,579	$ 64,981,980	$ 50,104,836	$ 52,143,698	$ 55,012,001	$ 37,255,461	$ 34,435,208
LEARN's Covered Payroll	26,291,557	$ 18,968,110	$ 19,011,561	$ 18,314,435	$ 16,537,967	$ 15,159,321	$ 15,597,471	$ 14,274,522
LEARN's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

Notes to Schedule

Changes in Benefit Terms	None
Changes of Assumptions	None
Actuarial Cost Method	Entry Age
Amortization Method	Level percent of pay, closed, grading to a level dollar amortization method for the June 30, 2024 valuation
Single Equivalent Amortization Period	30 Years
Asset Valuation Method	4-Year Smoothed Market
Inflation	2.50%
Salary Increase	3.25%-6.50%, Including Inflation
Investment Rate of Return	6.90%, Net of Investment Related Expense

* Notes:
- This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.
- The measurement date is one year earlier than the employer's reporting date.

LEARN
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LEARN OPEB
LAST FIVE FISCAL YEARS*

	2022	2021	2020	2019	2018
Total OPEB Liability:					
Service Costs	$ 240,368	$ 412,184	$ 325,884	$ 227,082	$ 232,301
Interest	26,508	55,201	61,592	49,718	38,001
Difference Between Expected and Actual Experience	(1,566,514)	-	(49,968)	-	-
Changes in Assumptions and Other Inputs	(154,488)	13,364	374,451	54,154	(33,423)
Benefit Payments	(19,067)	(10,356)	(4,810)	(9,849)	(7,081)
Net Change in Total OPEB Liability	(1,473,193)	470,393	707,149	321,105	229,798
Total OPEB Liability - Beginning	2,561,135	2,090,742	1,383,593	1,062,488	832,690
Total OPEB Liability - Ending	$ 1,087,942	$ 2,561,135	$ 2,090,742	$ 1,383,593	$ 1,062,488
Covered-Employee Payroll	$ 4,491,468	$ 3,583,892	$ 3,328,284	$ 2,878,693	$ 2,829,268
Total OPEB Liability as a Percentage of Covered-Employee Payroll	24.22%	71.46%	62.82%	48.06%	37.55%

Notes to Schedule

Assumption Changes:
Discount Rate 3.54% (Prior: 2.16%)

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

LEARN
SCHEDULE OF THE LEARN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT PLAN
LAST FIVE FISCAL YEARS*

	2022	2021	2020	2019	2018
LEARN's Proportion of the Net OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%
LEARN's Proportionate Share of the Net OPEB Liability	$ -	$ -	$ -	$ -	$ -
State's Proportionate Share of the Net OPEB Liability Associated with LEARN	7,001,362	12,101,971	10,134,296	10,016,237	13,421,188
Total	$ 7,001,362	$ 12,101,971	$ 10,134,296	$ 10,016,237	$ 13,421,188
LEARN's Covered Payroll	$ 26,291,557	$ 18,968,110	$ 19,011,561	$ 18,314,435	$ 16,537,967
LEARN's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	6.11%	2.50%	2.08%	1.49%	1.79%

Notes to Schedule

Changes in Benefit Terms	None
Changes of Assumptions	Based on the procedure described in GASB 75, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2021 was updated to equal the Municipal Bond Index Rate as of June 30, 2021; Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience based on scheduled premium increases through calendar year 2024
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll over an Open Period
Remaining Amortization Period	30 Years
Asset Valuation Method	Market Value of Assets
Investment Rate of Return	3.00%, Net of Investment Related Expense Including Price Inflation
Price Inflation	2.75%

Notes:

- This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.
- The measurement date is one year earlier than the employer's reporting date.

COMBINING FUND FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

LEARN Project Special Revenue Fund: Accounts for all grants applicable to nonprofit entities only.

Student Activities: Accounts for revenue and expenditures of the student activity accounts for LEARN schools.

School Lunch Fund: Accounts for revenue and expenditures of the food service operation for LEARN schools.

LEARN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue Funds			
	LEARN Project Special Revenue Fund	Student Activities	School Lunch Fund	Total Nonmajor Funds
ASSETS				
Cash and Cash Equivalents	$ 45,322	$ 119,222	$ 466,410	$ 630,954
Intergovernmental Receivables	-	-	332,030	332,030
Other Receivables	-	13,651	3,101	16,752
Due from Other Funds	-	-	956,887	956,887
Total Assets	$ 45,322	$ 132,873	$ 1,758,428	$ 1,936,623
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable and Accrued Items	$ -	$ -	$ 65,599	$ 65,599
Unearned Revenue	19,721	-	-	19,721
Due to Other Funds	837	10,797	-	11,634
Total Liabilities	20,558	10,797	65,599	96,954
FUND BALANCES				
Restricted	24,764	122,076	-	146,840
Committed	-	-	1,692,829	1,692,829
Total Fund Balances	24,764	122,076	1,692,829	1,839,669
Total Liabilities and Fund Balances	$ 45,322	$ 132,873	$ 1,758,428	$ 1,936,623

LEARN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds			
	LEARN Project Special Revenue Fund	Student Activities	School Lunch Fund	Total Nonmajor Funds
REVENUES				
Participation And Program Fees	$ -	$ 214,391	4,704	$ 219,095
Intergovernmental Fees	-	-	1,781,461	1,781,461
Other Grants, Contributions And Contracts		-	260,606	260,606
Total Revenues	-	214,391	2,046,771	2,261,162
EXPENDITURES				
Current:				
Magnet School Programs	-	-	1,222,103	1,222,103
Administrative Services/Organizational Support	-	-	37	37
Student Activity	-	218,764	-	218,764
Total Expenditures	-	218,764	1,222,140	1,440,904
EXCESS OF REVENUES OVER EXPENDITURES	-	(4,373)	824,631	820,258
OTHER FINANCING SOURCES				
Transfers Out	-	-	(1,234)	(1,234)
NET CHANGE IN FUND BALANCES	-	(4,373)	823,397	819,024
Fund Balances - Beginning of Year	24,764	126,449	869,432	1,020,645
FUND BALANCES - END OF YEAR	$ 24,764	$ 122,076	$ 1,692,829	$ 1,839,669

SINGLE AUDITS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
LEARN
Old Lyme, Connecticut

Report on Compliance for The Major Federal Program

Opinion on The Major Federal Program

We have audited LEARN's 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 LEARN's major federal program for the year ended June 30, 2022. LEARN's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, LEARN complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on The Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 *Auditors' Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of LEARN 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 the major federal program. Our audit does not provide a legal determination of LEARN'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 LEARN's federal programs.

Auditors' 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 LEARN'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 GAAS, *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 LEARN's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *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 LEARN'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 LEARN'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 LEARN'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 Auditors' 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

West Hartford, Connecticut
November 17, 2022

LEARN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
United States Department of Agriculture				
Passed Through the State of Connecticut Department of Education:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	12060-SDE64370-20560		$ 1,305,365
National School Lunch Program	10.555	12060-SDE64370-23085		144,889
School Breakfast Program	10.553	12060-SDE64370-20508		488,757
Total				1,939,011
State Administrative Expenses for Child Nutrition	10.560	12060-SDE64370-23126		48,791
P-EBT Local Admin	10.649	12060-SDE64370-29802		4,912
Total United States Department of Agriculture				1,992,714
United States Department of Education				
Passed Through the State of Connecticut Department of Education:				
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2022		304,719
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2021		487
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2020		3,435
				308,641
Career and Technical Education -- Basic Grants to States	84.048	12060-SDE64370-20742-2022	$ 85,397	85,397
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2022	-	27,400
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2021	-	34,316
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2019	-	4,858
			-	66,574
Title IV - Student Support	84.424	12060-SDE64370-22854-2022	-	9,268
Title IV - Student Support	84.424	12060-SDE64370-22854-2021	-	23,490
Title IV - Student Support	84.424	12060-SDE64370-22854-2019	-	1,300
Title IV - Intra-Agency Transfer	84.424	12060-SDE64305-26416-2022	-	3,000
			-	37,058
English Language Acquisition State Grants	84.365	12060-SDE64370-20868-2022	5,130	32,102
English Language Acquisition State Grants	84.365	12060-SDE64370-20868-2021	53,665	53,665
English Language Acquisition State Grants	84.365	12060-SDE64370-20868-2020	-	18,826
			58,795	104,593
Education Stabilization Fund:				
COVID-19 ESSERF K-12 Fund	84.425D	12060-SDE64370-29571-2020	-	600,285
COVID-19 America Rescue Plan - Emergency	84.425U	12060-SDE64370-29636-2021	-	774,444
COVID-19 ARP ESSER Homeless Children and Youth II	84.425W	12060-SDE64370-29650	-	9,876
			-	1,384,605

See accompanying Notes to Schedule of Expenditures of Federal Awards.

LEARN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Passed Through the State of Connecticut Department of Rehabilitation Services:				
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	12060-SDR63620-20921		$ 89,000
Direct:				
Magnet School Assistance	84.165A		$ 1,372,512	2,668,951
Total United States Department of Education			1,516,704	4,744,819
United States Department of the Treasury				
Passed Through the State of Connecticut Office of Early Childhood:				
COVID-19 ARPA - Stabilization	21.027	12060-OEC64806-29647		13,373
United States Federal Communications Commission				
Direct:				
COVID-19 Emergency Connectivity Grant	32.009			12,110
Total Federal Expenditures			$ 1,516,704	$ 6,763,016

See accompanying Notes to Schedule of Expenditures of Federal Awards.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of LEARN, under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the 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).

Because the Schedule presents only a selected portion of the operations of LEARN, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net position or cash flows of LEARN.

Basis of Accounting

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance. Under these principles certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 2 INDIRECT COST RECOVERY

The LEARN, has elected not to use the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

Section I – Summary of the Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
   - Material weakness(es) identified? ____ yes __X__ no
   - Significant deficiency(ies) identified? ____ yes __X__ none reported
3. Noncompliance material to financial statements noted? ____ yes __X__ no

Federal Awards

1. Internal control over major federal programs:
   - Material weakness(es) identified? ____ yes __X__ no
   - Significant deficiency(ies) identified? ____ yes __X__ none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ____ yes __X__ no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.425D, 84.425U, 84.425W	COVID-19 Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee? __X__ yes ____ no

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*

Section III – Federal Award Findings and Questioned Costs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR200.516(a).
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE STATE SINGLE AUDIT ACT

Board of Directors
LEARN
Old Lyme, Connecticut

Report on Compliance for The Major State Program

Opinion on The Major State Program

We have audited LEARN's compliance with the types of compliance requirements identified as subject to audit in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on LEARN's major state program for the year ended June 30, 2022. LEARN's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, LEARN complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2022.

Basis for Opinion on The Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 State Single Audit Act are further described in the *Auditors' Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of LEARN 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 the major state program. Our audit does not provide a legal determination of LEARN'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 LEARN's state programs.

Auditors' 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 LEARN'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 GAAS, *Government Auditing Standards*, and the State Single Audit 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 LEARN 's compliance with the requirements of the major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Act, 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 LEARN'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 LEARN'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 State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of LEARN'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 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 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 a 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 Auditors' 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 State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

West Hartford, Connecticut
November 17, 2022

LEARN
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2022

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Passed Through to Subrecipients	Expenditures
Department of Education			
Talent Development	11000-SDE64370-12552		$ 6,506
Non Sheff Transportation	11000-SDE64370-12632		70,326
Child Nutrition State Match	11000-SDE64370-16211		10,975
Health Foods Initiative	11000-SDE64370-16212		19,835
Bilingual Education	11000-SDE64370-17042		3,199
Interdistrict Cooperation	11000-SDE64370-17045		60,498
School Breakfast Program	11000-SDE64370-17046		18,543
Magnet Schools	11000-SDE64370-17057		10,821,896
Magnet Schools	11000-SDE64370-17057		140,775
Magnet Schools	11000-SDE64370-17057		1,292,907
Total			12,255,578
Total Department of Education			12,445,460
Office of Early Childhood			
Child Care Quality Enhancement	11000-OEC64845-16158	$ 11,378	11,378
Passed Through Eastern Connecticut Regional Education Service Center:			
Early Care and Education	11000-OEC64845-16274	1,407,681	1,555,886
Total Office of Early Childhood		1,419,059	1,567,264
Total State Financial Assistance		$ 1,419,059	$ 14,012,724

See accompanying Notes to Schedule of Expenditures of State Financial Assistance.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of LEARN, under programs of the state of Connecticut for the year ended June 30, 2022. Various departments and agencies of the state of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the state of Connecticut. Because the Schedule presents only a selected portion of the operations of LEARN, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net position or cash flows of LEARN.

Basis of Accounting

The accounting policies of LEARN, conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations. The information in the Schedule is presented based upon regulations established by the state of Connecticut, Office of Policy and Management.

Expenditures reported on the Schedule are presented on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, 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.

LEARN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

Section I – Summary of the Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? ______ yes ___X___ no

   - Significant deficiency(ies) identified? ______ yes ___X___ none reported

3. Noncompliance material to financial statements noted? ______ yes ___X___ no

State Financial Assistance

1. Internal control over state programs:

   - Material weakness(es) identified? ______ yes ___X___ no

   - Significant deficiency(ies) identified? ______ yes ___X___ none reported

2. Type of auditors' report issued on compliance for major state programs: Unmodified

3. 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 Core-CT Number	Expenditures
Department of Education:		
Magnet Schools	11000-SDE64370-17057	$ 12,255,578

Dollar threshold used to distinguish between Type A and Type B programs: $ 280,254

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – State Financial Assistance Findings and Questioned Costs

Our audit did not disclose any matters required to be reported in accordance with the State Single Audit Act.

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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 Directors
LEARN
Old Lyme, 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, each major fund and the aggregate remaining fund information of LEARN, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise LEARN's basic financial statements and have issued our report thereon dated November 17, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered LEARN'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 LEARN's internal control. Accordingly, we do not express an opinion on the effectiveness of LEARN'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 were not identified.

Board of Directors
LEARN

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether LEARN'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 financial statements. 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 LEARN's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LEARN's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

West Hartford, Connecticut
November 17, 2022